An offshore oil rig is shown at sea during dusk or dawn. The rig is illuminated with warm yellow lights, and its reflection is visible on the dark water. A large crane structure extends from the rig towards the right. The sky is a mix of dark blue and light orange from the setting or rising sun. The overall scene is industrial and serene.

ATLANTIC PETROLEUM RIGHTS ISSUE 2009

Handelsbanken Capital Markets

The logo for Atlantic Petroleum, consisting of three stylized, curved lines that suggest a wave or a flame.

ATLANTIC PETROLEUM



ATLANTIC PETROLEUM

P/F Atlantic Petroleum

(a public company incorporated with limited liability under the laws of the Faroe Islands, registered number 2695)

Rights Issue of up to a maximum of 1,500,973 new Shares with a nominal value of DKK 100 each at DKK 125 per Share with Pre-emptive Rights for Existing Shareholders at the ratio of 4:3

1st October 2009

This Prospectus has been prepared in connection with a capital increase comprising an offering (the "Offering") of up to a maximum of 1,500,973 new shares (the "Offer Shares") with a nominal value of DKK 100 each of P/F Atlantic Petroleum (the "Company" or "Atlantic Petroleum") with pre-emptive rights to subscribe for Offer Shares ("Pre-emptive Rights") to the Existing Shareholders (as defined below) at the ratio of 4:3.

As of the date of this Prospectus (the "Prospectus Date"), but prior to the Offering, the Company's registered share capital amounts to a nominal value of DKK 112,573,000 and consists of 1,125,730 shares with a nominal value of DKK 100 each or multiples hereof, all of which are fully paid (the "Existing Shares").

Pursuant to the authorisation adopted as Clause 3 of the Company's Articles of Association, the Company's board of directors (the "Supervisory Board") passed a resolution on 1st October 2009 to increase the Company's share capital by up to a nominal value of DKK 150,097,300 (corresponding to 1,500,973 Offer Shares with a nominal value of DKK 100 each). The capital increase will be carried out with Pre-emptive Rights for Existing Shareholders.

On 7th October 2009 at 11:30 a.m. Faroese time (corresponding to 12:30 p.m. CET and 10:30 a.m. Icelandic time) (the "Allocation Time") any person registered with VP Securities A/S as a shareholder of the Company ("Existing Shareholders") will be allocated 4 Pre-emptive Rights for each Existing Share held. For every 3 Pre-emptive Rights, the holder will be entitled to subscribe for 1 Offer Share at a price of DKK 125 per Offer Share (the "Offer Price"), which is below the officially quoted price of the Existing Shares on 30th September 2009 of DKK 315 per Share on Nasdaq OMX Copenhagen.

The trading period for the Pre-emptive Rights will commence on 5th October 2009 and close on 22nd October 2009 at 3:23 p.m. Icelandic time on Nasdaq OMX Iceland and 5:00 p.m. CET on Nasdaq OMX Copenhagen. The subscription period for the Offer Shares (the "Subscription Period") commences on 8th October 2009 and closes on 27th October 2009 at 6:00 p.m. Faroese time (corresponding to 7:00 p.m. CET and 5:00 p.m. Icelandic time). Pre-emptive Rights that are not exercised during the Subscription Period will lapse with no value, and the holder of such Pre-emptive Rights will not be entitled to compensation. Once a holder of Pre-emptive Rights has exercised such rights and subscribed for Offer Shares, such subscription cannot be revoked or modified by the holder. The Pre-emptive Rights have been approved for trading and official listing on Nasdaq OMX Iceland hf. ("Nasdaq OMX Iceland") and Nasdaq OMX Copenhagen A/S ("Nasdaq OMX Copenhagen").

Investors should be aware that an investment in the Pre-emptive Rights and the Offer Shares involves a high degree of risk. Investors should carefully consider the information presented in this Prospectus before making any decision to invest in the Pre-emptive rights and the Offer Shares. See "Risk Factors" beginning on page 21 for a discussion of material factors investors should consider before investing in Pre-emptive Rights and the Offer Shares.

The Offering is not underwritten, but certain of the Company's shareholders including Eik Banki, P/F TF Holding, SP/F 14, Bikubenfonden af 1989, Føroya Lívstrygging P/F and the Managing Director of the Company Wilhelm E. Petersen have each entered into a binding undertaking to exercise Pre-emptive Rights to subscribe for, in aggregate, 327,082 Offer Shares corresponding to total gross proceeds of approximately DKK 41 million (approximately € 5 million). Further, a number of investors have made binding undertakings to take effect if sufficient Pre-emptive Rights are not exercised in the Offering, to subscribe for, in aggregate, 218,180 Offer Shares corresponding to total gross proceeds of approximately DKK 27 million (approximately € 4 million). The undertakings ensure total minimum gross proceeds to the Company of DKK 68 million (approximately € 9 million). In addition Føroya Banki has undertaken to subscribe for 160,000 shares corresponding to DKK 20 million (approximately € 3 million) such undertaking to become effective once Offer Shares providing for gross proceeds equal to at least DKK 130 million have been subscribed for in the Offering, whether through exercise of Pre-emptive Rights or otherwise. See Part III, section 5, "Terms and conditions of the Offering".

The Offering comprises a public offering in the Faroe Islands, Iceland and Denmark and a private placement in certain other jurisdictions. The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or any securities laws of any state within the United States or of any other jurisdiction outside the Faroe Islands, Iceland and Denmark and may be offered and sold only in transactions that are exempt from, or are not subject to, the registration requirements of the U.S. Securities Act. For a description of these and certain further restrictions on resale or transfer, see "Selling Restrictions" and "Transfer Restrictions".

The Offering is subject to Faroese, Icelandic and Danish law. This Prospectus has been prepared in order to comply with the standards and conditions applicable under Faroese, Icelandic and Danish law.

Global Coordinator

Handelsbanken Capital Markets

Co-manager



DANSK RESUMÉ

Dette resumé bør læses som en introduktion til prospektet og i sammenhæng med de mere detaljerede oplysninger, som fremgår andetsteds i prospektet. Der henvises til afsnittet "Risk Factors" (Risikofaktorer) for en gennemgang af visse forhold, investorer bør overveje i forbindelse med en investering i tegningsretterne og de udbudte aktier. Ved enhver beslutning om investering i tegningsretterne og de udbudte aktier bør investor tage hele prospektet i betragtning. Oplysningerne bør læses i sammenhæng med det øvrige indhold af prospektet. Visse af de anvendte termer i resuméet er defineret andetsteds i prospektet.

Hvis et krav vedrørende oplysningerne i prospektet indbringes for en domstol, kan den sagsøgende investor i henhold den relevante nationale lovgivning skulle betale omkostningerne til oversættelse af prospektet, inden retssagen indledes.

De personer, som har fremlagt, herunder eventuelle oversættelser deraf, og har anmeldt dette resumé, er erstatningspligtige for civile krav, men alene hvis resuméet er misvisende, unøjagtigt eller overensstemmende, når det læses i sammenhæng med de øvrige dele af prospektet.

Prospektet er udarbejdet på engelsk og dette resumé er en dansk oversættelse af det engelsksprogede prospekt. I tilfælde af uoverensstemmelser er teksten i det engelsksprogede prospekt gældende.

UDSTEDER

P/F Atlantic Petroleum, med sekundært navn P/F Atlants Kolvetni
Reg. no. P/F 2695
Gongin 9
P.O.Box 1228
FO-110 Tórshavn
Færøerne

GLOBAL COORDINATOR

Handelsbanken Capital Markets (Division af Svenska Handelsbanken AB (publ.))
Havneholmen 29
DK-1561 København V
Danmark

AUDITORS

Sp/f Grannskoðaravirkid INPACT
R.C. Effersøesgøta 26
P.O. Box 191
FO-110 Tórshavn
Færøerne

HISTORISK BAGGRUND

Atlantic Petroleum blev stiftet i 1998 på baggrund af en forretningsidé om at bruge den første færøske licensrunde indenfor olie- og gas som grundlag til at indgå samarbejder med store internationale olie- og gasselskaber. Atlantic Petroleum ville derved opnå de nødvendige kompetencer og den nødvendige viden til at blive et konkurrencedygtigt og selvstændigt upstream olie- og gasselskab. Til gengæld ville selskabet kunne give sine samarbejdspartnere indsigt i lokalt erhvervsliv og tilgang til et lokalt netværk.

Olie- og gasaktiviteter på den færøske kontinentsokkel udgjorde grundlaget for Atlantic Petroleum, og selskabets langsigtede strategiske målsætning var at udvide aktiviteterne til at omfatte britiske farvande. Som følge deraf indgik Atlantic Petroleum i 2001 et formelt samarbejde med Hess, BG og DONG om to efterforskningslicenser, der blev tildelt i den 19. britiske licensrunde. I 2003 erhvervede Atlantic Petroleum aktiver fra Premier Oil plc. bestående af tre fund - Chestnut, Ettrick og Perth.

Udviklingen af Chestnut- og Ettrick-felterne begyndte i 2005 og 2006. Udviklingskonceptet vedrørende Chestnut-feltet omfattede en innovativ løsning, der betød, at feltet kunne blive et af de mindste selvstændige udviklingsprojekter på den britiske kontinentsokkel. Som følge af en vellykket udvikling blev Chestnut sat i produktion i september 2008, hvilket således markerede Atlantic Petroleums start som et olieproducerende selskab.

Fundet af yderligere reserver i South Chestnut-brønden, som blev testet og klargjort til produktion, var en af flere skelsættende begivenheder i 2008 i tillæg til et fund i forbindelse med Blackbird-prospektet, der sandsynligvis vil blive udviklet som en tilknytning til produktionen fra Ettrick-feltet. Atlantic Petroleum fik desuden tildelt en stor licens i den tredje færøske licensrunde sammen med sine samarbejdspartnere Statoil-Hydro ASA, DONG Energy og Faroe Petroleum plc.

I marts 2009 påbegyndtes produktion i South Chestnut-brønden, og i august blev Ettrick selskabets andet felt, der kunne påbegynde produktion.

VIRKSOMHEDSBESKRIVELSE

Atlantic Petroleum er et selvstændigt færøsk efterforsknings- og produktionsselskab (E&P) med olie- og gasinteresser i Nordsøen, den østlige del af Det irske Hav og Det keltiske Hav samt på den færøske kontinentsokkel. Selskabet har

DANSK RESUMÉ

andele i 15 licenser, der indeholder ca. 30 felter, fund, prospekter eller 'leads'. Desuden har Atlantic Petroleum samarbejdsaftaler med 17 internationale olieselskaber, der opererer i Nordvesteuropa. Atlantic Petroleum har som formål at udvikle offshore olie- og gaspotentialet i Nordvesteuropa på et kommercielt grundlag, og selskabet har igangværende aktiviteter, der omfatter alt fra efterforskning og vurdering til udvikling og produktion.

Atlantic Petroleums væsentligste fordele og kompetencer omfatter en omkostningseffektiv organisation, der beskæftiger et team bestående af seks fuldtidsmedarbejdere og tre 'retainers', hvilket gør selskabet i stand til at bevare visse kernekompetencer internt, f.eks. geologisk, geofysisk og reservoirteknisk ekspertise samt kommercielle kompetencer, der alle betragtes som væsentlige succesfaktorer i olie- og gasindustrien. Herudover gør Atlantic Petroleum brug af eksterne rådgivere og har samarbejdsaftaler og langvarige relationer med betroede tekniske konsulenter. Denne ekspertise samt adgang til seismiske og geologiske data, som er afgørende for selskabets forståelse af oliesystemer, er af grundlæggende betydning for forretningen, og underbygger desuden enhver evaluering af nye muligheder. Selskabet søger at reducere generel projektrisiko og relaterede anlægsinvesteringer ved at indgå i strategiske samarbejder om licenser, hvilket muliggør udveksling af geologisk, geofysisk og operationel viden samt deling af omkostninger. Endelig forventes Atlantic Petroleums øgede olieproduktion at medføre et voksende cash flow, hvilket således vil understøtte selskabets økonomiske stabilitet i de kommende år.

Atlantic Petroleum investerer i mindre prospekter eller fund, som typisk ligger uden for større E&P-selskabers fokusområde, da disse selskaber normalt ikke prioriterer mindre felter. Som følge heraf er selskabet ikke i direkte konkurrence med større E&P-selskaber.

Atlantic Petroleum er blandt de ca. 40 % af E&P-selskaberne med licenser i Storbritannien, der har olie- eller gasproducerende aktiver. Det aktuelle økonomiske klima og de seneste udsving i olieprisen vil sandsynligvis tvinge en række små E&P-selskaber med utilstrækkelige eller ingen produktionsaktiver til at reducere deres ejerandele i aktiver eller frasælge hele projekter. Atlantic Petroleums øgede likviditetsskabelse forventes at forbedre selskabets evne til at udnytte investeringsmuligheder i denne konsolideringsproces og derved udvide porteføljen i fremtiden. Samtidigt hermed søger Atlantic Petroleum sammen med sine samarbejdspartnere at opnå nye licenser, der ligger i nærheden af den eksisterende produktion. Derved kan Selskabet effektivt reducere potentielle driftsomkostninger, da der kan tilføjes ny produktion uden væsentlig forøgelse af omkostningerne.

Selskabets aktiviteter i olie- og gasfelterne kan opdeles i en række udviklingsfaser frem mod produktionsstadiet. Pr. prospektdataen er Atlantic Petroleums portefølje velbalanceret med hensyn til efterforskning, vurdering, udbygning samt produktion. Chestnut-feltet påbegyndte produktion i september 2008, South Chestnut-brønden indgik i produktionen fra marts 2009, mens Ettrick-feltet påbegyndte produktion i august 2009.

Nedenstående tabel giver en oversigt over projektporteføljen, der er kategoriseret i overensstemmelse med det enkelte projekts status.

Licens	Felt/Prospekt/Lead	P50 net MMboe*	Efterforskning	Fund	Udbygning	Produktion	Initial nettoprod.
P354	Chestnut felt	1,2					1.500 bbl
P273 & P317	Ettrick felt og Jarvis felt	2,5					1.650 boe
P273, P317 & P1580	Blackbird fund	1,1			Tæt på udbygning	Est. 2011	900 bbl
P218 & P588	Perth felt	1,0			Tæt på udbygning	Est. 2012	
P1047	Marten fund	1,1					
SEL 2/07	Hook Head fund	-					
SEL 2/07	Helvick fund	0,3					
P099	West Lennox fund	-					
P218 & P588	North East Perth fund	0,1					
P218 & P588	Dolphin fund	0,3					
P218 & P588	Gamma Central fund	0,4					
P273 & P317	Bright fund	0,5					
P218 & P588	Sigma Terraces fund	-					
SEL 2/07	Ardmore fund	0,3					
SEL 2/07	Dunmore fund	-					
SEL 2/07	SW Helvick fund	-					
SEL 2/07	Helvick Main fund	-					
P218 & P588	North Perth prospekt	0,2					
P218 & P588	East Perth prospekt	0,1					
P1478	Dee ¹	-					
P099	Crosby ²	-					
SEL 2/07	NW Helvick prospekt	-					
SEL 2/07	NE Helvick prospekt	-					
SEL 2/07	W Helvick prospekt	-					
SEL 3/07	Blackrock prospekt	0,1					
SEL 2/07	S Hook Head lead	-					
SEL 2/07	SE Hook Head lead	-					
SEL 3/07	Rushane lead	-					
L013	Stella Kristina lead	-					
L014	Marselius lead	-					
L006	Brugdan Deep lead	-					
L016	Kúlubókan lead	-					

*Data fra uafhængig oliereserverrapport (Fugro Robertson Limited) justeret for Crosby samt olieproduktion i perioden 1. januar til 30. juni 2009

¹ Dee bliver ikke længere betragtet som et lead eller et fund

² Crosby bliver ikke længere betragtet som et lead eller et fund

Forkortelser:
MMboe = millioner tønder olieækvivalenter
bbl = tønder olie
boe = tønder olieækvivalenter

Note: Faserne er ikke opdelt i under-faser

Kilde: Fugro Robertson CPR (reserveestimer) og Atlantic Petroleum

GEOGRAFISK TILSTEDEVÆRELSE

Atlantic Petroleum deltager for øjeblikket i licenser på den britiske, irske og færøske kontinentalsokkel.

Den britiske kontinentalsokkel er blevet udvundet siden 1960'erne pga. sit kulbrintepotentiale. Atlantic Petroleum har været aktiv i området siden 2001. Atlantic Petroleums licenser, der dækker den britiske kontinentalsokkel, vedrører alle områderne Moray Firth, Central Graben og den østlige del af Det irske Hav. Den britiske kontinentalsokkel betragtes som et modent olie- og gas område, og Atlantic Petroleum har produktion, fund og efterforskningsmuligheder i dette område. Storbritannien er et af de største kulbrinteproducerende lande i Europa, men landet har også en række licenser, hvor der endnu ikke er gjort oliefund.

I lighed med den britiske kontinentalsokkel har der på den irske kontinentalsokkel foregået efterforskning i mange år, og ved udgangen af 2008 var antallet af efterforskningslicenser, der var tildelt på den irske kontinentalsokkel, steget til 27. Atlantic Petroleum opnåede licenser i området i 2007 og har for øjeblikket to standard efterforskningslicenser. Der er lagt meget arbejde i at fremme olie- og gasefterforskningen på den irske kontinentalsokkel, herunder implementering af en skatteordning, der er udarbejdet med henblik på at tilskynde til yderligere efterforskning i området.

I sin egenskab af færøsk selskab har Atlantic Petroleum en naturlig interesse i at efterforske den færøske kontinentalsokkel. Større oliefund i området vest for Shetlandsøerne, herunder fundene Rosebank og Cambo, der ligger op til det færøske licensområde, understøtter troen på regionens potentiale. Hidtil er der gennemført tre licensrunder vedrørende den færøske kontinentalsokkel, og Atlantic Petroleum har deltaget i dem alle, hvilket gør selskabet til et af de førende efterforsknings-selskaber i området. Efterforskningen af den færøske kontinentalsokkel er stadig på et tidligt efterforskningsstadium, så området er stadig et højrisikoområde med en vis usikkerhed om, hvorvidt der vil blive gjort kommercielle fund. Den potentielle økonomiske fortjeneste synes imidlertid at opveje risikoen, hvilket tilstedeværelsen af de aktive olieselskaber i området viser.

TRENDOPLYSNINGER

Som verdens vigtigste energikilde købes og sælges olie på råvaremarkeder, der kendetegnes ved store prisudsving. Olieprisen er stærkt korreleret med den globale økonomiske vækst og global indvirkning på industriproduktion, transport, byggeri, forbrug osv. Oliemarkedet, der er drevet af aktuelt og forventet fremtidig udbud og efterspørgsel, er i høj grad forbundet med spekulation og er desuden afhængigt af den lagrede reservekapacitet.

2008 var kendetegnet ved store udsving i olieprisen, som steg i årets første halvår for til sidst at nå en rekordpris på mere end USD 140 pr. tønde i løbet af sommeren, hvorefter den faldt brat til et niveau på omkring USD 35 pr. tønde i årets sidste kvartal. I løbet af 2009 er prisen steget jævnt til det nuværende niveau på omkring USD 70 pr. tønde.

E&P-selskabernes reaktion på det bratte fald i olieprisen var en mindre efterspørgsel efter upstream olieservices, hvilket forventes at tvinge udbydere af olieservice til at reducere priserne. Der er imidlertid en vis forsinkelse mellem udsvingene i olieprisen og priserne på services.

Virkningen af den økonomiske afmatning på realøkonomien og kreditmulighederne har direkte indflydelse på den fremtidige efterspørgsel og det fremtidige udbud af råolie samt det niveau, som prisen forventes at nå op på efter det prisfald, der skete i slutningen af 2008.

E&P-industrien er mærket af den synlige afmatning i efterspørgslen på olie og påvirkes samtidigt af de begrænsede kreditmuligheder til investering i og udvikling af nye projekter. Dette betyder, at der er risiko for, at mange små E&P-selskaber kan komme i økonomiske vanskeligheder, hvis de ikke har indtjening fra produktion, og derved i stigende grad kan blive udsat for velpositionerede og økonomisk velfunderede selskabers vækststrategier.

BUSINESS MODEL AND STRATEGY

Atlantic Petroleum søger til stadighed at opbygge og optimere sin licensportefølje ved at udvikle og modne eksisterende licenser, erhverve nye licenser via licensrunder eller ved at købe licenser fra andre selskaber.

På kort sigt vil selskabet fokusere på offshore-mulighederne i modne efterforskningområder i Nordvesteuropa, især i Nordsøen og på den irske kontinentalsokkel. På længere sigt og i takt med, at forståelsen af kulbrintesystemerne på den færøske kontinentalsokkel øges, forventes selskabet at foretage yderligere investeringer i dette område. Generelt bestræber Atlantic Petroleum sig på at balancere porteføljen for at sikre, at en stadig strøm af projekter sættes i produktion som erstatning for producerede reserver.

Atlantic Petroleum indgår strategiske samarbejdsaftaler med andre E&P-selskaber om udvikling af selskabets licenser. Samarbejdsaftalerne gør det muligt at udveksle geologisk og operationel viden samt reducere anlægsomkostninger og projektrisiko. Atlantic Petroleums ideelle ejerskabsinteresse i sine licenser ligger i omegnen af 10%-15 % efter, at der er foretaget væsentlige investeringer.

På nuværende tidspunkt er det ikke en del af Atlantic Petroleums strategi at være operatør af licenser. Selskabet indgår imidlertid i et tæt teknisk samarbejde med operatøren for at sikre, at Atlantic Petroleums omfattende indsigt i geologiske, geofysiske og reservoirtekniske forhold bidrager til, at licenserne modnes og udvikles med et vellykket resultat

Udvikling af eksisterende licenser

Selskabets portefølje af licenser omfatter de første fire faser af E&P-forløbet. Selskabet har 15 licenser indeholdende 15 fund og 13 prospekter eller 'leads' i efterforsknings- og vurderingsfasen. Perth-feltet og Blackbird-fundet nærmer sig udbygningsfasen, mens Chestnut-feltet og Ettrick-feltet begge er i produktion.

Til trods for, at Atlantic Petroleum ikke er operatør af sine licenser, bidrager selskabet aktivt til den succesfulde udvikling af licenserne. Atlantic Petroleums deltagelse i hyppige tekniske møder med sine samarbejdsparter sikrer, at selskabets omfattende geologiske, geofysiske og tekniske indsigt bidrager til værdiskabelse i forbindelse med det enkelte aktiv.

Køb af licenser

Køb af licenser udgør en del af Atlantic Petroleums overordnede forretningsmodel med henblik på at styrke selskabets portefølje. Selskabet afsøger konstant markedet med henblik på at identificere nye licenser, som kan skabe attraktive investeringsmuligheder for selskabet. Det er Atlantic Petroleums strategi at fokusere på projekter, der har cash flow-potentiale på kort sigt og mulighed for optimering af efterforskningsomkostningerne. Denne strategi er baseret på betydelig geologisk og geofysisk ekspertise og kommercielle kompetencer samt den nødvendige finansiering.

Hidtil har Atlantic Petroleum fokuseret på relativt små prospekter eller fund, som ligger uden for større olieselskabers fokusområde, og som kan sættes i produktion inden for en relativt kort tidshorisont.

E&P-markedet er påvirket af det aktuelle økonomiske klima og den vigende efterspørgsel efter olie. Atlantic Petroleums forøgede likviditetsskabelse forventes at forbedre selskabets evne til at udnytte investeringsmuligheder i branche-konsolideringsprocessen og derved udvide porteføljen i fremtiden.

BESTYRELSE, DIREKTION OG LEDENDE MEDARBEJDERE

Bestyrelse

Navn	Fødselsår	Medlem siden	Udløbsdato for aktuel periode	Stilling	Antal aktier, der ejes pr. Prospektdatoen (direkte ejerskab)	Direkte ejerandel pr. Prospektdatoen	Antal aktier, der ejes pr. Prospektdatoen (indirekte ejerskab)	Indirekte ejerskab pr. Prospektdatoen
Birgir Durhuus	1963	2009	2011	Formand	100	0.01%	0	0
Poul R. Mohr ¹	1929	1998	2011	Næstformand	580	0.05%	92.033	8.18%
Mortan H. Johannesen ²	1937	1998	2010	Bestyrelsesmedlem	40,000	3.55%	10.000	0.89%
Jan Edin Evensen	1951	2009	2010	Bestyrelsesmedlem	0	0	0	0.00%
Diana Leo	1966	2009	2010	Bestyrelsesmedlem	0	0	0	0.00%

Kilde: Atlantic Petroleum

Bemærk: 1) Poul R. Mohr er administrerende direktør for og aktionær (0,88 %) i Sp/F 14, som ejer 91.933 aktier i Atlantic Petroleum, hvilket svarer til 8,17 % af Atlantic Petroleum.

2) Hildigunn Johannesen, som er gift med Mortan Johannesen, har en ejerandel på 0,89 % i Atlantic Petroleum.

Direktion

Navn	Fødselsår	Ansatt siden	Stilling	Ejerandel pr. Prospektdatoen	Antal aktier, der ejes pr. Prospektdatoen (indirekte ejerskab)	Indirekte ejerandel pr. Prospektdatoen
Wilhelm E. Petersen	1962	1998	Administrerende direktør	857	480 ¹	0.04%
Sigurð í Jákupsstovu	1963	2008	Teknisk direktør	0	135 ²	0.01%

Kilde: Atlantic Petroleum

Bemærk: 1) Wilhelm E. Petersens slægtninge (kone og børn) har en ejerandel på 0,04 % i Atlantic Petroleum.

2) Sigurð í Jákupsstovus slægtninge (kone og børn) har en ejerandel på 0,01 % i Atlantic Petroleum.

Ledende medarbejdere

Navn	Fødselsår	Ansatt siden	Stilling	Antal aktier, der ejes pr. Prospektdatoen	Ejerandel pr. Prospektdatoen	Antal aktier, der ejes pr. Prospektdatoen (indirekte ejerskab)	Indirekte ejerandel pr. Prospektdatoen
Teitur Samuelsen	1972	2005	Økonomichef	364	0.03%	38	0.003%

Kilde: Atlantic Petroleum

Bemærk: Teitur Samuelsen slægtninge (børn) har en ejerandel på 0,003 % i Atlantic Petroleum.

Større Aktionærer

Aktionær	Type virksomhed	Hjemsted	Før Udbuddet	
			Aktier	Ejer- og stemmeandel (%)
SP/F 14 og nærtstående parter*	Investeringselskab	J.C. Svarbosgøta 29, 100 Tórshavn	91.933	8.17%
P/F T/F Holding	Holdingselskab for forsikringselskab	Kongabrugvin, 100 Tórshavn	74.250	6.60%
P/F Eik Banki and Eik Grunnurin	Bank	Yviri við Strond 2, 100 Tórshavn	72.249	6.42%

*) Bestyrelsesmedlem Poul R. Mohr er administrerende direktør for og aktionær (0,88 %) i Sp/F 14.

Kilde: Atlantic Petroleum

ANVENDELSE AF PROVENU

Idet det antages, at der udstedes 1.500.973 nye aktier (svarende til det maksimale antal aktier i udbuddet), forventer selskabet at modtage et nettoprovenu i forbindelse med udbuddet på DKK 175 mio. Ved minimumsprovenuet på DKK 68 mio. (svarende til det beløb, som selskabet har modtaget tilsagn om tegning af aktier), forventer selskabet at modtage et nettoprovenu i forbindelse med udbuddet på DKK 60 mio.

Selskabet agter at anvende nettoprovenuet til at styrke selskabets finansielle stilling og derved etablere et stærkere økonomisk grundlag for selskabets fremtidige udvikling.

De første DKK 172 mio. af nettoprovenuet vil blive anvendt til at afdrage på selskabets lån. Der henvises til prospektets Del I, afsnit 22 "Material contracts" (Væsentlige kontrakter) for en beskrivelse af sådanne lån.

Efter, at der er foretaget afdrag på lånene som anført ovenfor, vil den resterende del af nettoprovenuet i forbindelse med udbuddet forblive i selskabet.

RISIKOFAKTORER

En investering i de udbudte aktier og tegningsretter indebærer risici, herunder risici i forbindelse med selskabets drift, olieindustrien generelt og i forbindelse med udbuddet, som bør tages i betragtning forinden erhvervelse eller udnyttelse af tegningsretter og/eller tegning af de udbudte aktier. Nedenstående er udelukkende et resumé af disse risici. Der henvises til afsnittet "Risk Factors" (Risikofaktorer) for en mere fuldstændig analyse af hver af de nedennævnte risici. Investor bør omhyggeligt overveje disse risikofaktorer samt alle øvrige oplysninger i prospektet, inden der træffes beslutning om erhvervelse eller udnyttelse af tegningsretter og/eller tegning af de udbudte aktier. Disse risici kan inddeles i følgende kategorier:

Risici forbundet med selskabets drift

- > Risici forbundet med selskabets efterforsknings- og vurderingsaktiviteter
- > Risici forbundet med selskabets udviklings- og produktionsaktiviteter
- > Risici forbundet med reserveskøn
- > Risici forbundet med selskabets afhængighed af nøglemedarbejdere og dets evne til at tiltrække og fastholde kvalificerede nye medarbejdere
- > Risici forbundet med regulatoriske og lovgivningsmæssige forhold
- > Risici forbundet med afhængighed af licenspartnere
- > Risici forbundet med erhvervelse af aktiver, aktier eller selskaber
- > Konkurrencemæssige risici
- > Risici forbundet med udsving i olie- og gaspriser
- > Risici forbundet med valutaeksponering
- > Risici forbundet med selskabets finansielle resultater
- > Risici forbundet med selskabets bridge lån
- > Risici forbundet med selskabets fremtidige finansieringsbehov
- > Risici forbundet uforudsete begivenheder

Risici forbundet med udbuddet, tegningsretterne og de udbudte aktier

- > Risiko for, at der sker en negativ indvirkning på aktiekursen som følge af en mulig udstedelse af yderligere aktier i fremtiden
- > Risiko for, at tegningsretterne ikke kan erhverves og/eller udnyttes af aktionærer i jurisdiktioner uden for Færøerne, Island og Danmark
- > Risiko for, at udbuddet ikke gennemføres, og at det kan tilbagekaldes under visse ekstraordinære og uforudsigelige omstændigheder
- > Risiko for, at udbuddet gennemføres uden fuldtegning af de udbudte aktier, og at selskabet i et sådant tilfælde kan få behov for yderligere finansiering for at gennemføre de planlagte aktiviteter; tegning af de udbudte aktier er dog uigenkaldelig og kan ikke tilbagekaldes af tegneren
- > Risiko for, at de investorer, som køber tegningsretter, kan miste deres investering, hvis markedskursen for selskabets aktier falder kraftigt
- > Yderligere risici, der påvirker investorer uden for Færøerne, Island og Danmark.

Hvis en eller flere af de ovenfor angivne risikofaktorer realiseres, kan det få væsentlig negativ indvirkning på Selskabets forretning, finansielle stilling, driftsresultater og tegningsretternes og aktiernes markedskurs.

TRANSAKTIONER MED NÆRTSTÅENDE PARTER

Atlantic Petrolums nærtstående parter omfatter medlemmerne af bestyrelsen og direktionen samt datterselskaberne og deres bestyrelses- og direktionsmedlemmer.

Moderselskabet (P/F Atlantic Petroleum) afholder alle udgifter på vegne af datterselskaberne, Atlantic Petroleum UK Limited og Atlantic Petroleum (Ireland) Limited. Pr. 31. december 2008 skyldte datterselskaberne DKK 615,4 mio. til moderselskabet mod DKK 360,2 mio. pr. 31. december 2007 og DKK 125,4 mio. pr. 31. december 2006. Der beregnes ikke renter på koncernmellemværender. Desuden har selskabet indgået ledelsesaftaler med sine datterselskaber.

Selskabet har afgivet en moderselskabsgaranti til de britiske myndigheder for Atlantic Petroleum UK Limiteds forpligtelser i henhold til alle dets licenser i Storbritannien. I forbindelse med Atlantic Petroleum UK Limiteds aktiver på den britiske kontinentalsokkel har Atlantic Petroleum desuden stillet følgende sikkerhed over for BERR:

- > Der er stillet sikkerhed for, at Atlantic Petroleum altid/til enhver tid kan yde den nødvendige finansiering for at gøre det muligt for Atlantic Petroleum at opfylde sine forpligtelser i Storbritannien
- > Der er stillet sikkerhed for, at Atlantic Petroleum ikke vil ændre Atlantic Petroleum UK Limiteds juridiske rettigheder, således at dette selskab ikke kan opfylde sine forpligtelser.

Tidligere bestyrelsesmedlem Petur Even Djurhuus er partner i et advokarfirma, som leverer juridiske ydelser til Atlantic Petroleum. Det samlede honorar betalt til advokatfirmaet udgjorde i 2008 DKK 368.897, i 2007 DKK 198.800 og i 2006 DKK 319.000.

Storaktionæren SP/F 14 har lejet kontorlokaler på selskabets britiske adresse og har betalt husleje på i alt DKK 56.600 i 2008, DKK 0 i 2007 og DKK 0 i 2006.

I 2006 købte Atlantic Petroleum en bil fra den administrerende direktør mod et vederlag på DKK 306.000. Bilen blev købt på markedsvilkår og med henblik på at stille en firmabil til rådighed for den administrerende direktør.

Bestyrelsesmedlem Mortan Johannesen har pr. 30. juni 2009 ydet selskabet et lån på DKK 26,8 mio.

Storaktionæren P/F T/F Holding har pr. 30. juni 2009 ydet selskabet et lån på DKK 33,3 mio.

Storaktionæren Eik Banki P/F har pr. 30. juni 2009 ydet selskabet lån på i alt DKK 305,7 mio.

Den administrerende direktør er medlem af bestyrelsen i Føroya Banki, som pr. 30. juni 2009 har ydet selskabet et lån på DKK 96,6 mio. Der henvises til afsnit 22 "Væsentlige kontrakter".

VEDTÆGTER

Bestyrelsen afholder møder, når formanden finder det nødvendigt, eller når et andet af bestyrelsesmedlemmerne eller en administrerende direktør anmoder herom. For at være beslutningsdygtig skal mindst tre bestyrelsesmedlemmer være til stede på mødet. Alle beslutninger træffes ved simpel stemmeflerhed. I tilfælde af stemmelighed er formandens stemme udslagsgivende. Selskabet tegnes af to bestyrelsesmedlemmer i forening, af et bestyrelsesmedlem i forening med en administrerende direktør eller af den samlede bestyrelse. Over det på bestyrelsesmøderne passerede føres en protokol, som underskrives af alle mødedeltagere. Bestyrelsen er bemyndiget til at afgive fuldmagt.

De på generalforsamlingen behandlede anliggender afgøres ved simpel stemmeflerhed, medmindre andet er fastlagt i selskabsloven. Med hensyn til andre majoritetskrav end simpel stemmeflerhed, fastsættes disse i § 78 og § 79 i selskabsloven.

En aktionær må højst eje 20% af selskabets aktiekapital og kan højst afgive stemme for 20% af stemmerne på selskabets generalforsamling. Juridiske personer, der indbyrdes er så tæt forbundet, at de har afgørende indflydelse på hinandens forhold, anses som én person i forbindelse med denne begrænsning af ejerskab og stemmeret, således at disse juridiske personer tilsammen kun kan eje og stemme på højst 20% af aktiekapitalen.

AKTIEKAPITAL

Atlantic Petroleum blev stiftet med en aktiekapital på DKK 25.500.000. Siden stiftelsen har selskabet udstedt aktiekapital i fem omgange, og den nuværende aktiekapital udgør nom. DKK 112.573.000 og ejes af ca. 8.300 aktionærer. Den nominelle aktieværdi udgør DKK 100 pr. aktie eller multipla heraf. Det samlede antal aktier udgør 1.125.730 à nom. DKK 100.

Selskabets aktiekapital udgør nom. DKK 112.573.000 fordelt på aktier à nom. DKK 100 og multipla heraf. Selskabets aktier udstedes og registreres elektronisk i VP Securities (VP Securities A/S, Weidekampsgade 14, Postboks 4040, 2300 København S) under den respektive aktionærs navn. Der er dog et mindre antal aktier - 328 stk. aktier i forskellige stykstørrelser, svarende til 9.100 stk. aktier à nom. DKK 100 eller 0,81% af aktiekapitalen - som stadig mangler at blive dematerialiseret og således stadigvæk er i papirform. Selskabet har en aftale med Eik Banki P/F om at registrere aktier i papirform elektronisk uden nogen direkte omkostning for aktionærerne. Hvis relevante aktier ikke er blevet registreret elektronisk efter en periode på fem år, fra den dato hvor selskabet opfordrede aktionærerne til at få deres aktier konverteret (17. oktober 2005), kan bestyrelsen ved annoncering i færøske statstidende opfordre ejerne af disse aktier til at få deres aktier registreret inden for en periode på yderligere seks måneder. Efter udløbet af denne yderligere periode kan bestyrelsen sælge aktier, der ikke er registreret, for den pågældende aktionærs regning, alt i overensstemmelse med § 23 c i den færøske selskabslov.

DANSK RESUMÉ

DOKUMENTATIONSMATERIALE

Selskabets årsrapporter for 2006, 2007 og 2008 samt delrapporter for de første seks måneder indtil 30. juni i 2008 og 2009, selskabets stiftelsesdokument og vedtægter, prospektet og rapporten udarbejdet af Fugro Robertson Limited er fremlagt til gennemsyn på selskabets kontor på nedenstående adresse:

P/F Atlantic Petroleum
Gongin 9, P.O.Box 1228
FO-110 Tórshavn
Færøerne

Dokumenterne er ligeledes tilgængelige på selskabets hjemmeside, www.petroleum.fo.

Herudover er selskabets vedtægter optrykt i annex 1.

DANSK RESUMÉ

KAPITALISERING OG GÆLD

Følgende tabeller anfører (i) kapitalisering og gæld pr. 30. juni 2009 og (ii) kapitalisering og gæld pr. samme dato på justeret grundlag, hvilket betyder, at nettoprovenuet i forbindelse med udbuddet afspejler henholdsvis et minimumstegningsbeløb på DKK 68 mio. og et fuldt tegnet udbud på 1.500.973 udbudte aktier.

Kapitalforhold

DKK mio.	30. juni 2009		
	Faktisk DKK	Reguleret* DKK	Reguleret** DKK
Kortfristede gældsforpligtelser i alt	144,9	144,9	144,9
Garanteret	0,0	0,0	0,0
Sikret	105,1	105,1	105,1
Ikke-garanteret/usikret	39,9	39,9	39,9
Langfristede gældsforpligtelser i alt	414,8	354,8	242,4
Garanteret	0,0	0,0	0,0
Sikret	364,2	304,1	191,7
Ikke-garanteret/usikret	50,7	50,7	50,7
Egenkapital	123,2	183,2	298,0
(A) Aktiekapital	112,6	167,1	262,7
(B) Overkurs ved emission	206,2	211,7	231,0
(C) Øvrige reserver	-195,6	-195,6	-195,6
I alt	683,0	683,0	685,4

*) Adjusted giving effect to the net proceeds from the Offering reflecting a gross subscription of DKK 68 million.

***) Adjusted giving effect to the net proceeds reflecting a fully subscribed Offering of 1,500,973 Offer Shares.

Gæld

DKK mio.	30. juni 2009		
	Faktisk DKK	Reguleret* DKK	Reguleret** DKK
(A) Likvide beholdninger	0,1	0,1	2,5
(B) Likvider	0,0	0,0	0,0
(C) Let omsættelige værdipapirer	0,0	0,0	0,0
(D) Likviditet i alt (A+B+C)	0,1	0,1	2,5
(E) Kortfristede tilgodehavender	37,7	37,7	37,7
(F) Kortfristet bankgæld	0,0	0,0	0,0
(G) Kortfristet del af langfristet gæld	105,1	105,1	105,1
(H) Øvrig kortfristet finansiel gæld	39,9	39,9	39,9
(I) Kortfristet gæld i alt (F+G+H)	144,9	144,9	144,9
(J) Netto kortfristet gældssituation (I-E-D)	107,1	107,1	104,7
(K) Langfristet bankgæld	364,2	304,1	191,7
(L) Udstedte obligationer	0,0	0,0	0,0
(M) Øvrige langfristede lån	50,7	50,7	50,7
(N) Kortfristet gæld i alt (K+L+M)	414,8	354,8	242,4
(O) Netto gæld i alt (J+N)	522,0	462,0	347,2

*) Reguleret, således at nettoprovenuet i forbindelse med udbuddet afspejler en bruttotegning på DKK 68 mio.

***) Reguleret, således at nettoprovenuet afspejler et fuldt tegnet udbud på 1.500.973 udbudte aktier.

VÆSENTLIGE ÆNDRINGER I SELSKABETS FINANSIELLE ELLER OPERATIONELLE SITUATION

Den 17. juli 2009, selskabet annoncerede nedskrivningen af licens SEL 2/07 i Det Keltiske Hav. Efter boring af brøndene Hook Head 50/11-4 og Dunmore 50/6-4 i juli og oktober sidste år er der blevet foretaget en række studier af operatøren. Resultatet af disse studier pegede på, grundet problemer relateret til reservoir- og olie kvaliteten, at potentialet for at udbygge områderne kommercielt var mere usikere end tidligere. Derudover, grundet usikkerhed relateret til hvorvidt der er tilstrækkelig mængde i Dunmore Jurassic carbonate reservoiret, som viste kulbrinte i en ca. 20 fod tyk sektion, har selskabet besluttet af nedskrive ca. DKK 97 mio. Dette beløb er blevet indarbejdet i halvårsrapporten for de første seks måneder af 2009. Nedskrivningen vil ikke have nogen cash flow effekt på selskabet og nedskrivningen påvirker ikke selskabets påviste reserver, som beskrevet i CPR rapporten udarbejdet af Fugro Robertson den 1. januar 2009, da der i denne ikke er indarbejdet ressourcer for hverken Hook Head eller Dunmore.

Den 18. august 2009 annoncerede selskabet at Ettrick-feltet begyndte at producere. Feltet forventes at producere med op til 1,650 boepd (tønder olie ækvivalenter per dag) netto til Atlantic Petroleum via FPSOen 'Aoka Mizu'.

Den 27. september 2009 indgik selskabet og långiverne en aftale om et tillæg til refinansieringsaftalen. Bestemmelserne i tillægget vil træde i kraft når aktieemissionen er gennemført. Se sektion 22 "Material contracts" (Væsentlige kontrakter).

Den 1. oktober 2009 annoncerede selskabet et revideret olieproduktions-estimat og finansiel forventning til 2009.

Ud over hvad der er anført ovenfor er der ikke sket væsentlige ændringer i selskabets finansielle og operationelle situation siden 30. juni 2009.

UDVANDING

Pr. 30. juni 2009 havde Atlantic Petroleum en egenkapital på DKK 123 mio., svarende til en indre værdi pr. aktie på DKK 110. Indre værdi pr. aktie beregnes ved at dividere egenkapitalen med det samlede antal aktier.

Under forudsætning af en emission på 1.500.973 stk. udbudte aktier og fradrag for skønnede omkostninger, vil Atlantic Petroleums proforma egenkapital pr. 30. juni 2009 være DKK 298 mio. svarende til DKK 113 pr. aktie. Udbuddet ville således repræsentere en umiddelbar stigning i indre værdi pr. Aktie på DKK 4 eller 4% for selskabets aktionærer og en umiddelbar udvanding i indre værdi pr. aktie på DKK 12 eller 9% til tegnere af de udbudte aktier.

Udvandingen beregnes ved at trække indre værdi pr. aktie efter udbuddet fra udbudskursen pr. udbudt aktie.

DANSK RESUMÉ

OMKOSTNINGER FORBUNDET MED UDBUDET

De skønnede omkostninger, som selskabet skal betale i forbindelse med udbuddet, beløber sig til ca. DKK 8,2 mio. ved minimumsudbuddet på DKK 68 mio. og ca. DKK 12,8 mio. ved maksimumudbuddet på DKK 188 mio. Det vurderes, at ud af de samlede skønnede omkostninger vil selskabet skulle betale DKK 3-4 mio., også selvom udbuddet ikke gennemføres.

DKK mio.	Ved Minimumsudbud	Ved Maksimumudbud
Honorar til Global Coordinator	2,4	6,8
Tegningsprovision til investorer	1,6	1,6
Omkostninger forbundet med trykning af prospekt og brochurer samt annoncering	0,5	0,5
Omkostninger, der skal betales til de nordiske fondsbørser	0,2	0,4
Honorarer til revisorer og advokater	2,6	2,6
Øvrige omkostninger	0,6	0,6
Tegningsprovision til Co-manager og depotbanker*	0,1	0,3
I alt	8,2	12,8

*) 0,25% vil blive videregivet som tegningsprovision til kontoførende institutter ved tegning af de udbudte aktier

Efter fradrag af de skønnede omkostninger forventes nettoprovenuet i forbindelse med udbuddet at udgøre ca. DKK 60 mio. ved minimumsudbuddet på DKK 68 mio. og ca. DKK 175 ved maksimumudbuddet på DKK 188 mio.

REGNSKABSMÆSSIGE FORVENTNINGER TIL 2009

For 2009 forventer selskabet en samlet produktion på 700.000-740.000 tønner olie netto. Med en gennemsnitlig oliepris på USD 70 per tønde for fjerde kvartal af 2009 og gennemsnitlige produktionsomkostninger på ca. USD 25 per tønde forventes et driftsresultat (EBIT) før fradrag for ikke-succesfulde efterforskningsomkostninger på DKK 40-50 mio. Valutakurser på henholdsvis DKK/GBP 8,06 og DKK/USD 5,08 er antaget.

Baseret på ovenstående forventer selskabet et cash flow fra driften på over DKK 100 mio. i 2009.

Ved en oliepris på USD 60 per tønde for resten af 2009 forventes driftsresultatet (EBIT) før fradrag for ikke-succesfulde efterforskningsomkostninger reduceret til DKK 30-40 mio., mens en oliepris på USD 80 for resten af året vil medføre et driftsresultat (EBIT) før fradrag for ikke-succesfulde efterforskningsomkostninger på DKK 55-65 mio.

Totale investeringer i immaterielle efterforsknings- og evalueringsaktiver på ca. DKK 20 mio. forventes i 2009. Totale investeringer i materielle udviklings- og produktionsaktiver forventes at beløbe sig til ca. DKK 76 mio., hvilket dog kan variere i henhold til timingen af boringsprogrammet for Ettrick i andet halvår af 2009.

RESUMÉ AF UDBUDET

Udsteder

P/F Atlantic Petroleum, virk. nr. 2695

Udbuddet

Udbuddet omfatter op til 1.500.973 udbudte aktier á nom. DKK 100 svarende til en samlet nominal værdi på DKK 150.097.300 med tegningsretter for eksisterende aktionærer i forholdet 4:3.

Udbudskurs

De udbudte aktier udbydes til DKK 125 pr. aktie á nom. DKK 100, franko (ekskl. eventuelt gebyr, der opkræves af investorernes egne kontoførende institutter og brokers. Sådanne gebyrer kan således variere).

Tegningsprovision til kontoførende institutter

0,25% vil blive videregivet som tegningsprovision til kontoførende institutter ved tegning af de udbudte aktier

Tegningsforhold og tildeling af tegningsretter

Den 7. oktober 2009 kl. 11.30 færøsk tid (svarende til 12.30 dansk tid og 10.30 islandsk tid) vil enhver, der er registreret i VP Securities A/S som aktionær i selskabet, få tildelt tegningsretter. Udbuddet gennemføres i forholdet 4:3, hvilket indebærer, at de eksisterende aktionærer får tildelt 4 tegningsretter pr. eksisterende aktie og at der kræves 3 tegningsretter for at tegne én udbudt aktie.

Udbudte Aktier

De udbudte aktier, der skal udstedes af selskabet efter, at kapitalforhøjelsen er registreret i det færøske selskabsregister vil være af samme klasse som de eksisterende aktier og vil ikke blive optaget til officiel notering på NASDAQ OMX Iceland og NASDAQ OMX Copenhagen, før registrering har fundet sted. Som følge heraf gøres aktionærer og investorer opmærksom på, at de udbudte aktier ikke vil blive optaget til officiel notering på NASDAQ OMX Iceland og NASDAQ OMX Copenhagen under en midlertidig fondskode. De udbudte aktier optages på NASDAQ OMX Iceland og NASDAQ OMX Copenhagen direkte under fondskoden for de eksisterende aktier (FO000A0DN9X4) efter registrering af kapitalforhøjelsen i det færøske selskabsregister, som forventes at finde sted den 2. november 2009.

Handelsperiode for Tegningsretter

Tegningsretter kan handles på NASDAQ OMX Iceland og NASDAQ OMX Copenhagen i perioden fra 5. oktober 2009 til 22. oktober 2009 kl. 15.23 islandsk tid på NASDAQ OMX Iceland og kl. 17.00 dansk tid på NASDAQ OMX Copenhagen.

Tegningsperiode for Udbudte Aktier

Tegningsperioden for de udbudte aktier begynder den 8. oktober 2009 og udløber den 27. oktober 2009 kl. 18.00 færøsk tid (svarende til kl. 19.00 dansk tid og kl. 17.00 islandsk tid).

Tegningsprocedure

Indehavere af tegningsretter, der ønsker at tegne udbudte aktier, skal gøre dette gennem deres eget kontoførende institut i henhold til det pågældende instituts regler og ved at bruge den tegningsblanket, der er vedhæftet prospektet. Tidspunktet for, hvornår der skal ske meddelelse om udnyttelse, afhænger af indehaverens aftale med det relevante kontoførende institut eller anden finansiel formidler samt disses regler og procedurer, og tidspunktet kan være tidligere end den sidste dag i tegningsperioden. Når en indehaver har udnyttet sine tegningsretter, kan udnyttelsen ikke trækkes tilbage eller ændres.

Betalingsmetode

Ved udnyttelse af tegningsretterne skal indehaveren betale DKK 125 pr. udbudt aktie, der tegnes.

Betaling af udbudte aktier skal ske i danske kroner på tegningstidspunktet og senest den 29. oktober 2009 kl. 18.00 færøsk tid (svarende til kl. 19.00 dansk tid og kl. 17.00 islandsk tid) mod registrering af de udbudte aktier på erhververens konto i VP Securities A/S. Indehavere af tegningsretter skal overholde kontoaftalen med deres eget kontoførende institut eller andre finansielle formidlere, hvorigennem de ejer aktier. Finansielle formidlere, hvorigennem en indehaver ejer tegningsretter, kan kræve betaling på en tidligere dato.

Manglende udnyttelse af tegningsretter

Tegningsretter, som ikke udnyttes i tegningsperioden, mister deres gyldighed og værdi, og indehaveren af sådanne tegningsretter er ikke berettiget til kompensation. Tegningsperioden udløber den 27. oktober 2009 kl. 18.00 færøsk tid (svarende til kl. 19.00 dansk tid og kl. 17.00 islandsk tid).

Udnyttede Tegningsretter

Udbudte aktier, som ikke er blevet tegnet af selskabets aktionærer i henhold til deres fortegningsret ved udnyttelse af tegningsretter eller af investorer i henhold til erhvervede tegningsretter ved tegningsperiodens udløb kan, uden kompensation til ihændehavere af tegningsretter, diskretionært af bestyrelsen tildeles til aktionærer og investorer, der ikke har tegningsretter, såfremt disse inden udløbet af tegningsperioden har afgivet bindende tilsagn til Global Coordinator om at tegne udbudte aktier til udkurskursen.

Tilbagekaldelse af udbuddet

Selskabet og Global Coordinator forbeholder sig ret til at tilbagekalde udbuddet, før handel med tegningsretterne begynder den 5. oktober 2009, såfremt der indtræffer begivenheder, som efter selskabets og Global Coordinators skøn vil gøre gennemførelsen af udbuddet utilrådelig.

Udbuddet kan endvidere tilbagekaldes på et hvilket som helst tidspunkt, før registrering af kapitalforhøjelsen vedrørende de udbudte aktier er sket i det færøske selskabsregister.

En eventuel tilbagekaldelse vil straks blive meddelt NASDAQ OMX Iceland og NASDAQ OMX Copenhagen og meddelt gennem de dagblade, hvor udbuddet blev annonceret.

Hvis udbuddet ikke gennemføres, vil udnyttelse af tegningsretter, som allerede måtte være sket, automatisk blive annulleret, tegningskursen for de udbudte aktier vil blive refunderet (ekskl. eventuelle gebyrer opkrævet af investorernes egne konførende institutter og brokere; sådanne gebyrer kan således variere), alle tegningsretter vil bortfalde, og der vil ikke blive udstedt nogen udbudte aktier, hvilket kan medføre, at de investorer, som har erhvervet tegningsretter og/eller ret til de udbudte aktier (i en 'off-market' transaktion), vil lide et tab. Vedrørende tilbagekaldelse af udbuddet henvises til afsnittet "Risk Factors - Risks associated with the Offering, the Pre-emptive Rights and the Offer Shares" (Risikofaktorer - Risici forbundet med udbuddet, tegningsretterne og de udbudte aktier). Handel med tegningsretter foretaget i løbet af tegningsretternes handelsperiode vil imidlertid ikke blive berørt.

Aktiekapital

Selskabets registrerede aktiekapital udgør pr. prospektdatoen, men forud for udbuddet, nom. DKK 112.573.000 fordelt på 1.125.730 aktier à nom. DKK 100 eller multipla heraf, der alle er fuldt indbetalt.

Stemmeret

Hver udbudt aktie giver ejeren ret til én stemme i alle afstemninger blandt selskabets aktionærer. Ingen aktionær må imidlertid stemme på mere end 20 % af det samlede antal aktier, der er udstedt i selskabet.

Udbytte

De udbudte aktier bærer ret til udbytte fra og med regnskabsåret 2009 og efterfølgende år. Selskabet har imidlertid ikke udbetalt udbytte siden stiftelsen og forventer ikke at udbetale udbytte inden for en overskuelig fremtid.

Warrants

Pr. prospektdatoen er der udestående warrants, der berettiger ejerne heraf til at tegne op til 5.628 stk. aktier. Der henvises til prospektets Del I, afsnit 15 "Remuneration and benefits" (Vederlag og goder), som beskriver selskabets warrantprogrammer, herunder de justeringer der vil blive foretaget af de tegningskurser, der gælder for warrants, og antallet af warrants efter udbuddets gennemførelse.

Lock-up

Selskabet vil ikke uden Global Coordinators forudgående skriftlige samtykke og i en periode på 180 dage fra prospektdatoen direkte eller indirekte udstede, udbyde, sælge eller på anden måde direkte eller indirekte sælge eller indgå aftale om at sælge aktier eller værdipapirer, der kan konverteres til eller udbyttes med aktier, eller indtræde i en swap- eller anden aftale eller transaktion, der helt eller delvist eller direkte eller indirekte overdrager nogen af de økonomiske konsekvenser af ejerskab af aktierne. Selskabets lock-up-forpligtelser gælder ikke for warrants (og aktier, som er udstedt ved udnyttelse deraf), som er udstedt eller som skal udstedes til medlemmer af selskabets bestyrelse og direktion og andre medarbejdere i henhold til eksisterende bemyndigelse.

Selskabets direktion og ledende medarbejder har en lignende forpligtelse over for Global Coordinator i en periode på 180 dage fra prospektdatoen.

Lovvalg og værneting

Udbuddet gennemføres i henhold til færøsk, islandsk og dansk lovgivning. Enhver tvist, der måtte opstå som følge af udbuddet, skal indbringes for de færøske domstole.

Garanti

Udbuddet er ikke garanteret, men visse af selskabets aktionærer, herunder Eik Banki, P/F TF Holding, SP/F 14, Bikubefonden af 1989, Føroya Lívstrygging P/F samt selskabets administrerende direktør Wilhelm E. Petersen har hver afgivet bindende tilsagn om at udnytte tegningsretter til at tegne tilsammen 327,082 udbudte aktier svarende til et bruttoprovenu på ca. DKK 41 mio. (ca. € 5 mio.) Desuden har en række investorer afgivet bindende tilsagn, som træder i kraft, hvis der ikke udnyttes et tilstrækkeligt antal tegningsretter i forbindelse med udbuddet, om at tegne tilsammen 218,180 udbudte aktier, hvorved selskabet sikres et bruttoprovenu på ca. DKK 27 mio. (ca. € 4 mio.). Derudover har selskabets tekniske direktør Sigurð í Jákupsstovu indikeret overfor selskabet, at han har til hensigt, hvis det er muligt, at købe tegningsretter og tegne aktier for DKK 150.000. De samlede tilsagn sikrer selskabet et bruttoprovenu på DKK 68 mio. (ca. € 9 mio.). Herudover har Føroya Banki givet tilsagn om at tegne aktier for DKK 20 mio. på betingelse af, at et bruttoprovenu på mindst DKK 130 mio. opnås gennem udnyttelse af tegningsretter eller på anden vis.

DANSK RESUMÉ

Større Aktionærer

Følgende aktionærer har meddelt selskabet, at de ejer mere end 5 % af selskabets registrerede aktiekapital: SP/F 14, P/F T/F Holding og P/F Eik Banki.

Salgs- og overdragelsesbegrænsninger

Der vil gælde visse salgs- og overdragelsesbegrænsninger for tegningsretterne og de udbudte aktier, jf. prospektets Del III, afsnit 5 "Terms and conditions of the Offering - Jurisdictions in which the Offering will be made and restrictions applicable to the Offering" (Vilkår og betingelser for Udbuddet - Jurisdiktioner, hvor udbuddet gennemføres, og restriktioner knyttet til udbuddet).

ISIN/Fondskode

Eksisterende aktier: FO000A0DN9X4

Udbudte aktier (midlertidig fondskode):

FO0000000153

Tegningsretter:

FO0000000161

Handelssymbol for Selskabets Aktier på NASDAQ OMX Iceland

FO-ATLA

Handelssymbol for Selskabets Aktier på NASDAQ OMX Copenhagen

FO-ATLA CSE

Handelssymbol for Fortegningsretter på NASDAQ OMX Iceland

FO-ATLA R

Handelssymbol for Fortegningsretter på NASDAQ OMX Copenhagen

FO-ATLA T CSE

FORVENTET TIDSPLAN FOR DE VIGTIGSTE BEGIVENHEDER

Sidste dag for handel med eksisterende aktier inklusive tegningsretter:	den 2. oktober 2009
Sidste dag for handel med eksisterende aktier eksklusiv tegningsretter:	den 5. oktober 2009
Perioden, hvori fortegningsretter kan handles på NASDAQ OMX Iceland og NASDAQ OMX Copenhagen, begynder:	den 5. oktober 2009
Tildelingstidspunkt	Tildeling sker elektronisk den 7. oktober 2009 kl. 11.30 færøsk tid (svarende til kl. 12.30 dansk tid og kl. 10.30 islandsk tid) i VP Securities A/S.
Tegningsperioden for de udbudte aktier begynder:	den 8. oktober 2009 (dagen efter Tildelingstidspunktet)
Handelsperioden for fortegningsretter udløber	den 22. oktober 2009 kl. 15:23 islandsk tid på Nasdaq OMX Iceland og kl. 17:00 på Nasdaq OMX Copenhagen
Offentliggørelse af resultat af udbuddet	den 27. oktober 2009 kl. 18.00 færøsk tid (svarende til kl. 19.00 dansk tid og kl. 17.00 islandsk tid).
Publication of the results of the Offering	Senest to bankdage efter tegningsperiodens udløb, (forventeligt den 29. oktober 2009)
Gennemførelse af udbuddet	Udbuddet bliver kun gennemført, hvis og når de udbudte aktier, der tegnes, udstedes af selskabet, efter at kapitalforhøjelsen er registreret i det færøske selskabsregister, hvilket forventes at ske den 2. november 2009.
De udbudte aktier forventes at blive optaget til notering under den eksisterende fondskode	den 3. november 2009

FINANSKALENDER

Delårsrapport for 1.-3. kvartal 2009	6. november 2009
Årsrapport 2009	26. februar 2010
Generalforsamling	20. marts 2010
Delårsrapport for 1. kvartal 2010	5. maj 2010

HOVED- OG NØGLETALSOVERSIGT

Nedenfor er anført udvalgte koncernregnskabstal, herunder visse hovedtal for regnskabsårene 2006, 2007, 2008 samt hovedtal for delårsregnskaberne for 1. halvår 2008 og 2009.

De udvalgte koncernregnskabstal er uddraget af den reviderede koncernårsrapport og det reviderede koncernårsregnskab for regnskabsårene 2006, 2007 og 2008 samt af koncerndelårsrapporterne for 1. halvår 2008 og 2009, og er indeholdt i Del II "Financial Information" (Regnskabsoplysninger) og bør læses i sammenhæng med disse.

De udvalgte regnskabsoplysninger bør læses i sammenhæng med følgende afsnit i prospektet: "Operating and financial review" (Gennemgang af drift og regnskaber) og Del II "Financial Information" (Regnskabsoplysninger).

De reviderede årsregnskaber for 2006, 2007 og 2008 er udarbejdet i overensstemmelse med de internationale regnskabsstandarder (IFRS), som godkendt af den Europæiske Union (EU), samt yderligere færøske oplysningskrav, der gælder i henhold til den færøske årsregnskabslov, samt krav til regnskabsaflæggelse for selskaber, der er noteret på NASDAQ OMX Iceland og NASDAQ OMX Copenhagen.

De reviewede koncerndelårsrapporter for 1. halvår 2008 og 1. halvår 2009 er udarbejdet i overensstemmelse med de internationale regnskabsstandarder (IFRS) samt IAS 34 vedrørende *Præsentation af delårsregnskaber*, som godkendt af EU.

Regnskabspraksis er ens for alle de viste perioder.

²Den yderligere oplysningspligt relaterer sig primært til afsnittet om ledelsens gennemgang samt oplysninger om god selskabsledelse. Kravene er i overensstemmelse med de internationale regnskabsstandarder, IFRS; hvad angår indregning og måling i årsrapporten.

DANSK RESUMÉ

Hoved- og nøgletal (mio.)	2006		2007		2008		1. halvår		
	DKK	DKK	DKK	EUR	USD	DKK	DKK		
Resultatopgørelse:						Ikke revideret		Reviewet	
Omsætning	0,0	0,0	43,3	5,8	8,5	0,0	76,6		
Produktionsomkostninger	0,0	0,0	-26,8	-3,6	-5,3	0,0	-65,7		
Bruttoresultat	0,0	0,0	16,4	2,2	3,2	0,0	11,0		
Efterforskningsomkostninger	-3,2	-33,8	-2,3	-0,3	-0,5	-0,3	-113,9		
'Pre-licence' efterforskningsomkostninger	-1,1	-2,6	-1,1	-0,1	-0,2	-0,5	-0,4		
Administrationsomkostninger	-7,2	-14,0	-18,8	-2,5	-3,7	-8,9	-9,7		
Andre driftsindtægter	0,0	0,1	0,1	0,0	0,0	0,0	0,1		
Resultat af primær drift	-11,5	-50,3	-5,6	-0,8	-1,1	-9,6	-112,9		
Finansielle poster, netto	3,4	-25,7	-139,8	-18,8	-27,4	-21,8	64,7		
Resultat før skat	-8,1	-76,1	-145,4	-19,5	-28,5	-31,4	-48,2		
Skat	0,0	0,0	55,8	7,5	10,9	0,0	15,7		
Periodens resultat	-8,1	-76,1	-89,7	-12,0	-17,6	-31,4	-32,4		
Balance:									
Aktiver									
Immaterielle efterforsknings- og vurderingsaktiver	23,9	74,0	152,4	20,5	28,8	93,9	57,4		
Udviklings- og produktionsaktiver	156,3	312,7	423,2	56,8	80,1	386,0	518,6		
Materielle anlægsaktiver	0,3	0,5	0,8	0,1	0,2	0,7	0,7		
Udskudt skatteaktiv	0,0	0,0	45,4	6,1	8,6	0,0	68,4		
Tilgodehavender fra salg og andre tilgodehavender	1,4	11,9	13,3	1,8	2,5	5,7	37,7		
Værdipapirer disponible for salg	6,4	6,8	3,8	0,5	0,7	5,4	0,0		
Likvide beholdninger	173,0	4,9	4,0	0,5	0,8	5,5	0,1		
Aktiver i alt	361,4	410,9	642,9	86,3	121,6	497,3	683,0		
Forpligtelser									
Kortfristet rentebærende gæld	17,2	29,3	365,3	49,0	69,1	188,1	105,1		
Leverandører og øvrige gældsforpligtelser	21,7	64,9	66,9	9,0	12,7	73,6	34,6		
Kortfristede hensatte forpligtelser	6,7	12,2	4,6	0,6	0,9	11,3	5,2		
Langfristet rentebærende gæld	0,0	51,2	0,0	0,0	0,0	0,0	364,2		
Langfristede hensatte forpligtelser	19,1	26,2	39,3	5,3	7,4	24,4	50,7		
Forpligtelser i alt	64,7	183,7	476,1	63,9	90,1	297,4	559,8		
Nettoaktiver	296,7	227,2	166,8	22,4	31,6	199,9	123,2		
Egenkapital	296,7	227,2	166,8	22,4	31,6	199,9	123,2		
Pengestrømsopgørelse:									
Pengestrømme fra driftsaktivitet	-10,5	-12,5	-6,3	-0,8	-1,2	-11,1	28,1		
Pengestrømme fra investeringsaktivitet	-48,6	-219,4	-278,5	-37,4	-54,6	-96,2	-137,7		
Pengestrømme fra finansieringsaktivitet	222,2	63,7	284,8	38,2	55,9	107,6	106,1		
Likvider, ultimo	173,0	4,9	4,0	0,5	0,8	5,5	0,1		
Nøgletal:									
Nettoresultat pr. Eksisterende Aktie	-8,92	-67,58	-79,64	-10,7	-15,6	-27,9	-28,8		
Egenkapitalandel (%)	82,1%	55,3%	25,9%	25,9%	25,9%	40,2%	18,0%		
Indre værdi pr. Eksisterende Aktie	326,4	201,8	148,2	19,9	28,0	177,6	109,5		
Antal medarbejdere	6	8	10	10	10	10	9		

Note: Følgende valutakurser er anvendt i tabellen: EUR 1 - DKK 7,45 for balancen, EUR 1 - DKK 7,46 for resultatopgørelsen og pengestrømsopgørelsen, USD 1 - DKK 5,28 for balancen og USD 1 - DKK 5,10 for resultatopgørelsen og pengestrømsopgørelsen.

GENERAL INFORMATION

The Prospectus has been prepared in connection with the Offering and for the purposes of admission to trading in and official listing of the Pre-emptive Rights and Offer Shares on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen. This Prospectus has been prepared in order to comply with the standards and conditions applicable under Faroese, Icelandic and Danish law and regulations. The Offering is subject to Faroese, Icelandic and Danish law.

Investors are authorised to use this Prospectus solely for the purpose of considering the acquisition or exercise of the Pre-emptive Rights and subscription of the Offer Shares described in this Prospectus.

The distribution of this Prospectus and the Offering is, in certain jurisdictions, restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus does not constitute an offer of or an invitation to acquire any Pre-emptive Rights or to subscribe for Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. Persons into whose possession this Prospectus comes shall inform themselves of and observe all such restrictions. Neither the Company nor the Global Coordinator and the Co-manager accept any legal responsibility for any violation of these restrictions by any person, irrespective of whether such person is a potential purchaser of Pre-emptive Rights or Offer Shares. For a more detailed description of certain restrictions in connection with the Offering, see Part III, section 5 "Terms and conditions of the Offering - Jurisdictions in which the Offering will be made and restrictions applicable to the Offering".

Due to such restrictions under applicable legislation and regulations, the Company expects that certain investors residing in the U.S., Canada, Australia, Japan and other jurisdictions may not be able to receive this Prospectus and may not be able to exercise their Pre-emptive Rights and subscribe for Offer Shares.

For certain defined terms and technical terms referred to in this Prospectus, see Annex 2 and 3 hereto, both of which form an integral part of this Prospectus.

Presentation of financial and certain other information

Financial information set forth in a number of tables in this Prospectus has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

In this Prospectus all references to "Danish Kroner", "kroner", or "DKK" are to the currency of the Kingdom of Denmark, all references to "U.S. dollars", "U.S. Dollars", "US\$", "USD", or "\$" are to the currency of the U.S., all references to "Pounds Sterling", "GBP", or "£" are to the currency of the United Kingdom, and all references to "Euro", "euro" and "€" are to the currency introduced from the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

The exchange rates used in the Prospectus for EUR and USD are shown below. In accordance with IFRS, balance sheet figures have been translated using the closing rate as of 31st December 2008, while income and cash-flow figures have been translated using the average rate for the period 1st January - 31st December 2008.

EUR/DKK Balance sheet	745.0600
EUR/DKK Income and cash flow statement	745.5974
USD/DKK Balance sheet	528.4900
USD/DKK Income and cash flow statement	509.8641

Special notice regarding forward-looking statements

This Prospectus contains certain forward-looking statements, including statements on Atlantic Petroleum's objectives. In addition to statements that are forward-looking by nature or by virtue of the context, forward-looking statements are identified by terminology such as "would", "assess", "target", "expect", "intend", "should", "plan", "estimate", "deem", "wish", "may", "conviction", "opinion" and similar expressions. Such forward-looking statements are based on information, assumptions and beliefs deemed reasonable by the Company. They may change or be changed due to uncertainty relating to the economic, financial, competitive or regulatory environment.

Investors should carefully consider the risk factors described in "Risk Factors" elsewhere in this Prospectus before making any investment decision. If one or more of these risks were to materialise, it could have an adverse impact on Atlantic Petroleum's business, position, results of operations or objectives. In addition, other risks that have not yet been identified or which Atlantic Petroleum has not considered to be material may have an adverse impact, and investors may lose all or part of their investment.

The forward-looking statements speak only as of the Prospectus Date and involve significant risks and uncertainties, including those based on circumstances beyond the control of the Company. Actual and future results and performance may differ materially from those contained in such statements. Except for any prospectus supplements that the Company may be required to publish by law, the Company does not intend to and does not assume any obligation to update the forward-looking statements in the Prospectus after the Prospectus Date.

Forward-looking statements and objectives in this Prospectus may be affected by known and unknown risks, uncertainties and other factors which may cause Atlantic Petroleum's future results of operations, development and performance to be materially different from the objectives stated or implied. Such factors include changes in the financial or commercial conditions and legislation as well as factors stated in this Prospectus. See "Risk Factors".

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SUMMARY

The following summary should be read as an introduction to this Prospectus, in conjunction with, and is qualified in its entirety by, the more detailed information that appears elsewhere in this Prospectus. See "Risk Factors" for a discussion of certain factors that should be considered in connection with an investment in the Pre-emptive Rights and the Offer Shares. Any decision to invest in the Pre-emptive Rights and the Offer Shares should be based on consideration of this Prospectus as a whole by the investor. The information provided should be read in conjunction with the full text of this Prospectus. Certain terms used in this summary are defined elsewhere in this Prospectus.

Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the relevant national legislation, have to bear the costs of translating this Prospectus before such legal proceedings are initiated.

Civil liability attaches to the persons who have tabled the summary including any translations hereof and applied for notification of this summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.

ISSUER

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Reg. no. P/F 2695
Gongin 9
P.O.Box 1228
FO-110 Tórshavn
Faroe Islands

GLOBAL COORDINATOR

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DK-1561 Copenhagen v
Denmark

CO-MANAGER

Eik Banki P/F
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Yviri við Strond 2
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Faroe Islands

AUDITORS

Sp/f Grannskoðaravirkid INPACT
R.C. Effersøesgøta 26
P.O. Box 191
FO-110 Tórshavn
Faroe Islands

HISTORY

Atlantic Petroleum was founded in 1998 with the concept to use the first Faroese oil and gas licensing round as a basis for entering into a partnership with strong international oil and gas companies. In this way Atlantic Petroleum would acquire the necessary skills and knowledge to become a competitive and independent upstream oil and gas company. In return the Company provided its partners with local business insight and a local network.

Whilst activity on the Faroese Continental Shelf was the foundation for Atlantic Petroleum, the longer term strategic goal of Atlantic Petroleum was to expand activity into UK waters. Consequently, in 2001 Atlantic Petroleum formally joined Hess, BG and DONG in two exploration licences awarded in the 19th UK licensing round. In 2003, Atlantic Petroleum acquired a package from Premier Oil plc consisting of three discoveries – Chestnut, Ettrick and Perth.

In 2005 and 2006, the development of the Chestnut field and Ettrick field began. The Chestnut development concept involved an innovative solution that enabled the field to become one of the smallest standalone developments on the UK shelf. Following successful development, Chestnut came into production in September 2008 thus marking the birth of Atlantic Petroleum as an oil producing company.

Further landmark events in 2008 included the discovery of additional reserves in the South Chestnut well which was tested, completed and made ready for production, and a discovery made in the Blackbird prospect which will probably be developed as a tie-back to the Ettrick field. In addition, Atlantic Petroleum together with its partners, StatoilHydro ASA, DONG Energy and Faroe Petroleum plc, was awarded a large licence in the 3rd Faroese licensing round.

In 2009 the South Chestnut well commenced production in March and in August the Ettrick field became the Company's second field to commence production.

SUMMARY

BUSINESS

Atlantic Petroleum is a Faroese independent exploration and production (E&P) company with oil and gas interests in the North Sea, East Irish Sea and Celtic Sea and on the Faroese Continental Shelf. The Company has interests in 15 licences containing around 30 fields, discoveries, prospects or leads. Furthermore, Atlantic Petroleum has partnerships with 17 international oil companies operating in North West Europe. The objective of Atlantic Petroleum is to develop offshore oil and gas potential in North West Europe on a commercial basis, and presently the Company engages in activities ranging from exploration, through appraisal, to development and production.

Atlantic Petroleum's key advantages and competencies include an efficient and low-cost organisation with a team of six full-time employees and three retainers, which enables the Company to maintain certain core competencies in-house, e.g. geological, geophysical and reservoir engineering expertise as well as commercial insight, all of which are considered key success factors in the oil and gas industry. In addition, Atlantic Petroleum uses external advisers and has collaborations and long-standing relationships with trusted technical consultants. This expertise, associated with access to seismic and geological data which are critical to the Company's understanding of the petroleum systems, is fundamental to the business and also substantiates any evaluation of new opportunities. The Company has a strong aptitude for reducing overall project risk and associated capital expenditures through entering into strategic partnerships on licences, enabling a significant sharing of geological, geophysical and operational knowledge as well as costs. Finally, Atlantic Petroleum's increasing oil production is expected to provide a growing cash flow, thus supporting the Company's financial stability in coming years.

Atlantic Petroleum invests in smaller prospects or discoveries that do not typically lie within the focus of larger E&P companies, as these companies usually do not prioritise smaller fields. Consequently, the Company is not directly engaged in head-to-head competition with larger E&P companies.

Atlantic Petroleum is among the approximately 40% of E&P companies with UK licences that have oil or gas producing assets. The current financial climate and recent fluctuations in oil prices are likely to force a number of small E&P companies with insufficient or no producing assets to reduce their ownership stakes in assets or alternatively farm-out whole projects. Atlantic Petroleum's increased cash generation is expected to improve the Company's ability to take advantage of investment opportunities in this industry consolidation process, thereby providing opportunities for the Company to expand its portfolio in the future. Simultaneously, Atlantic Petroleum seeks in collaboration with its partners to add new licences close to existing production, effectively lowering potential operating expenditures as new production can be added without significant costs.

The Company's activities in oil and gas fields can be categorised into a series of progressive phases toward the production stage. At the date of this Prospectus, Atlantic Petroleum's project portfolio is well-balanced between exploration, appraisal and development opportunities as well as production. The Chestnut field commenced production in September 2008 with the South Chestnut well adding to production in March 2009, whilst the Ettrick field commenced production in August 2009.

The table below gives an overview of the project portfolio categorised according to the status of the project.

Licence	Field/Prospect/Lead	P50 net MMboe*	Exploration	Appraisal	Development	Production	Init. netprod. per day
PP354	Chestnut field	1.2	████████████████████	████████████████████	████████████████████	████████████████████	1,500 bbl
P273 & P317	Ettrick field and Jarvis field	2.5	████████████████████	████████████████████	████████████████████	████████████████████	1,650 boe
P273, P317 & P1580	Blackbird discovery	1.1	████████████████████	████████████████████	████████████████████	████████████████████	900 bbl
P218 & P588	Perth field	1.0	████████████████████	████████████████████	████████████████████	████████████████████	
P1047	Marten discovery	1.1	████████████████████	████████████████████	████████████████████	████████████████████	
SEL 2/07	Hook Head discovery	-	████████████████████	████████████████████	████████████████████	████████████████████	
SEL 2/07	Helvick discovery	0.3	████████████████████	████████████████████	████████████████████	████████████████████	
P099	West Lennox discovery	-	████████████████████	████████████████████	████████████████████	████████████████████	
P218 & P588	North East Perth discovery	0.1	████████████████████	████████████████████	████████████████████	████████████████████	
P218 & P588	Dolphin discovery	0.3	████████████████████	████████████████████	████████████████████	████████████████████	
P218 & P588	Gamma Central discovery	0.4	████████████████████	████████████████████	████████████████████	████████████████████	
P273 & P317	Bright discovery	0.5	████████████████████	████████████████████	████████████████████	████████████████████	
P218 & P588	Sigma Terraces discovery	-	████████████████████	████████████████████	████████████████████	████████████████████	
SEL 2/07	Ardmore discovery	0.3	████████████████████	████████████████████	████████████████████	████████████████████	
SEL 2/07	Dunmore discovery	-	████████████████████	████████████████████	████████████████████	████████████████████	
SEL 2/07	SW Helvick discovery	-	████████████████████	████████████████████	████████████████████	████████████████████	
SEL 2/07	Helvick Main discovery	-	████████████████████	████████████████████	████████████████████	████████████████████	
P218 & P588	North Perth prospect	0.2	████████████████████	████████████████████	████████████████████	████████████████████	
P218 & P588	East Perth prospect	0.1	████████████████████	████████████████████	████████████████████	████████████████████	
P1478	Dee ¹	-	████████████████████	████████████████████	████████████████████	████████████████████	
P099	Crosby ²	-	████████████████████	████████████████████	████████████████████	████████████████████	
SEL 2/07	NW Helvick prospect	-	████████████████████	████████████████████	████████████████████	████████████████████	
SEL 2/07	NE Helvick prospect	-	████████████████████	████████████████████	████████████████████	████████████████████	
SEL 2/07	W Helvick prospect	-	████████████████████	████████████████████	████████████████████	████████████████████	
SEL 3/07	Blackrock prospect	0.1	████████████████████	████████████████████	████████████████████	████████████████████	
SEL 2/07	S Hook Head lead	-	████████████████████	████████████████████	████████████████████	████████████████████	
SEL 2/07	SE Hook Head lead	-	████████████████████	████████████████████	████████████████████	████████████████████	
SEL 3/07	Rushane lead	-	████████████████████	████████████████████	████████████████████	████████████████████	
L013	Stella Kristina lead	-	████████████████████	████████████████████	████████████████████	████████████████████	
L014	Marselius lead	-	████████████████████	████████████████████	████████████████████	████████████████████	
L006	Brugdan Deep lead	-	████████████████████	████████████████████	████████████████████	████████████████████	
L016	Kúlubókan lead	-	████████████████████	████████████████████	████████████████████	████████████████████	

* Independent Petroleum Reserves & Resources report (Fugro Robertson Limited) corrected for Crosby drilling and production until 30th June 2009
 1) Crosby is not considered to be a lead or prospect anymore
 2) Dee is not considered to be a lead or prospect anymore
 Source: Fugro Robertson CPR (reserve and resource estimates) and Company data
 Note: The four phases have not been categorised into sub-phases

SUMMARY

GEOGRAPHICAL PRESENCE

Atlantic Petroleum currently participates in licences on the UK, Irish and Faroese Continental Shelves.

The UK Continental Shelf has been exploited for its hydrocarbon potential since the 1960s. Atlantic Petroleum has been active in the area since 2001. Atlantic Petroleum's licences on the UK Continental Shelf are all located in the Moray Firth, Central Graben and East Irish Sea. The UK shelf is considered mature in terms of the oil and gas business and Atlantic Petroleum has production, discoveries and exploration opportunities in this area. The UK is one of the biggest hydrocarbon producing areas in Europe, but also an area with a range of licences on which oil is yet to be discovered.

Like the UK Continental Shelf, the Irish Continental Shelf has been explored for many years and at the end of 2008 twenty-seven exploration licences had been granted on the Irish Continental Shelf. Atlantic Petroleum obtained licences in the area in 2007 and currently has two standard exploration licences. Much has been done to promote oil and gas exploration on the Irish Continental Shelf, including implementing a tax regime designed to encourage further exploration in the area.

Being a Faroese company, Atlantic Petroleum naturally has an interest in exploring the Faroese Continental Shelf. Large oil discoveries in the area west of the Shetland Islands, including the Rosebank and Cambo discoveries adjacent to the Faroese licensed acreage give cause for confidence in the potential of the region. Three licensing rounds have been carried out on the Faroese Continental Shelf to date, with Atlantic Petroleum participating in all of them, which makes the Company one of the leading explorers in the area. Exploration on the Faroese Continental Shelf is still in its early exploration stages so the area remains a high risk area, with uncertainties in respect of whether commercial discoveries will be made. However, the potential economic rewards are estimated to outweigh the risks, which are demonstrated by the presence of the companies active in the area.

TRENDS

As the world's most important source of energy, oil is bought and sold in commodity markets characterised by high volatility in prices. Prices are strongly correlated with world economic growth and globally impact on industrial production, transportation, construction, consumption etc. Driven by the current and expected future demand and supply, the market for oil involves a large amount of speculation and is also dependent on the stored reserve capacity.

2008 was marked by highly volatile oil prices that continued to rise during the first half of the year to eventually reach an all-time peak of more than USD 140 per barrel during the summer before plummeting towards levels of around USD 35 per barrel over the last three months of 2008. During 2009 oil prices have risen steadily to a current level around USD 70 per barrel.

The drastic drop in oil prices lowered E&P companies' demand on upstream oil services, which in turn is expected to force oil service vendors to cut their rates. However, a certain time lag exists between movements in oil prices and service rates.

The effect of the economic downturn on the real economy and the availability of credit sources will directly influence the future demand and supply of crude oil and the extent to which prices will recover from the plunge in prices witnessed in late 2008.

The E&P industry has been marked by the tangible slowdown in demand for oil, and is simultaneously affected by the limited availability of credit for investment in and development of new projects. This means that many smaller E&P companies without any revenues from production may become financially distressed and hence increasingly exposed to the growth strategies of well-positioned and financially sound companies.

BUSINESS MODEL AND STRATEGY

Atlantic Petroleum continually seeks to build and optimise its licence portfolio by developing and maturing existing licences, by acquiring new licences through licensing rounds or by farming-in to licences from other companies.

In the short term, the Company will focus on offshore opportunities in mature exploration areas in North West Europe, particularly in the North Sea and on the Irish Continental Shelf. In the longer term, as the understanding of the hydrocarbon systems of the Faroese Continental Shelf matures, the Company expects to make further investments in this area. Overall, Atlantic Petroleum strives to balance its portfolio to ensure a steady flow of projects coming into production as replacement for reserves already produced.

Atlantic Petroleum enters into strategic partnerships with other E&P companies in the development of its licences. Partnerships enable sharing of geological and operational knowledge and also reduce capital expenditures and project risk. Atlantic Petroleum's ideal interest in licences is in the range of 10% to 15% after material investments are made.

Currently, it is not part of Atlantic Petroleum's strategy to operate licences itself. The Company, however, works in close technical collaboration with the operator to ensure that Atlantic Petroleum's extensive geological, geophysical and reservoir engineering insight contributes to the successful maturing and development of the licences.

SUMMARY

Development of existing licences

The Company's portfolio of licences covers the initial four phases of the E&P life cycle. Fifteen licences containing 15 discoveries and 13 prospects or leads are in the exploration and appraisal phases, the Perth field and the Blackbird discovery are potentially nearing the development phase, while the Chestnut field and the Ettrick field are in production.

Despite its non-operating role in its licences, Atlantic Petroleum is an active contributor to the successful development of the licences. Participation in frequent technical meetings with partnership companies ensures that Atlantic Petroleum's extensive geological, geophysical and engineering insight contributes to the value creation related to each asset.

Acquiring licences and farming-in to licences

Part of Atlantic Petroleum's overall business model is acquiring and farming-in to licences to strengthen its portfolio. The Company is constantly screening the market in order to identify new licences which may constitute attractive investment opportunities for the Company. Atlantic Petroleum has a strategic focus on projects with near term cash flow potential and possibilities for optimisation of exploration costs. The foundation for this is solid geological and geophysical expertise and commercial insight, as well as the necessary funding.

Atlantic Petroleum's focus to date has been on the relatively smaller prospects or discoveries, which are outside the focus area of major oil companies, and which have the potential to reach production within a relatively short time frame.

The E&P market has been affected by the current economic climate and slowdown in the demand for oil. Atlantic Petroleum's increased cash generation is expected to improve the Company's ability to take advantage of investment opportunities in the industry consolidation process, thereby providing opportunities for the Company to expand its portfolio in the future.

¹Please note restrictions to the use of the Company's capital in Part I, section 10 "Capital resources".

SUMMARY

SUPERVISORY BOARD, MANAGEMENT AND SENIOR EMPLOYEES

Supervisory Board

Name	Year born	Member since	Expiry of current term	Position	Number of Shares as at the Prospectus Date (direct ownership)	Direct ownership interest as at the Prospectus Date	Number of Shares as at the Prospectus Date (indirect ownership)	Indirect ownership interest as at the Prospectus Date
Birgir Durhuus	1963	2009	2011	Chairman	100	0.01%	0	0
Poul R. Mohr ¹	1929	1998	2011	Deputy Chairman	580	0.05%	92,033	8.18%
Mortan H. Johannesen ²	1937	1998	2010	Board member	40,000	3.55%	10,000	0.89%
Jan Edin Evensen	1951	2009	2010	Board member	0	0	0	0.00%
Diana Leo	1966	2009	2010	Board member	0	0	0	0.00%

Source: Atlantic Petroleum

Note: 1) Poul R. Mohr is the managing director and shareholder (0.88%) of Sp/F 14 which holds 91,933 shares in Atlantic Petroleum, corresponding to 8.17% of total outstanding shares. Further, the wife of Poul R. Mohr has a 0.01% shareholding in Atlantic Petroleum
2) Hildigunn Johannesen, who is the wife of Mortan Johannesen, has a 0.89% shareholding in Atlantic Petroleum

Management

Name	Year born	Employed since	Position	Number of Shares as at the Prospectus Date	Ownership interest as at the Prospectus Date	Number of Shares as at the Prospectus Date (indirect ownership)	Indirect ownership interest as at the Prospectus Date
Wilhelm E. Petersen	1962	1998	Managing Director and CEO	857	0.08%	480 ¹	0.04%
Sigurð í Jákupsstovu	1963	2008	Technical Manager and COO	0	0.00%	135 ²	0.01%

Source: Atlantic Petroleum

Note: 1) Relatives of Wilhelm E. Petersen (wife and children) have a 0.04% shareholding in Atlantic Petroleum
2) Relatives of Sigurð í Jákupsstovu (wife and children) have a 0.01% shareholding in Atlantic Petroleum

Senior Employees

Name	Year born	Employed since	Position	Number of Shares as at the Prospectus Date	Ownership interest as at the Prospectus Date	Number of Shares as at the Prospectus Date (indirect ownership)	Indirect ownership interest as at the Prospectus Date
Teitur Samuelsen	1972	2005	Financial Manager	364	0.03%	38	0.003%

Source: Atlantic Petroleum

Note: Relatives of Teitur Samuelsen (children) has a 0.003% shareholding in Atlantic Petroleum

Major Shareholders

Shareholder	Business	Registered office/residence	Before the Offering	
			Shares	Ownership interest/voting rights(%)
SP/F 14 and related parties*	Investment company	J.C. Svarbosgøta 29, 100 Tórshavn	91,933	8.17%
P/F T/F Holding	Holding company of insurance company	Kongabrúgvín, 100 Tórshavn	74,250	6.60%
P/F Eik Banki and Eik Grunnurin	Bank	Yviri við Strond 2, 100 Tórshavn	72,249	6.42%

*) Supervisory Board Member Poul R. Mohr is the managing director and a shareholder (0.88%) of Sp/F 14.

Source: Atlantic Petroleum

SUMMARY

USE OF PROCEEDS

Assuming an issue of 1,500,973 new Shares (corresponding to the maximum Offering), the Company expects to receive net proceeds from the Offering of DKK 175 million. Given a minimum subscription of DKK 68 million (corresponding to the amount in respect of which the Company has received undertakings to subscribe), the Company expects to receive net proceeds from the offering of DKK 60 million.

The Company will use the net proceeds from the Offering to strengthen the Company's financial position and thereby to establish a stronger financial basis for the future development of the Company.

Out of the net proceeds, at least DKK 172 million (or such lesser amount as obtained in the Offering) will be used to make repayments under the Company's loans. For a description of such loans see Part I, section 22 "Material contracts".

The remaining net proceeds from the Offering after repayment of loans, as set out above, will remain in the Company.

RISK FACTORS

There are risks associated with an investment in the Offer Shares and the Pre-emptive Rights, including risks associated with the Company's operations, the oil industry in general and the Offering, which investors should take into account before acquiring or exercising the Pre-emptive Rights and/or subscribing for the Offer Shares. The information set forth below is only a summary of these risks. For a more complete analysis of each of the risks described below, see "Risk Factors". Investors should carefully consider these risk factors together with all of the other information included in this Prospectus before making a decision on acquiring or exercising of Pre-emptive Rights and/or subscribing for the Offer Shares. These risks are divided into the following categories:

Risks associated with the Company's operations

- > Risks relating to the Company's exploration and appraisal activities
- > Risks relating to the Company's development and production activities
- > Risks relating to reserve estimation
- > Risks relating to the Company's reliance on key employees and its ability to attract and retain qualified, new employees
- > Risks relating to regulatory matters and legislative conditions
- > Risks relating to dependence on licence partners
- > Risks relating to acquisitions of assets, shares or companies
- > Risks relating to competition
- > Risks relating to fluctuations in oil and gas prices
- > Risks relating to currency exposure
- > Risk relating to the Company's financial results
- > Risk relating to the Company's bridge loans
- > Risks relating to the Company's future funding requirements
- > Risks relating to unforeseen events

Risks associated with the Offering, the Pre-emptive Rights and the Offer Shares

- > Risk of negative share price effects in connection with the potential issuance of additional Shares in the future
- > Risk that Pre-emptive Rights cannot be acquired and/or exercised by shareholders in jurisdictions outside the Faroe Islands, Iceland and Denmark
- > Risk that the Offering is not completed, and that it may be withdrawn in certain exceptional and unpredictable circumstances
- > Risk that the Offering may proceed without full subscription of the Offer Shares, and that the Company may in such event require additional financing to pursue planned activities; the subscription is nonetheless irrevocable and cannot be withdrawn by the subscriber
- > Risk that investors who purchase Pre-emptive Rights may lose their investment if the market price of the Shares declines substantially
- > Additional risks affecting investors resident outside of the Faroe Islands, Iceland and Denmark

Should any of the above risks materialise, it may have a material adverse effect on the Company's business, financial position, results of operations and the market price of the Pre-emptive Rights and Shares.

SUMMARY

RELATED PARTY TRANSACTIONS

The related parties of Atlantic Petroleum comprise the members of the Supervisory Board and Management as well as the subsidiaries and the members of their supervisory boards and managements.

The parent company (P/F Atlantic Petroleum) settles all expenditures on behalf of the subsidiary companies, Atlantic Petroleum UK Limited and Atlantic Petroleum (Ireland) Limited. At the end of 2008 the subsidiaries owed DKK 615.4 million (2007: DKK 360.2 million, 2006: DKK 125.4 million) to their ultimate parent company. No interest is calculated on intercompany balances. In addition, the Company has entered into management services agreements with its subsidiaries.

The Company has given a first demand parent company guarantee towards the British authorities for Atlantic Petroleum UK Limited's obligations under all its licences in the UK. In connection with Atlantic Petroleum UK Limited's assets in the UKCS, Atlantic Petroleum has further provided the following security towards BERR:

- > A security is provided that Atlantic Petroleum can always provide the necessary finance to enable Atlantic Petroleum UK Limited to fulfil its obligations in the UK area
- > A security is provided that Atlantic Petroleum will not change Atlantic Petroleum UK Limited's legal rights, so that this company can not fulfil its obligations

Former member of the Supervisory Board Mr. Petur Even Djurhuus is a partner of a law firm, which provides legal services to Atlantic Petroleum. Total fees to the law firm amounted to DKK 368,897 in 2008 (2007: DKK 198,800, 2006: DKK 319,000).

The major shareholder SP/F 14 has been renting office space in the Company's UK facilities paying rent in the total amount of DKK 56,600 in 2008 (2007: DKK 0, 2006: DKK 0).

In 2006, Atlantic Petroleum acquired a car from the Managing Director for a consideration of DKK 306,000. The car was purchased on an arm's length basis and the car was acquired in order to make a company car available to the Managing Director.

Supervisory Board Member Mortan Johannesen has provided the Company with a loan of DKK 26.8 million as of 30th June 2009. The major shareholder P/F T/F Holding has provided the Company with a loan of DKK 33.3 million as of 30th June 2009. The major shareholder Eik Banki P/F has provided loans to the Company totalling of DKK 305.7 million as of 30th June 2009. The Managing Director serves on the supervisory board of Føroya Banki, which has provided the Company with a loan of DKK 96.6 million as of 30th June 2009. See section 22 "Material contracts".

Other than as set out above, no related-party transactions have been undertaken within the past three years.

ARTICLES OF ASSOCIATION

The Supervisory Board holds meetings when the chairman finds it necessary, or when one of the other board members or a Managing Director so wishes. In order to form a quorum at least three board members must be present at the meeting. All decisions are made by simple majority of votes. If the votes are even, the vote of the chairman determines the outcome. The Company is bound by the signature of two board members together, by one board member together with one Managing Director, or by the whole Supervisory Board. Minutes of the board meetings are kept and are signed by all participants. The board has authority to give power of attorney.

At the general meeting, all items are decided by simple majority of votes, if not stipulated differently by the Companies Act. As to other majority requirements than simple majority, these are stipulated in sections 78 and 79 in the Companies Act.

No shareholder can hold more than 20% of the Company's share capital, and no one can vote at the Company's general meeting with more than 20% of the votes. Legal persons, who are mutually so closely connected that one of them has decisive influence on the matters of the other, will be considered as one in connection with this limitation of ownership and voting right, so that these legal persons together only can own and vote for not more than 20% of the share capital.

SHARE CAPITAL

Atlantic Petroleum was founded with a share capital of DKK 25,500,000. Since the foundation the Company has issued share capital in five rounds, and the current share capital has a nominal value of DKK 112,573,000 and is held by approximately 8,300 shareholders. The nominal share value is DKK 100 per share or multiples hereof. The total number of shares is 1,125,730 each with a nominal value of DKK 100.

The Company's share capital consists of shares of DKK 100 or multiples hereof with a total nominal value of DKK 112,573,000. The Company's shares are issued and registered electronically at VP Securities (VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, 2300 Copenhagen S, Denmark) under the name of the respective shareholder. However, a small number of shares - 328 shares in different nominal amounts, corresponding to 9,100 Shares with a nominal value of DKK 100 each or 0.81% of the share capital - have not been dematerialised yet, and are therefore still in paper form. The Company has an agreement with Eik Banki P/F to register paper shares electronically at no direct cost to the shareholders. If any relevant shares have not been registered electronically following a period of five years from the date the Company invited the shareholders to have their shares converted (17th October 2005), the Supervisory Board may, through an advertisement inserted in the Faroese Official Gazette, invite the holders of such shares to have their shares

SUMMARY

registered within a further period of six months. After the expiration of this further period, the Supervisory Board may sell any shares not registered for the account of the shareholder in question, all according to article 23 c and d in the Faroese Companies Act.

DOCUMENTS ON DISPLAY

The Company's annual reports for 2006, 2007 and 2008 and interim reports for the six-month periods ended 30th June 2008 and 2009, the Company's memorandum of association and Articles of Association, this Prospectus and the report issued by Fugro Robertson Limited are available for inspection at the Company's offices at this address:

P/F Atlantic Petroleum
Gongin 9, P.O.Box 1228
FO-110 Tórshavn
Faroe Islands

These documents are also available at the Company's website, www.petroleum.fo.

In addition an English translation of the Company's Articles of Association is set out in Annex 1.

SUMMARY

CAPITALISATION AND INDEBTEDNESS

The following tables set out (i) capitalisation and indebtedness at 30th June 2009 and (ii) capitalisation and indebtedness as at the same date on an adjusted basis giving effect to the net proceeds from the Offering reflecting a minimum subscription of DKK 68 million (net proceeds of DKK 60 million) and a fully subscribed Offering of 1,500,973 Offered Shares (corresponding to net proceeds of DKK 175 million), respectively.

Capitalisation

In millions	30th June 2009		
	Actual DKK	Adjusted* DKK	Adjusted** DKK
Total current debt	144.9	144.9	144.9
Guaranteed	0.0	0.0	0.0
Secured	105.1	105.1	105.1
Unguaranteed/ unsecured	39.9	39.9	39.9
Total non-current debt	414.8	354.8	242.4
Guaranteed	0.0	0.0	0.0
Secured	364.2	304.1	191.7
Unguaranteed/ unsecured	50.7	50.7	50.7
Shareholders' equity	123.2	183.2	298.0
(A) Share capital	112.6	167.1	262.7
(B) Legal reserve	206.2	211.7	231.0
(C) Other reserves	-195.6	-195.6	-195.6
Total	683.0	683.0	685.4

*) Adjusted giving effect to the net proceeds from the Offering reflecting a gross subscription of DKK 68 million.

**) Adjusted giving effect to the net proceeds reflecting a fully subscribed Offering of 1,500,973 Offer Shares.

Indebtedness

In millions	30th June 2009		
	Actual DKK	Adjusted* DKK	Adjusted** DKK
(A) Cash	0.1	0.1	2.5
(B) Cash equivalents	0.0	0.0	0.0
(C) Trading securities	0.0	0.0	0.0
(D) Total liquidity (A+B+C)	0.1	0.1	2.5
(E) Current receivable	37.7	37.7	37.7
(F) Current bank debt	0.0	0.0	0.0
(G) Current portion of non-current debt	105.1	105.1	105.1
(H) Other current debt	39.9	39.9	39.9
(I) Total current debt (F+G+H)	144.9	144.9	144.9
(J) Net current financial indebtedness (I-E-D)	107.1	107.1	106.5
(K) Non-current bank loans	364.2	304.1	191.7
(L) Bonds issued	0.0	0.0	0.0
(M) Other non-current loans	50.7	50.7	50.7
(N) Total non-current financial indebtedness (K+L+M)	414.8	354.8	242.4
(O) Total net financial indebtedness (J+N)	522.0	462.0	347.2

*) Adjusted giving effect to the net proceeds from the Offering reflecting a gross subscription of DKK 68 million.

**) Adjusted giving effect to the net proceeds reflecting a fully subscribed Offering of 1,500,973 Offer Shares.

SUMMARY

SIGNIFICANT CHANGES IN THE COMPANY'S FINANCIAL OR TRADING POSITION

On 17th July 2009, the Company announced the impairment of Celtic Sea licence SEL 2/07. Following the drilling of the Hook Head 50/11-4 and Dunmore 50/6-4 wells in July to October of last year, a number of studies have been completed by the operator. The outcome of the studies suggests that, due to reservoir and oil quality issues, the potential commerciality of these assets is more uncertain than before. Further, due to uncertainty related to sufficient volume of the Dunmore Jurassic carbonate reservoir, which encountered hydrocarbon shows in an approximately 20-foot thick section, the Company decided to write-off costs of approximately DKK 97 million. This amount has been recognised in the H1 2009 financial statements. The write-off will not have any cash effect on the Company. The impairment does not impact on the Company's booked resources, as the competent persons report issued by Fugro Robertson on 1st January 2009 does not consider resources associated with Hook Head or Dunmore.

On 18th August 2009 the Company announced that the Ettrick field had commenced oil production. The Ettrick field is expected to produce at rates up to 1,650 boepd (barrels of oil equivalent per day) net to Atlantic Petroleum via the FPSO vessel 'Aoka Mizu'.

On 27th September 2009 the Company and the lenders entered into an addendum to the refinancing agreement. The provisions of the addendum will come into force upon completion of the Offering. See section 22 "Material contracts".

On 1st October 2009 the Company announced a revised oil production forecast and financial guidance for 2009.

Other than stated above, no significant changes have occurred in the Company's financial and trading position since 30th June 2009.

DILUTION

At 30th June 2009, Atlantic Petroleum had shareholders' equity of DKK 123 million, equal to equity per Share of DKK 110. The equity per share is determined by dividing the equity value by the total number of Shares issued and outstanding.

Assuming an issuance of 1,500,973 Offered Shares and deduction of commission and estimated costs, Atlantic Petroleum's pro forma equity at 30th June 2009 would have been DKK 298 million equivalent to DKK 113 per Share. The Offering would thus represent an immediate increase in equity per Share of DKK 4 or 4% to the Company's Shareholders, and an immediate dilution of equity per Share of DKK 12 or 9% to subscribers of the Offered Shares.

Dilution is determined by subtracting equity value per Share after the Offering from the Offer Price per Offered Share.

Further dilution will occur upon exercise of the Option and the issuance and exercise of warrants. See Part I, section 21 "Additional information".

SUMMARY

EXPENSES RELATING TO THE OFFERING

The estimated costs payable by the Company in connection with the Offering are approximately DKK 8.2 million in connection with the minimum Offering of DKK 68 million and approximately DKK 12.8 million in connection with the maximum Offering of DKK 188 million. It is estimated that out of the total estimated costs, DKK 3-4 million will be payable by the Company even in a situation where the Offering is not completed.

In millions	DKK at minimum Offering	DKK at maximum Offering
Fee to the Global Coordinator	2.4	6.8
Subscription commission to investors	1.6	1.6
Printing of Prospectus and brochures and advertising expenses	0.5	0.5
Costs payable to OMX Nordic Exchanges	0.2	0.4
Fees to accountants and legal advisers	2.6	2.6
Other costs	0.6	0.6
Subscription commission to the Co-manager and custodian institutions*	0.1	0.3
Total	8.2	12.8

*) 0.25% will be passed on in the form of subscription commission to custodian institutions on the subscription of the Offer Shares.

After deduction of the estimated costs, the net proceeds from the Offering are expected to be approximately DKK 60 million in connection with the minimum Offering of DKK 68 million and approximately DKK 175 million in connection with the maximum Offering of DKK 188 million.

PROSPECTIVE FINANCIAL INFORMATION FOR 2009

For the year ending 31st December 2009 the Company expects a total production of 700,000 to 740,000 barrels net. With an average oil price estimate of USD 70 per barrel for the fourth quarter of 2009 and average operating expenditures of around USD 25 per barrel, an operating profit (EBIT) before deduction of unsuccessful exploration/appraisal costs of around DKK 40-50 million is expected. Exchange rates are estimated at DKK/GBP 8.06 and DKK/USD 5.08.

Based on the assumption above, the Company expects a cash flow from operating activities in excess of DKK 100 million in 2009.

At an oil price of USD 60 per barrel for the remainder of the year, operating profit (EBIT) before deduction of unsuccessful exploration/appraisal costs will be reduced to DKK 30-40 million, while at an oil price of USD 80 per barrel, operating profit (EBIT) before deduction of unsuccessful exploration/appraisal costs will increase to DKK 55-65 million.

Total investments in intangible exploration and evaluation assets of approximately DKK 20 million are estimated for 2009. Total investments in tangible development and production assets are estimated to be approximately DKK 76 million, but this estimate is however subject to the timing of the drilling schedule for the Etrick field in H2 2009.

SUMMARY

SUMMARY OF THE OFFERING

Issuer

P/F Atlantic Petroleum, reg. no. 2695

Offering

The Offering comprises up to 1,500,973 Offer Shares with a nominal value of DKK 100 each, corresponding to a total nominal value of DKK 150,097,300 with Pre-emptive Rights for existing shareholders in the ratio 4:3.

Offer Price

The Offer Shares are offered at DKK 125 per Share with a nominal value of DKK 100 each, free of brokerage fees (not including any brokerage fee as applied by the investors' own custodian institutions and brokers. Consequently, such fees may vary).

Subscription commission to custodian institutions

0.25% will be passed on in the form of subscription commission to custodian institutions on the subscription of the Offer Shares.

Subscription Ratio and Allocation of Pre-emptive Rights

On 7th October 2009 at 11:30 a.m. Faroese time (corresponding to 12:30 p.m. CET and 10:30 a.m. Icelandic time), any person who is registered with VP Securities A/S as a shareholder of the Company will be allocated Pre-emptive Rights. The Offering is being made at the ratio 4:3 which means that the Existing Shareholders will be allocated 4 Pre-emptive Rights per Existing Share and that 3 Pre-emptive Rights will be required to subscribe 1 Offer Share.

Offer Shares

The Offer Shares to be issued by the Company upon registration of the capital increase with the Faroese Company Registration shall be of the same class as the Existing Shares and will not be admitted to official listing on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen until such registration has taken place. Accordingly, shareholders and investors should note that the Offer Shares will not be admitted to official listing on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen under a temporary securities code. The Offer Shares will be listed on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen directly under the securities code of the Existing Shares (FO000A0DN9X4) following registration of the capital increase with the Faroese Company Registration, which is expected to take place on 2nd November 2009.

Trading period for Pre-emptive Rights

The Pre-emptive Rights can be traded on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen during the period from 5th October 2009 to 22nd October 2009 at 3:23 p.m. Icelandic time on Nasdaq OMX Iceland and 5:00 p.m. CET on Nasdaq OMX Copenhagen.

Subscription Period for Offer Shares

The Subscription Period for the Offer Shares commences on 8th October 2009 and closes on 27th October 2009 at 6:00 p.m. Faroese time (corresponding to 7:00 p.m. CET and 5:00 p.m. Icelandic time).

Subscription Procedure

Holders of Pre-emptive Rights wishing to subscribe for Offer Shares must do so through their own custodian institution, in accordance with the rules of such institution, and by using the subscription form enclosed with this Prospectus. The time until which notification of exercise may be given will depend upon the holder's agreement with, and the rules and procedures of, the relevant custodian institution or other financial intermediary and may be earlier than the end of the Subscription Period. Once a holder has exercised his Pre-emptive Rights, the exercise may not be revoked or modified.

Offer Shares which have not been subscribed for by the Company's shareholders according to their Pre-emptive Rights through the exercise of Pre-emptive Rights or by investors according to acquired Pre-emptive Rights on expiry of the Subscription Period ("Remaining Shares") may without compensation to the holders of Pre-emptive Rights on a discretionary basis be allocated by the Supervisory Board to shareholders and investors who do not hold any Pre-emptive Rights if, prior to the expiry of the Subscription Period, they have made binding undertakings to the Global Co-ordinator to subscribe for Offer Shares at the Offer Price.

Method of Payment

Upon exercise of the Pre-emptive Rights, the holder must pay 125 DKK per Offer Share for which he or she subscribes.

Payment of the Offer Shares shall be made in Danish kroner at the time of subscription, however, not later than 29th October 2009, against registration of the Offer Shares in the transferee's account with VP Securities A/S. Holders of Pre-emptive Rights are required to adhere to the account agreement with their own custodian or other financial intermediaries through which they hold Shares. Financial intermediaries through whom a holder may hold Pre-emptive Rights may require payment by an earlier date.

SUMMARY

Failure to Exercise Pre-emptive Rights

Pre-emptive Rights that are not exercised during the Subscription Period will lapse with no value, and the holder of such Pre-emptive Rights will not be entitled to compensation. The Subscription Period will end on 27th October 2009 at 6:00 p.m. Faroese time (corresponding to 7:00 p.m. CET and 5:00 p.m. Icelandic time).

Unexercised Pre-emptive Rights

Offer Shares which have not been subscribed for by the Company's shareholders according to their Pre-emptive Rights through the exercise of Pre-emptive Rights or by investors according to acquired Pre-emptive Rights on expiry of the Subscription Period ("Remaining Shares") may without compensation to the holders of Pre-emptive Rights on a discretionary basis be allocated by the Supervisory Board to shareholders and investors who do not hold any Pre-emptive Rights if, prior to the expiry of the Subscription Period, they have made binding undertakings to the Global Co-ordinator to subscribe for Offer Shares at the Offer Price

Withdrawal of the Offering

The Company and the Global Coordinator reserve the right to withdraw the Offering before trading in the Pre-emptive Rights begins on 5th October 2009, if events occur which, in the opinion of the Company and the Global Coordinator, would make it inadvisable to proceed with the Offering.

Further, the Offering may be withdrawn at any time before registration of the capital increase relating to the Offer Shares has taken place with the Faroese Company Registration.

Any such withdrawal will be notified immediately to Nasdaq OMX Iceland and Nasdaq OMX Copenhagen and be announced in the same daily newspapers in which the Offering was announced.

If the Offering is not completed, any exercise of Pre-emptive Rights that may already have taken place will automatically be cancelled, the subscription price for Offer Shares will be refunded (excluding any brokerage fees as applied by the investors' own custodian institutions and brokers; consequently, such fees may vary), all Pre-emptive Rights will be null and void, and no Offer Shares will be issued, potentially causing investors who may have acquired Pre-emptive Rights and/or rights to Offer Shares (in an off-market transaction) to incur a loss. In relation to the withdrawal of the Offering see "Risk Factors - Risks associated with the Offering, the Pre-emptive Rights and the Offer Shares". However, trades of Pre-emptive Rights executed during the trading period for the Pre-emptive Rights will not be affected.

Share Capital

As of the Prospectus Date, but prior to the Offering, the Company's registered share capital has a nominal value of DKK 112,573,000 and consists of 1,125,730 Shares with a nominal value of DKK 100 each or multiples hereof, all of which are fully paid.

Voting Rights

Each Offer Share entitles the holder to one vote on all matters submitted to a vote of our shareholders. However, no Shareholder can vote in respect of Shares held in excess of 20% of the total amount of Shares issued in the Company.

Dividends

The Offer Shares will be eligible for any dividend declared in respect of the Company's financial year ending 31st December 2009 and subsequent years. However, the Company has not paid any dividends since its inception and does not anticipate paying any dividends in the foreseeable future.

Warrants

As of the Prospectus Date, there are outstanding warrants entitling the holders to subscribe up to 5,628 Shares. See Part I, section 15 "Remuneration and benefits" for a description of the Company's warrant programs, including the adjustments that will be made to the subscription prices applicable to warrants and the number of warrants following completion of the Offering.

Lock-up

The Company will not without the prior written consent of the Global Coordinator for a period of 180 days from the Prospectus Date directly or indirectly, issue, offer, sell or otherwise directly or indirectly sell or contract to sell Shares or securities convertible into, exercisable or exchangeable for Shares, or enter into any swap or other agreement or transaction that transfers, in whole or in part, directly or indirectly, any of the financial consequences of ownership in the Shares. The Company's lock-up commitments do not apply to warrants (and Shares issued on exercise thereof) issued or to be issued to members of the Company's Supervisory Board and Management and other employees under existing authorisations.

The Company's Management and Senior Employee have undertaken a similar duty to the Global Coordinator for a period of 180 days from the Prospectus Date.

Applicable Law and Jurisdiction

The Offering is subject to Faroese, Icelandic and Danish law. Any dispute which may arise as a result of the Offering shall be brought before the Faroese courts of law..

SUMMARY

Undertakings to subscribe

The Offering is not underwritten, but certain of the Company's shareholders including Eik Banki, P/F TF Holding, SP/F 14, Bikubenfonden af 1989, Føroya Lívstrygging P/F and the Managing Director of the Company Wilhelm E. Petersen have each entered into a binding undertaking to exercise Pre-emptive Rights to subscribe for, in aggregate, 327,082 Offer Shares corresponding to total gross proceeds of approximately DKK 41 million (approximately € 5 million). Further, a number of investors have made binding undertakings to take effect if sufficient Pre-emptive Rights are not exercised in the Offering, to subscribe for, in aggregate, 218,180 Offer Shares corresponding to total gross proceeds of approximately DKK 27 million (approximately € 4 million). In addition the Technical Manager Sigurð í Jákupsstovu has indicated to the Company that he intends, if possible, to acquire Pre-emptive Rights and subscribe for Offer Shares for an aggregate amount of DKK 150,000. The undertakings ensure total minimum gross proceeds to the Company of DKK 68 million (approximately € 9 million). In addition Føroya Banki has undertaken to subscribe for DKK 20 million such undertaking to become effective once Offer Shares providing for gross proceeds equal to at least DKK 130 million have been subscribed for in the Offering, whether through exercise of Pre-emptive Rights or otherwise. See Part III, section 5, "Terms and conditions of the Offering".

Major Shareholders

The following shareholders ("Major Shareholders") have notified the Company that they hold more than 5% of the Company's registered share capital: SP/F 14, P/F T/F Holding and P/F Eik Banki.

Selling and Transfer Restrictions

The Pre-emptive Rights and the Offer Shares will be subject to certain selling and transfer restrictions. See Part III, section 5 "Terms and conditions of the Offering - Jurisdictions in which the Offering will be made and restrictions applicable to the Offering".

ISIN/Securities ID Code

Existing shares: FO000A0DN9X4

Offer Shares (temporary code): FO0000000153

Pre-emptive Rights: FO0000000161

Trading Symbol of the Company's Shares on Nasdaq OMX Iceland

FO-ATLA

Trading Symbol of the Company's Shares on Nasdaq OMX Copenhagen

FO-ATLA CSE

Trading Symbol of the Pre-emptive Rights on Nasdaq OMX Iceland

FO-ATLA R

Trading Symbol of the Pre-emptive Rights on Nasdaq OMX Copenhagen

FO-ATLA T CSE

SUMMARY

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Last day of trading of Existing Shares incl. Pre-emptive Rights:	2nd October 2009
First day of trading of Existing Shares excl. Pre-emptive Rights:	5th October 2009
Trading period for Pre-emptive Rights commences on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen:	5th October 2009
Allocation Time	7th October 2009 at 11:30 a.m. Faroese time (corresponding to 12:30 p.m. CET and 10:30 a.m. Icelandic time) through the computer system of VP Securities Services
Subscription Period for Offer Shares begins	8th October 2009 (the day after the Allocation Time)
Trading period for Pre-emptive Rights ends	22nd October at 3:23 p.m. Icelandic time on Nasdaq OMX Iceland and 5:00 p.m. CET on Nasdaq OMX Copenhagen
Subscription Period for Offer Shares ends	27th October 2009 at 6:00 p.m. Faroese time (corresponding to 7:00 p.m. CET and 5:00 p.m. Icelandic time)
Publication of the results of the Offering	No later than two Business Days after the end the Subscription Period (expected to be on 29th October 2009)
Completion of the Offering	The Offering will only be completed if and when the Offer Shares subscribed are issued by the Company upon registration of the capital increase with the Faroese Company Registration which is expected to take place on 2nd November 2009
Official listing of Offer Shares under existing securities code expected to take place	3rd November 2009

FINANCIAL CALENDAR

Interim report for the nine months ended 30th September 2009	6th November 2009
Annual report 2009	26th February 2010
Annual general meeting	20th March 2010
Interim report for the three months ended 31st March 2010	5th May 2010

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

Set out below is selected consolidated financial information, including certain financial highlights, as at and for the years ended 31st December 2006, 2007, 2008 as well as financial highlights for the six-month periods ended 30th June 2008 and 2009.

The selected consolidated financial information was extracted from the audited annual and consolidated report and accounts as at and for the years ended 31st December 2006, 2007 and 2008 as well as from the reviewed consolidated interim reports for the six-month periods ended 30th June 2008 and 2009, included in Part II "Financial Information", and should be read in conjunction with these.

The selected financial information should also be read in conjunction with the section "Operating and Financial Review" and Part II "Financial Information" of this Prospectus.

The audited financial statements as at and for the years ended 31st December 2006, 2007 and 2008 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the Council of the European Union (EU) and the additional Faroese disclosure requirements according to the Faroese Company Accounts Act, the financial reporting requirements of Nasdaq OMX Iceland, and the financial reporting requirements of Nasdaq OMX Copenhagen for listed companies.

The reviewed consolidated interim reports for the six-month periods ended 30th June 2008 and 30th June 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting as adopted by the EU.

The accounting policies have been applied consistently to all periods presented.

¹The additional disclosure requirements are primarily related to the management's review section and corporate governance information. The regulation is in accordance with IFRS in respect of recognition and measurement in the annual report.

SUMMARY

Financial highlights for 2006, 2007 and 2008 and six-month periods ended 30th June 2008 and 2009

Key figures (millions)	Year end 31st December					6 months ended 30th June	
	2006 DKK	2007 DKK	2008 DKK	2008 EUR	2008 USD	2008 DKK	2009 DKK
				Unaudited		Reviewed	
Income statement:							
Revenue	0.0	0.0	43.3	5.8	8.5	0.0	76.6
Cost of sales	0.0	0.0	-26.8	-3.6	-5.3	0.0	-65.7
Gross profit	0.0	0.0	16.4	2.2	3.2	0.0	11.0
Exploration expense	-3.2	-33.8	-2.3	-0.3	-0.5	-0.3	-113.9
Pre-licence exploration costs	-1.1	-2.6	-1.1	-0.1	-0.2	-0.5	-0.4
General and administrative costs	-7.2	-14.0	-18.8	-2.5	-3.7	-8.9	-9.7
Other operating income	0.0	0.1	0.1	0.0	0.0	0.0	0.1
Operating profit	-11.5	-50.3	-5.6	-0.8	-1.1	-9.6	-112.9
Financials, net	3.4	-25.7	-139.8	-18.8	-27.4	-21.8	64.7
Profit / loss before tax	-8.1	-76.1	-145.4	-19.5	-28.5	-31.4	-48.2
Taxation	0.0	0.0	55.8	7.5	10.9	0.0	15.7
Net profit / loss	-8.1	-76.1	-89.7	-12.0	-17.6	-31.4	-32.4
Balance sheet:							
Assets							
Intangible exploration and evaluation assets	23.9	74.0	152.4	20.5	28.8	93.9	57.4
Development and production assets	156.3	312.7	423.2	56.8	80.1	386.0	518.6
Property, plant and equipment	0.3	0.5	0.8	0.1	0.2	0.7	0.7
Deferred tax asset	0.0	0.0	45.4	6.1	8.6	0.0	68.4
Trade and other receivables	1.4	11.9	13.3	1.8	2.5	5.7	37.7
Securities available for sale	6.4	6.8	3.8	0.5	0.7	5.4	0.0
Cash and cash equivalents	173.0	4.9	4.0	0.5	0.8	5.5	0.1
Total assets	361.4	410.9	642.9	86.3	121.6	497.3	683.0
Liabilities							
Short-term interest-bearing debt	17.2	29.3	365.3	49.0	69.1	188.1	105.1
Trade and other payables	21.7	64.9	66.9	9.0	12.7	73.6	34.6
Short-term provisions	6.7	12.2	4.6	0.6	0.9	11.3	5.2
Long-term interest-bearing debt	0.0	51.2	0.0	0.0	0.0	0.0	364.2
Long-term provisions	19.1	26.2	39.3	5.3	7.4	24.4	50.7
Total liabilities	64.7	183.7	476.1	63.9	90.1	297.4	559.8
Net assets	296.7	227.2	166.8	22.4	31.6	199.9	123.2
Equity	296.7	227.2	166.8	22.4	31.6	199.9	123.2
Cash flow statement:							
Cash flows from operating activities	-10.5	-12.5	-6.3	-0.8	-1.2	-11.1	28.1
Cash flows from investing activities	-48.6	-219.4	-278.5	-37.4	-54.6	-96.2	-137.7
Cash flows from financing activities	222.2	63.7	284.8	38.2	55.9	107.6	106.1
Cash and cash equivalents, period end	173.0	4.9	4.0	0.5	0.8	5.5	0.1
Ratios:							
Net profit/loss per Existing Share	-8.92	-67.58	-79.64	-10.7	-15.6	-27.9	-28.8
Equity ratio (%)	82.1%	55.3%	25.9%	25.9%	25.9%	40.2%	18.0%
Intrinsic value per Existing Share	326.4	201.8	148.2	19.9	28.0	177.6	109.5
No. of employees	6	8	10	10	10	10	9

Note: the exchange rates used in the table are EUR 1 - DKK 7.45 for the balance sheet, EUR 1 - DKK 7.46 for the income statement and cash flow statement, USD 1 - DKK 5.28 for the balance sheet and USD 1 - DKK 5.10 for the income statement and cash flow statement.

RISK FACTORS

RISK FACTORS

An investment in the Pre-emptive Rights and the Company's Shares involves a high degree of risk. The following risk factors which the Company considers material should, in conjunction with other information contained in this Prospectus, be carefully considered prior to making any investment decision with respect to the Pre-emptive Rights and the Offer Shares.

The risk factors set out below are not the only ones Atlantic Petroleum faces. Should any of the following risks materialise, the Company's business, financial position, results of operations or the market price of the Pre-emptive Rights and Shares could suffer materially. In such event, investors could lose all or part of the money invested to acquire Pre-emptive Rights or the Company's Shares. Other risks, not presently known to Atlantic Petroleum or that Atlantic Petroleum currently deems immaterial, may also impair the Company's business, financial position and development.

This Prospectus contains forward-looking statements that involve risks and uncertainties. Atlantic Petroleum's actual results could differ materially from those indicated in these forward-looking statements as a result of certain factors, including but not limited to the risks described below and elsewhere in this Prospectus.

The risk factors set out below are not listed in any order of priority with regard to significance or probability. It is not possible to quantify the significance to Atlantic Petroleum, the Pre-emptive Rights or the Shares of each individual risk factor, as each of the risk factors set out below may materialise to a greater or lesser degree and could have unforeseen consequences.

RISKS ASSOCIATED WITH THE COMPANY'S OPERATIONS

Risks relating to the Company's exploration and appraisal activities

Oil and gas exploration activities are generally subject to significant risk. In many instances, exploration and appraisal of oil finds fail to produce financially viable operations. This risk cannot be eliminated by careful evaluation, know-how or experience. Identification and development of oil finds also requires significant capital resources and only some projects are progressed to a profitable, commercial stage. A number of Atlantic Petroleum's projects are at an early exploration stage, and the significant expenses applied and future expenses expected to be applied to exploration and appraisal in the years ahead provide no assurance that future finds or development of existing finds will result in financially profitable operations for Atlantic Petroleum.

Whether oil or gas finds become financially viable depends on a large number of factors, including the size of the find, oil composition, reservoir quality, accessibility, oil price and legislation. The precise impact of these factors cannot be estimated, but the combination thereof may have a material negative impact on the Company's business, financial position, results of operations and the market price of the Pre-emptive Rights and Shares.

Risks relating to the Company's development and production activities

Oil and gas development and production is exposed to significant risks and uncertainties associated with earlier-than-predicted declines in reserves for natural reasons e.g. from an inflow of water into producing formations or a disconnected reservoir. Furthermore, the oil and gas business is associated with risks such as fire, explosions, blowouts (i.e. an uncontrolled spillage of oil, gas or water from a well), sour gas emissions, burst pipelines and oil spills. Each of these risks may result in extensive damage to oil and gas wells, production facilities, other property or the environment, and may cause considerable personal injury. The Company is not fully insured against all of these risks. Although Atlantic Petroleum has property and liability insurance that it believes is adequate and in line with international oil standards, the nature of these risks is such that losses may exceed the insurance limits. Also, certain risks cannot be insured. Thus, the Company may suffer significant uninsured losses which may have a material negative impact on the Company's business, financial position, results of operations and the market price of the Pre-emptive Rights and the Shares.

Furthermore, the production of oil and gas reserves may be delayed or negatively affected by factors beyond the Company's control. Such factors include among other things unfavourable weather or geological conditions, decisions taken or work carried out by partners or suppliers which the Company may be dependent upon now or in the future, accommodating governmental demands, problems or delays in installation and ordering of machinery and equipment, or delays in imports or customs clearance, disruptions in the supply of services and products such as electricity, water, fuel, transport, process capacity or technical support. This may result in failure to meet established production deadlines and/or lead to increased costs. Atlantic Petroleum currently only has production operations at a limited number of facilities and therefore any production problems at these locations may have a material negative impact on the Company's business, financial position, results of operations and the market price of the Pre-emptive Rights and the Shares..

RISK FACTORS

Risks relating to reserve estimation

There is always inherent uncertainty in predicting the extent of reserves and resources that can be developed and produced in future, which means that estimations may differ significantly from actual results. The information about reserves and resources provided in the Prospectus are merely estimates based on available geological, geophysical, production and technical data, the extent and reliability of which varies. These assumptions are based on information available at the time the estimations (1st January 2009) were made and are subject to change and ongoing adjustments. The actual production will vary from the estimations, and if the variations are sufficiently large, this may have a material negative impact on the Company's business, financial position, results of operations and the market price of the Pre-emptive Rights and Shares.

Risks relating to the Company's reliance on key employees and its ability to attract and retain qualified, new employees

The development of Atlantic Petroleum's business activities is reliant on continued contributions from the Company's current Management and Senior Employee, who have broad expertise in respect of exploration, development and production of oil and gas and specific expertise regarding Atlantic Petroleum's business. A loss of the services of these employees could have a material adverse effect on Atlantic Petroleum's business.

Moreover, the future success of Atlantic Petroleum relies, for example, on the Company's continued ability to attract and retain new, qualified employees and retainers. Financial difficulties, increased competition for well-qualified employees or other factors may have an adverse effect on the Company's ability to attract and retain key employees. If the Company is unable to attract and retain qualified employees and retainers, it may have a material adverse effect on the Company's business, financial position, results of operations and the market price of the Pre-emptive Rights and the Shares.

Risks relating to regulatory matters and legislative conditions

Atlantic Petroleum's activities rely on regulatory matters and legislative conditions in the UK, Ireland and the Faroe Islands. Amendments to legislation, regulations, instructions and administrative practice by the authorities in relation to natural resources, including granting, extending, expanding and assigning licences for exploration, development and production as well as taxation, employment, environmental protection, safety issues, etc., could have a material adverse effect on the Company's business, financial position, results of operations and the market price of the Pre-emptive Rights and the Shares.

Risks relating to dependence on licence partners

Atlantic Petroleum is currently a non-majority and non-operating partner in all of its licences. The Company therefore relies on other companies for all of its operations. In such partnerships, Atlantic Petroleum may be affected if its partners do not fulfil their obligations under a licence. If a partner fails to fulfil its obligations, the Company may risk losing its rights or revenues or may accrue additional liabilities or costs for meeting such obligations instead of the partner. Atlantic Petroleum and its partners may also from time to time have different opinions on how certain aspects of the business should be run or on what their respective rights and obligations are under a particular operator agreement. If a dispute should arise with one or more partners regarding a project, the dispute may have a material adverse effect on the Company's business, financial position, results of operations and the market price of the Pre-emptive Rights and the Shares.

Risks relating to acquisitions of assets, shares or companies

From time to time Atlantic Petroleum may consider acquiring assets, shares or companies. Such acquisitions are always exposed to a number of risks and considerable uncertainty with respect to ownership, other rights, assets, liabilities, licences and permits, claims, legal proceedings, environmental and other aspects. Failure to properly evaluate such risks may have a material adverse effect on the Company's business, financial position, results of operations and the market price of the Pre-emptive Rights and the Shares.

Risks relating to competition

The oil exploration and production industry is a global industry with many multinational companies. Obtaining licences that are expected to have commercial potential and ensuring the availability of human resources, equipment and infrastructure required to carry out exploration, development and production is generally subject to competition. Atlantic Petroleum competes against other oil and gas exploration and production companies, many of whom have greater technical and financial strength than Atlantic Petroleum. As a result, Atlantic Petroleum may be unable in the longer term to ensure the availability of relevant services or to acquire new licences or the right to expand or extend existing licences. Moreover, the competition for relevant human resources, equipment and infrastructure could increase wages and salaries and other expenditures related to the Company's exploration, development and production activities or significantly delay projects. Oil and gas producers also face increased competition from alternative energy sources that may reduce the demand for oil and gas in the future.

Such competitive factors may have a material adverse effect on the Company's business, financial position, results of operations and the market price of the Pre-emptive Rights and the Shares.

Risks relating to fluctuations in oil and gas prices

The profitability of Atlantic Petroleum's activities will depend on developments in oil and gas prices. Oil and gas prices have fluctuated significantly in recent years and are influenced by a number of factors that are beyond Atlantic Petroleum's control, for example macro-economic and political conditions, supply and demand, exchange rates and the emergence of alternative energy sources. A significant decline in oil and gas prices may have a material adverse effect on the Company's business, financial position, results of operations and the market price of the Pre-emptive Rights and the Shares.

RISK FACTORS

Risks relating to currency exposure

As a result of the global practice of settling oil in USD, Atlantic Petroleum's future earnings are expected to be denominated in USD. At the same time, the majority of the Company's future expenses will be denominated in USD, GBP and DKK. Fluctuating exchange rates could thus have a material adverse effect on the Company's business, financial position, results of operations and the market price of the Pre-emptive Rights and the Shares.

Risk relating to the Company's financial results

The Prospective financial information for 2009 contained in the Prospectus is based on a number of assumptions, including:

- > that the Company's strategy is implemented as planned;
- > that oil prices are in line with the Company's estimates;
- > that exchange rates are in line with the Company's estimates;
- > that prices and terms of delivery of key services will not change materially;
- > that the terms regulated by the authorities in respect of exploration, appraisal, development and production activities will not change significantly;
- > that exploration, appraisal, development and production activities will not be impaired by weather conditions, accidents or unforeseen events to a greater extent than what is normally to be expected;
- > that the Company will be able to attract and retain the necessary employees;
- > that the ownership interests in the licenses are unchanged;
- > that oil production progresses as expected; and
- > that the Company continuously fulfils the covenants agreed in the Company's loan agreements.

There can be no assurance that the assumptions on which the prospective financial information is based will materialise, and unexpected events may have a negative impact on future actual results and may lead to actual results deviating materially from the prospective financial information. In the event that the assumptions do not materialise or prove to be incorrect, it could have a material negative impact on the Company's business, financial position, results of operations and the market price of the Pre-emptive Rights and the Shares.

Risk relating to the Company's bridge loans

The Company has entered into bridge term loans in a total amount of DKK 446.75 million with Eik Banki, P/F TF Holding (owned by Ognarfelag Tryggingartakaranna), Føroya Banki, Føroya Lívstrygging P/F and Mortan Johannesen (Supervisory Board member), all of which loans were refinanced in June 2009. To the best of the Company's knowledge, the combined ownership held by the lenders in the Company is approximately 20% as of the Prospectus Date. According to the refinancing agreement the loans include provisions (covenants) providing for mandatory prepayment. The refinancing agreement stipulates that upon the occurrence of e.g. (i) the Company making investments without prior approval from the lenders, (ii) the refinancing of the Company not making material progress within 6-9 months, (iii) the Company not being able to effect significant repayments under the loans from its operations within 6-9 months, (iv) the Company not fulfilling reporting requirements to the lenders, or (v) the financial and/or liquidity situation of the Company, in the lenders' opinion, develops negatively. Should such situations occur, the Company risks having to repay the bridge loans prior to their term. Further, the Refinancing Agreement includes a general term allowing the lenders to terminate at 14 days notice. On 27th September 2009 the Company and the lenders entered into an addendum to the Refinancing Agreement. The provisions of the addendum will come into force upon completion of the Offering. Upon this condition being fulfilled the covenants mentioned above in (i)-(iii) and (iv) will no longer apply but will be replaced with covenants implying that (i) the Company undertakes actively to solicit relevant opportunities to obtain long-term financing with a view to refinancing the remaining amounts outstanding under the loans and (ii) apart from certain allowed investments (see Part I, section 22, "Material contracts") the Company undertakes in respect of investments in existing licenses, not to make further investments without prior written approval from the lenders, which approval can only be denied if based on reasonable credit lending concerns and (iii) the general terms and conditions on loans from Føroya Banki shall apply to the loans stating i.e. that the lenders can terminate the loans and change the interest rate in disfavour of the Company with 14 days notice. Should a mandatory prepayment or termination situation arise, this could have a material adverse effect on the Company's business, financial position and the market price of the Pre-emptive Rights and the Shares.

Risks relating to the Company's future funding requirements

Atlantic Petroleum might require additional funding in the future. The Company's remaining outstanding amounts under the loans mentioned above fall due on 31st December 2010. The Company does not currently have committed facilities, which can be used to refinance the amount outstanding under the loans at such date. However, in connection with entering into the addendum to the loan agreements and provided the Offering is completed, the lenders have stated that they will look positively at commencing negotiations regarding a possible further extension of the final repayment date for the remaining loans. There can be no assurance that Atlantic Petroleum will be able to attract the equity or debt capital required to secure the Company's ongoing operations after such time as when the expected proceeds from the Offering have been spent. There may be a risk that, as a result, Atlantic Petroleum will lose existing licences or be prevented from developing such licences or acquiring new licences. Furthermore, there may be a risk that existing or new projects cannot be developed with the desired efficiency or that Atlantic Petroleum's share of projects with partners will become diluted or cease to exist. Such factors may have a material adverse effect on the Company's business, financial position, results of operations and the market price of the Pre-emptive Rights and the Shares.

Risks relating to unforeseen events

Atlantic Petroleum may be subject to unforeseen events, such as natural disasters, sabotage, labour disputes, contamina-

RISK FACTORS

tion accidents and other accidents. If the Company is affected by such unforeseen events, it may have a material adverse effect on the Company's business, financial position, results of operations and the market price of the Pre-emptive Rights and the Shares.

RISKS ASSOCIATED WITH THE OFFERING, THE PRE-EMPTIVE RIGHTS AND THE OFFER SHARES

Risk of negative share price effects in connection with the potential issuance of additional Shares in the future

After the Offering, Atlantic Petroleum, the Management and the Senior Employee of the Company will be restricted by a lock-up agreement which, inter alia, regulates Atlantic Petroleum's ability to issue additional Shares and the possibility for Management to sell Shares during a period of 180 days from the Prospectus Date. See Part III, section 7 "Selling securities holders and lock-up agreements" for a more detailed description of the agreements, including any exceptions thereto. After expiry of the lock-up period, Atlantic Petroleum will be free to issue new Shares, and Management and the Senior Employee will be free to sell Shares. An additional offering or sale of Shares may have an adverse effect on the market price of the Shares.

Risk that Pre-emptive Rights cannot be acquired and/or exercised by shareholders in jurisdictions outside the Faroe Islands, Iceland and Denmark

Holders of Shares in jurisdictions outside the Faroe Island, Iceland and Denmark, such as the U.S., may be unable to acquire and/or exercise any Pre-emptive Rights unless the Pre-emptive Rights and/or the Offer Shares or any rights or other securities being offered have been registered with the relevant authorities in such jurisdictions or such acquisition or exercise is done pursuant to an exemption from such registration. The Company is under no obligation and does not intend to file a registration statement in other jurisdictions outside the Faroe Islands, Iceland and Denmark in respect of the Pre-emptive Rights or the Offer Shares, and makes no representation as to the availability of any exemption from the registration requirement under the laws of any other jurisdictions outside the Faroe Island, Iceland and Denmark in respect of any such rights in the future.

Risk that the Offering is not completed and that it may be withdrawn in certain exceptional and unpredictable circumstances

In the period until registration (expected date 2nd November 2009) of the capital increase with the Faroese Company Registration, the Offering may be withdrawn. In connection with the Offering, the Company and the Global Coordinator have entered into a Rights Issue Agreement. See Part III, section 5 "Terms and conditions of the Offering - Placing and underwriting". Pursuant to this agreement, the Global Coordinator may require the Company to withdraw the Offering at any time prior to the registration of the capital increase relating to the Offer Shares upon notification of termination of the Rights Issue Agreement. The Global Coordinator is entitled to terminate the Rights Issue Agreement upon the occurrence of certain exceptional and unpredictable circumstances such as force majeure. The Rights Issue Agreement also contains closing conditions which are believed to be customary for offerings such as the Offering and the closing of the Offering is subject to compliance with all of the closing conditions set forth in the Rights Issue Agreement. If one or more closing conditions are not met, the Global Coordinator may, in its discretion, also terminate the Rights Issue Agreement and thereby require the Company to withdraw the Offering. If the Offering is withdrawn, any exercise of the Pre-emptive Rights that may already have taken place will automatically be cancelled, the subscription price for Offer Shares will be refunded (less any brokerage fees as applied by the investors' own custodian institutions and brokers; consequently, such fees may vary), all Pre-emptive Rights will be null and void, and no Offer Shares will be issued. However, trades of Pre-emptive Rights executed during the trading period for Pre-emptive Rights will not be affected. As a result, investors who have purchased Pre-emptive Rights will incur a loss corresponding to the purchase price of the Pre-emptive Rights and any brokerage fees (less any brokerage fees as applied by the investors' own custodian institutions and brokers. Consequently, such fees may vary).

Risk that the Offering may proceed without full subscription of the Offer Shares, and that the Company may in such event require additional financing to pursue planned activities; the subscription is nonetheless irrevocable and cannot be withdrawn by the subscriber

The amount of proceeds which the Company will receive in the Offering is uncertain, in particular as the Offering is not underwritten. To the extent that the Offering is not fully subscribed, the Company's ability to fund planned activities will be impacted and, depending on the level of subscription, may be significantly impacted.

Nonetheless, depending upon the level of subscription and other considerations, the Company may decide to proceed with the Offering. As the exercising of Pre-emptive Rights and subscription for Offer Shares is irrevocable and cannot be withdrawn, investors may be investing in a company that requires substantial additional financing to pursue its planned activities as indicated in this Prospectus. If the Company is unable to obtain this additional financing on attractive terms or at all, this may have a material adverse effect on the Company's business, financial position, results of operations and the market price of the Pre-emptive Rights and Shares.

Risk that investors who purchase Pre-emptive Rights may lose their investment if the market price of the Shares declines substantially

The market price of the Pre-emptive Rights depends on the price of the Shares. A drop in the price of the Shares could have an adverse impact on the value and market price of the Pre-emptive Rights.

RISK FACTORS

Additional risks affecting investors resident outside of the Faroe Islands, Iceland and Denmark

Atlantic Petroleum is a Faroese public limited company organised under the laws of the Faroe Islands, which may make it difficult for Shareholders of the Company resident outside the Faroe Islands, Iceland and Denmark to exercise or enforce certain rights.

The rights of the Company's Shareholders are governed by Faroese law and by the Company's Articles of Association. These rights may differ from the rights typically held by shareholders in the United States or other jurisdictions. See Part III, section 5 "Terms and conditions of the Offering". For example, it may be difficult or impossible for investors outside the Faroe Islands, Iceland and Denmark to serve process on or enforce judgments against the Company in connection with the Offering or in connection with their rights as Shareholders. It may not be possible for investors to serve process in their home countries against the Company or members of the Supervisory Board or Management, or to enforce against them in courts in their home jurisdictions or other courts outside the Faroe Islands judgments obtained from such courts located in the investors' home countries.

Finally, it may be more difficult for Shareholders outside the Faroe Islands to exercise their voting rights, as the Company's general meetings are held in Tórshavn, the Faroe Islands.



I. THE COMPANY

THE COMPANY

01 / RISK FACTORS

For a description of risk factors, see “Risk Factors”.

02 / PERSONS RESPONSIBLE

The Company has provided the information contained in this Prospectus. Except as follows from the statement below, the Global Coordinator and the Co-manager do not make any direct or indirect representation and do not assume responsibility for the accuracy and completeness of the information contained in this Prospectus.

The Global Coordinator places the Offer Shares in Iceland and Denmark and in the jurisdictions in which a private placement is effected. The Co-manager will only place the Offer Shares in the Faroe Islands. Further, the Global Coordinator manages the admission to trading of the Pre-emptive Rights and the Offer Shares on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen.

No person is authorised to give any information or to make any representation in connection with the Offering other than as contained in this Prospectus and any amendments thereto, and if given or made, such information or representation must not be relied upon as having been made or authorised by the Company, the Global Coordinator or the Co-manager.

Neither the delivery of this Prospectus nor the acquisition or exercise of Pre-emptive Rights or the subscription of Offer Shares shall create any implication that there have been no changes in the business of the Company, its assets and liabilities or any other of its affairs since the Prospectus Date, or that the information contained in the Prospectus is correct as at any time subsequent to the Prospectus Date. In the event of any material changes to the information reproduced in this Prospectus during the period from the Prospectus Date to the first day of trading in and official listing of the Offer Shares, such changes will be announced as a supplement pursuant to applicable laws, rules and regulations.

In making an investment decision, investors should rely on their own examination of the Company and the terms of the Offering, including the risk factors described in this Prospectus and announcements made under applicable rules applying to issuers of listed securities and governing prospectus supplements distributed by the Company and expressly changing this Prospectus.

THE COMPANY

ISSUER'S STATEMENT

Having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of our knowledge in accordance with the facts and contains no omissions likely to affect its import.

The Prospectus shall serve as the report from the Supervisory Board disclosing events of material importance which have occurred after the release of the annual report and which affect of the Company in accordance with section 29 (2) (2) in the Faroese Companies Act.

Further, the subscription form enclosed with the Prospectus shall serve as the subscription form in connection with the Offering, in accordance with section 34 of the Faroese Companies Act.

Tórshavn, 1st October 2009

Management

Wilhelm E. Petersen
Managing Director and CEO

Sigurð í Jákupsstovu
Technical Manager and COO

Supervisory Board

Birgir Durhuus
Chairman

Poul R. Mohr
Deputy Chairman

Mortan Johannesen
Jan Edin Evensen
Diana Leo

- > Birgir Durhuus is head of Alternative Solutions & Risk Management at Danske Capital, Danske Bank A/S
- > Poul R. Mohr is the managing director of the investment company Sp/f 14
- > Mortan Johannesen is the owner and chairman of the supervisory board of P/F Farcod
- > Jan Edin Evensen is chief technical officer and chairman of the supervisory board of Roch Energy AS
- > Diana Leo is productions operations manager of Siri Area Asset (Denmark) within the E&P Division of DONG Energy A/S

THE COMPANY

FINANCIAL ADVISER'S STATEMENT

In our capacity as financial adviser, we confirm that the Company and the Company's auditors have made available to us all the information requested and deemed necessary by us. The data provided or disclosed to us, including data on which financial information, market information, etc., are based, have not been independently verified by us; however, we have reviewed the information and have compared it with the information contained in the Prospectus and have found nothing that is incorrect or inconsistent.

Copenhagen, 1st October 2009

Handelsbanken Capital Markets
(Division of Svenska Handelsbanken AB (Publ.), organisation no. 202007-7862)

THE COMPANY

AUDITOR'S STATEMENT

To the readers of the Prospectus

Sp/f Grannskoðaravirkid INPACT has reviewed the financial information prepared by P/F Atlantic Petroleum presented in the Prospectus of 1st October 2009. The financial information in the Prospectus has been prepared in accordance with applicable laws and regulations, which apply to the Prospectus.

The Prospectus is the responsibility of the Supervisory Board and Management of P/F Atlantic Petroleum. Our responsibility is to express an opinion on information of an accounting nature included in the Prospectus based on our work.

Basis of opinion

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 "Assurance engagements other than audits or reviews of historical financial information". The standard requires that we comply with ethical requirements and plan and perform the work to obtain reasonable assurance whether the financial information in the Prospectus is free from material misstatement.

We have reviewed the financial information in the Prospectus and confirmed that the financial information is in accordance with the consolidated annual reports for 2006, 2007 and 2008 audited by us, and consolidated interim report for the six-month periods ended 30th June 2008 and 30th June 2009 reviewed by us. The financial information is prepared in accordance with IFRS as adopted by EU, and with the Faroese Company Accounts Act.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

We confirm that all material issues relating to P/F Atlantic Petroleum of which we are aware and which, in our opinion, may affect the assessment of the financial position and results of P/F Atlantic Petroleum as stated in the audited consolidated annual accounts for 2006, 2007 and 2008 and the reviewed interim report for six-month periods ended 30th June 2008 and 30th June 2009 are included in the Prospectus.

This statement shall further, in accordance with section 29 (2) (3) of the Faroese Company Act, serve as our statement on the report of the Supervisory Board pursuant to section 29 (2) (2) of the Faroese Company Act.

Tórshavn, 1st October 2009

Sp/f Grannskoðaravirkid INPACT

State authorised Public Accountants

Affiliated with the INPACT global network of auditing professionals
R.C. Effersøesgøta 26
P.O. Box 191
FO-110 Tórshavn
Faroe Islands

Jógvan Amonsson
State Authorised Public Accountant

Fróði Sivertsen
State Authorised Public Accountant

THE COMPANY

03 / AUDITORS

Names and address of the Company's independent auditors

The Company's auditors are:

Sp/f Grannskoðaravirkid INPACT

State authorised Public Accountants
Affiliated with the INPACT global network of auditing professionals
R.C. Effersøesgøta 26
P.O. Box 191
FO-110 Tórshavn
Faroe Islands

Jógvan Amonsson
State Authorised Public Accountant

Fróði Sivertsen
State Authorised Public Accountant

Jógvan Amonsson of Sp/f Grannskoðaravirkid INPACT and State Authorised Public Accountant Mirjam Haraldsen of SPEKT state authorised public accountancy firm, Staravegur 17, FO-100 Tórshavn, Faroe Islands, correspondent firm of KPMG, have audited the Company's financial reports for the financial years 2006 and 2007. Due to changes in the law applicable to Atlantic Petroleum, only one auditor is now prescribed by law, and consequently Mirjam Haraldsen was not reappointed as the Company's auditor at the Company's annual general meeting in 2008. Jógvan Amonsson and Fróði Sivertsen have audited the Company's financial reports for the financial year 2008.

All of the State Authorised Public Accountants mentioned above are members of The Institute of State Authorized Public Accountants in Denmark (FSR).

04 / SELECTED FINANCIAL INFORMATION

Set out below is selected consolidated financial information, including certain financial highlights, as at and for the years ended 31st December 2006, 2007, 2008 as well as financial highlights for the six-month periods ended 30th June 2008 and 2009.

The selected consolidated financial information was extracted from the audited annual and consolidated reports and accounts as at and for the years ended 31st December 2006, 2007 and 2008, as well as from the reviewed consolidated interim reports for the six-month periods ended 30th June 2008 and 2009, included in Part II "Financial Information", and should be read in conjunction with these. The selected financial information should also be read in conjunction with section 9 "Operating and financial review" and Part II "Financial Information" of this Prospectus.

The audited financial statements as at and for the years ended 31st December 2006, 2007 and 2008 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the Council of the European Union (EU) and the additional Faroese disclosure requirements according to the Faroese Company Accounts Act, the financial reporting requirements of Nasdaq OMX Iceland, and the financial reporting requirements of Nasdaq OMX Copenhagen applying to listed companies.

The reviewed consolidated interim reports for the six-month periods ended 30th June 2008 and 30th June 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as adopted by the EU.

The accounting policies have been applied consistently to all periods presented.

THE COMPANY

Table 1: Financial highlights for 2006, 2007 and 2008 and six-month periods ended 30th June 2008 and 2009

Key figures (millions)	Year end 31st December					6 months ended 30th June	
	2006 DKK	2007 DKK	2008 DKK	2008 EUR	2008 USD	2008 DKK	2009 DKK
Income statement:				Unaudited		Reviewed	
Revenue	0.0	0.0	43.3	5.8	8.5	0.0	76.6
Cost of sales	0.0	0.0	-26.8	-3.6	-5.3	0.0	-65.7
Gross profit	0.0	0.0	16.4	2.2	3.2	0.0	11.0
Exploration expense	-3.2	-33.8	-2.3	-0.3	-0.5	-0.3	-113.9
Pre-licence exploration costs	-1.1	-2.6	-1.1	-0.1	-0.2	-0.5	-0.4
General and administrative costs	-7.2	-14.0	-18.8	-2.5	-3.7	-8.9	-9.7
Other operating income	0.0	0.1	0.1	0.0	0.0	0.0	0.1
Operating profit	-11.5	-50.3	-5.6	-0.8	-1.1	-9.6	-112.9
Financials, net	3.4	-25.7	-139.8	-18.8	-27.4	-21.8	64.7
Profit / loss before tax	-8.1	-76.1	-145.4	-19.5	-28.5	-31.4	-48.2
Taxation	0.0	0.0	55.8	7.5	10.9	0.0	15.7
Net profit / loss	-8.1	-76.1	-89.7	-12.0	-17.6	-31.4	-32.4
Balance sheet:							
Assets							
Intangible exploration and evaluation assets	23.9	74.0	152.4	20.5	28.8	93.9	57.4
Development and production assets	156.3	312.7	423.2	56.8	80.1	386.0	518.6
Property, plant and equipment	0.3	0.5	0.8	0.1	0.2	0.7	0.7
Deferred tax asset	0.0	0.0	45.4	6.1	8.6	0.0	68.4
Trade and other receivables	1.4	11.9	13.3	1.8	2.5	5.7	37.7
Securities available for sale	6.4	6.8	3.8	0.5	0.7	5.4	0.0
Cash and cash equivalents	173.0	4.9	4.0	0.5	0.8	5.5	0.1
Total assets	361.4	410.9	642.9	86.3	121.6	497.3	683.0
Liabilities							
Short-term interest-bearing debt	17.2	29.3	365.3	49.0	69.1	188.1	105.1
Trade and other payables	21.7	64.9	66.9	9.0	12.7	73.6	34.6
Short-term provisions	6.7	12.2	4.6	0.6	0.9	11.3	5.2
Long-term interest-bearing debt	0.0	51.2	0.0	0.0	0.0	0.0	364.2
Long-term provisions	19.1	26.2	39.3	5.3	7.4	24.4	50.7
Total liabilities	64.7	183.7	476.1	63.9	90.1	297.4	559.8
Net assets	296.7	227.2	166.8	22.4	31.6	199.9	123.2
Equity	296.7	227.2	166.8	22.4	31.6	199.9	123.2
Cash flow statement:							
Cash flows from operating activities	-10.5	-12.5	-6.3	-0.8	-1.2	-11.1	28.1
Cash flows from investing activities	-48.6	-219.4	-278.5	-37.4	-54.6	-96.2	-137.7
Cash flows from financing activities	222.2	63.7	284.8	38.2	55.9	107.6	106.1
Cash and cash equivalents, period end	173.0	4.9	4.0	0.5	0.8	5.5	0.1
Ratios:							
Net profit/loss per Existing Share	-8.92	-67.58	-79.64	-10.7	-15.6	-27.9	-28.8
Equity ratio (%)	82.1%	55.3%	25.9%	25.9%	25.9%	40.2%	18.0%
Intrinsic value per Existing Share	326.4	201.8	148.2	19.9	28.0	177.6	109.5
No. of employees	6	8	10	10	10	10	9

Note: the exchange rates used in the table are EUR 1 - DKK 7.45 for the balance sheet, EUR 1 - DKK 7.46 for the income statement and cash flow statement, USD 1 - DKK 5.28 for the balance sheet and USD 1 - DKK 5.10 for the income statement and cash flow statement.

THE COMPANY

05 / COMPANY INFORMATION

NAME, REGISTERED OFFICE, ETC.

P/F Atlantic Petroleum, with the secondary name P/F Atlants Kolvetni
Reg. no. P/F 2695
Gongin 9, P.O.Box 1228
FO-110 Tórshavn, Faroe Islands
Tel: +298 350100
Fax: +298 350101
E-mail: petroleum@petroleum.fo
Website: www.petroleum.fo

The Company's place of registration is Tórshavn, the Faroe Islands. The Company's wholly owned subsidiary, Atlantic Petroleum UK Limited, is registered in England and has its principal address at 26 - 28 Hammersmith Grove, London, W6 7BA, United Kingdom and its registered address at c/o 19 Cavendish Square, London, W1A 2AW, United Kingdom.

The Company's wholly owned subsidiary Atlantic Petroleum (Ireland) Limited, is registered in Ireland and has its registered address at First Floor, Fitzwilton House, Wilton Place, Dublin 2, Republic of Ireland.

SECURITIES IDENTIFICATION CODE

The Company's Existing Shares are listed on Nasdaq OMX Iceland under the ISIN securities identification code FO000A0D-N9X4 with a secondary listing on Nasdaq OMX Copenhagen under the ISIN securities identification code FO000A0D-N9X4.

LEGAL FORM, DATE OF INCORPORATION AND LEGISLATION

The Company, which was established on 11th February 1998, is governed by the Companies Act in force on the Faroe Islands, enacted by Royal Decree no. 1356 from 9th December 2007. According to chapter 22 in Act No. 148 from 9th March 2004 on Administration of Justice, the venue for disputes against the Company is at the city court of Tórshavn, unless in specific cases other agreements have been made. The Company's subsidiary in the UK, Atlantic Petroleum UK Limited, is subject to English law, and its Irish subsidiary, Atlantic Petroleum (Ireland) Limited, is subject to Irish law. Since Atlantic Petroleum is listed on Nasdaq OMX in Iceland and Copenhagen, it is also subject to Icelandic and Danish law regarding listed companies.

FINANCIAL YEAR AND FINANCIAL REPORTING

The Company's financial year runs from 1st January to 31st December. The Company publishes interim reports for the first, second and third quarters of the financial year as well as a full-year report.

FINANCIAL CALENDAR

Interim report for the nine months ended 30th September 2009	6th November 2009
Annual report 2009	26th February 2010
Annual general meeting	20th March 2010
Interim report for the three months ended 31st March 2010	5th May 2010

OBJECT

According to Clause 1 of the Company's Articles of Association the objective of the Company is to run business in the field of hydrocarbon production and other related business.

MOST RECENT GENERAL MEETING

The Company's most recent general meeting was the extraordinary general meeting held on 3rd July 2009.

THE COMPANY'S HISTORY AND DEVELOPMENT

Atlantic Petroleum was founded in 1998 by eighteen Faroese investors. The concept behind its establishment was to use the first Faroese oil and gas licensing round as a basis for entering into a partnership with strong international oil and gas companies. In this way Atlantic Petroleum would acquire the necessary skills and knowledge to become a competitive and independent upstream oil and gas company. In return, the Company provided its partners with local business insight and a local network. In 1999, a co-operation agreement was signed with the Faroese Partnership (Hess Corporation, DONG Energy A/S and BG Exploration and Production Limited) and 18 months later, in August 2000, the partnership was awarded licence 001 in the first Faroese licensing round.

Whilst activity on the Faroese Continental Shelf was the foundation for establishing the Company, the longer term strategic goal of Atlantic Petroleum was to expand activity into UK waters. Consequently, in 2001, with the approval from the British authorities, Atlantic Petroleum formally joined Hess, BG and DONG in two exploration licences awarded in the 19th UK licensing round.

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The entrance into UK waters opened the door for other opportunities, and in 2003 Atlantic Petroleum acquired a package from Premier Oil plc consisting of three discoveries - Chestnut, Ettrick and Perth.

In 2005, Atlantic Petroleum was awarded two additional Faroese exploration licences, while at the same time farming-in to the West Lennox discovery in the UK sector of the Irish Sea. Atlantic Petroleum farmed into four discoveries in the Irish Continental Shelf in 2007.

In 2005 and 2006, the development of the Chestnut field and Ettrick field began. The Chestnut development concept involved an innovative solution that enabled the field to become one of the smallest standalone developments on the UK shelf. Following successful development, Chestnut came into production in September 2008 thus marking the birth of Atlantic Petroleum as an oil producing company.

Further landmark events in 2008 included the discovery of additional reserves in the South Chestnut well which was tested, completed and made ready for production, and a discovery made in the Blackbird prospect which will probably be developed as a tie-back to the Ettrick field. In addition, Atlantic Petroleum together with its partners, StatoilHydro ASA, DONG Energy and Faroe Petroleum plc, was awarded a large licence in the 3rd Faroese licensing round.

In 2009 the South Chestnut well commenced production in March and in August, the Ettrick field became the Company's second field to commence production.

Atlantic Petroleum was listed on the Iceland Stock Exchange (NASDAQ OMX Iceland) in 2005, and dual listed on the Copenhagen Stock Exchange (NASDAQ OMX Copenhagen) in 2006. The Company's shareholder base has increased steadily and today comprises approximately 8,300 shareholders.

INVESTMENTS

The Company's most important investments comprise exploration, appraisal and development activities, which in the financial statements are capitalised as intangible exploration and evaluation assets, as well as tangible development and production assets. Included in the investments are also provisions for future decommissioning.

Investments in 2006

The investments in intangible exploration and evaluation assets in 2006 amounted to DKK 5 million and related primarily to the collection of seismic data on Licence 013 and 014 on the Faroes.

Capitalised investments in development and production assets amounted to DKK 83 million, which was primarily driven by significant activity in the development projects Chestnut and Ettrick.

Investments in 2007

Investments in intangible exploration and evaluation assets in 2007 amounted to DKK 83 million and covered the drilling of one exploration well and one appraisal well. The exploration well was drilled on the Balgownie prospect on Block 30/23b in the Central Graben region of the UK North Sea. The drilling, however, showed no hydrocarbons at commercial levels. Accordingly, the cost of the well, DKK 31 million, was written off. An appraisal well was drilled and tested on the Hook Head discovery in Standard Exploration Licence 2/07 in the North Celtic Sea Basin. Atlantic Petroleum's investment of DKK 35 million in the Hook Head was capitalised, but was written off in 2009 (see the section 9 "Operating and financial review").

In addition to its drilling activities, Atlantic Petroleum also farmed into the Marten discovery in 2007. The consideration of DKK 12 million was capitalised as intangible exploration and evaluation assets. A further deferred consideration of GBP 200,000 is payable upon first production from the block, or upon Atlantic Petroleum's transfer of interest of the block. This amount has not yet been recognised in the Company's accounts.

During 2007, Atlantic Petroleum continued to invest heavily in the development projects Chestnut and Ettrick, thereby bringing total investments in development and production for the year to DKK 164 million, including taking into account decommissioning obligations.

Investments in 2008

Investments in intangible exploration and evaluation assets in 2008 amounted to DKK 88 million.

Four exploration or appraisal wells were drilled during 2008. The Blackbird exploration well was successfully drilled, as was the South Chestnut appraisal well. The investments in the South Chestnut appraisal and production well were included in the development and production asset, as the Chestnut field was brought on stream, while the investment in the Blackbird well was capitalised as intangible exploration and evaluation assets.

Two further appraisal wells amounting to DKK 59 million were drilled in the Celtic Sea. One well was drilled on the Hook Head Field and one on the Dunmore discovery. The investment was initially capitalised, but was written off in 2009 (see the section 9 "Operating and financial review").

Also in 2008, Atlantic Petroleum carried out significant investments in the Chestnut and Ettrick development projects. The additional investments in development and production assets amounted to DKK 199 million, including taking into account decommissioning obligations.

Investments in 2009

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Investments in intangible exploration and evaluation assets in the first six months of 2009 amounted to DKK 13 million primarily related to the drilling of the Crosby exploration well in UK, investments in licence 016 in the Faroes and capitalised interests according to the Company's accounting policy.

Due to the results from the Crosby well, which was plugged and abandoned as a dry well, the investments in the Crosby well and the investments in West Lennox were written off as West Lennox was dependent on the success of Crosby. This impairment amounted to DKK 17 million.

Following the drilling of the Hook Head 50/11-4 and Dunmore 50/6-4 wells in 2008, a number of studies have been completed by the operator. The outcome of the studies suggested that the potential commerciality on these assets was more uncertain than before. Accordingly, these investments amounting to approximately DKK 97 million have been written off. Included in this amount are one well drilled in 2007 and the two wells drilled in 2008.

In addition Atlantic Petroleum invested DKK 71 million in development and production assets primarily related to the development of South Chestnut and Ettrick. These investments also include capitalised interests..

Significant current investments

Investments in intangible exploration and evaluation assets from 30th June 2009 to the end of 2009 are budgeted to approximately DKK 7 million. The investment relates primarily to licences 016 in the Faroes, but also care and maintenances of the other exploration and evaluation licences and capitalised interests.

Investments in tangible development and production licences are estimated at approximately DKK 5 million from 30th June 2009 to the end of 2009. The investment is primarily related to care and maintenance and capitalised interests. However, the investment is dependent on the timing of the drilling schedule for the Ettrick field.

All current investments will be financed by cash flow from operations and internal capital resources.

Significant future investments

Atlantic Petroleum has future decommissioning obligations primarily related to Chestnut and Ettrick. As per 30th June 2009, such obligations amounted to DKK 50.7 million.

The Company's exploration commitments after 2009 are estimated at DKK 5 million and relate primarily to the Faroese licences 013, 014 and 016.

To complete the development of Ettrick it is expected that the Company will invest approximately DKK 45 million, although it is not legally committed to do so. This figure is dependent on the number of injector wells needed to optimise the production.

The Company holds interests in certain UK Petroleum Production Licenses which it acquired in 2003 and 2007. Contingent consideration of up to a maximum amount of GBP 600,000 (approximately DKK 5.2 million) is payable contingent on first hydrocarbons being achieved from these licenses.

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06 / BUSINESS

INTRODUCTION

Atlantic Petroleum is a Faroese independent exploration and production (E&P) company with oil and gas interests in the North Sea, the East Irish Sea and the Celtic Sea and on the Faroese Continental Shelf. The Company has interests in 15 licences containing around 30 fields, discoveries, prospects or leads. Furthermore, Atlantic Petroleum has partnerships with 17 international oil companies operating in North West Europe. The objective of Atlantic Petroleum is to develop offshore oil and gas potential in North West Europe on a commercial basis, and presently the Company engages in activities ranging from exploration, through appraisal, to development and production.

Atlantic Petroleum's key benefits and competencies include an efficient and low-cost organisation with a team of six full-time employees and three retainers, which enables the Company to maintain certain core competencies in-house, e.g. geological, geophysical and reservoir engineering expertise as well as commercial insight, all of which are considered key success factors in the oil and gas industry. In addition, Atlantic Petroleum uses external advisers and has collaborations and long-standing relationships with trusted technical consultants. This expertise, associated with access to seismic and geological data which are critical to the Company's understanding of the petroleum systems, is fundamental to the business and also substantiates any evaluation of new opportunities. The Company has a strong aptitude for reducing overall project risk and associated capital expenditures through entering into strategic partnerships on licences, enabling a significant sharing of geological, geophysical and operational knowledge as well as costs. Finally, Atlantic Petroleum's increasing oil production is expected to provide a growing cash flow, thus supporting the Company's financial stability in coming years.

Atlantic Petroleum invests in smaller prospects or discoveries that do not typically lie within the focus of larger E&P companies, as these companies usually do not prioritise smaller fields. Consequently, the Company is not directly engaged in head-to-head competition with larger E&P companies.

Atlantic Petroleum is among the approximately 40% of E&P companies with UK licences that have oil or gas producing assets³. The current financial climate and recent fluctuations in oil prices are likely to force a number of small E&P companies with insufficient or no producing assets to reduce their ownership stakes in assets or farm-out whole projects. Atlantic Petroleum's increased cash generation is expected to improve the Company's ability to take advantage of investment opportunities in this industry consolidation process, thereby providing opportunities for the Company to expand its portfolio in the future. Simultaneously, Atlantic Petroleum seeks in collaboration with its partners to add new licences close to existing production, effectively lowering potential operating expenditures as new production can be added without significant costs.

The Company's activities in oil and gas fields can be categorised into a series of progressive phases toward the production stage. At the date of this Prospectus, Atlantic Petroleum's project portfolio is well-balanced between exploration, appraisal and development opportunities as well as production. The Chestnut field commenced production in September 2008 with the South Chestnut well adding to production in March 2009, whilst the Etrick field commenced production in August 2009.

GEOGRAPHICAL PRESENCE

Atlantic Petroleum currently participates in licences on the UK, Irish and Faroese Continental Shelves.

UK Continental Shelf

The UK Continental Shelf has been exploited for its hydrocarbon potential since the 1960s. Atlantic Petroleum has been active in the area since 2001. Atlantic Petroleum's licences on the UK Continental Shelf are all located in the Moray Firth, Central Graben and East Irish Sea. The UK shelf is considered mature in terms of the oil and gas business and Atlantic Petroleum has production, discoveries and exploration opportunities in this area. The UK is one of the biggest hydrocarbon producing areas in Europe, but also an area with a range of licences on which oil is yet to be discovered.

Many companies are currently active on the UK Continental Shelf, with over 160 companies having licences in the area. Many of the licences on the UK Continental Shelf however do not have production, and of the approximately 160 companies with licence interests, 95 companies have no production. Of these 95 companies, 31 have no discovered resources⁴.

Several of the world's largest oil companies have significant interests in the area. Licences in the area have been awarded through 25 licensing rounds, with the 26th round planned to be announced in the first half of 2010.

Irish Continental Shelf

Like the UK Continental Shelf, the Irish Continental Shelf has been explored for many years and at the end of 2008, twenty-seven exploration licences had been granted on the Irish Continental Shelf. Atlantic Petroleum obtained licences in the area in 2007 and currently has two standard exploration licences. As is the case for the UK Continental Shelf, a number of the largest oil companies in the world have licence interests on the Irish Continental Shelf. There are currently four producing offshore fields around Ireland, all producing gas.

Much has been done to promote oil and gas exploration on the Irish Continental Shelf, including implementing a tax regime designed to encourage further exploration in the area.

³ Hannon Westwood, UKCS Intelligence and Business Development Services, Oil Industry Presentation, 10-11th December 2008

⁴ Hannon Westwood, UKCS Intelligence and Business Development Services, Oil Industry Presentation, 10-11th December 2008

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Faroese Continental Shelf

Being a Faroese company, Atlantic Petroleum naturally has an interest in exploring the Faroese Continental Shelf. Exploration activities on the Faroese Continental Shelf are still in the early stages, but large oil discoveries in the area west of the Shetland Islands, including the Rosebank and Cambo discoveries adjacent to the Faroese licensed acreage gives cause for confidence in the potential of the region.

Three licensing rounds have been carried out on the Faroese Continental Shelf to date, with Atlantic Petroleum participating in all of them, which makes the Company one of the leading explorers in the area. Several major oil companies have also participated in applying for acreage and drilling in the Faroes. The latest licensing round was completed in December 2008.

Exploration on the Faroes Continental Shelf is still in its early exploration stages, so the area remains a high risk area, with uncertainties in respect of whether commercial discoveries will be made. However, the potential economic rewards are estimated to outweigh the risks, which are demonstrated by the presence of the companies active in the area.

THE OIL EXPLORATION AND PRODUCTION CYCLE

The operations of an oil and gas E&P company comprise of five phases – exploration, appraisal, development, production and abandonment. In practice, the advancement from one phase to the next is conditional on continued verification of a positive assessment of the commercial potential of a discovery or field.

Figure 1: Five phases of oil exploration and production



Phase 1: Exploration

Oil exploration typically depends on highly sophisticated geophysical technology to detect and determine the extent of potential structures. Areas thought to contain hydrocarbons are initially subjected to a gravity survey, a magnetic survey and a regional seismic reflection survey to detect large scale features of the sub-surface geology. Features of interest (known as “leads”) are subjected to more detailed seismic surveys to refine the understanding of the sub-surface structure. Finally, if a prospect is identified and positively evaluated, an exploration well is drilled in an attempt to conclusively determine the presence or absence of oil or gas. Oil exploration is an expensive, risky operation with a high risk that nothing will be found, or that hydrocarbons will be found in such small quantities that it is not worthwhile producing them. In the North Sea only about one in eight exploration wells encounter oil and gas in quantities that are economically viable to develop. It often takes several years from an exploration licence is awarded until the first well is drilled.

Phase 2: Appraisal

Appraisal of a discovery involves drilling additional wells to reduce the degree of uncertainty in the size and quality of a potential field. If an exploratory well shows that hydrocarbons are present, more seismic data may be gathered and one or more appraisal wells may be drilled. Based on the data from this process it is possible to estimate the quantities and producibility of oil and gas in the field.

Phase 3: Development

If commercially profitable accumulations of oil and gas are found during appraisal drilling, the development phase begins. This phase involves planning and deciding on how to develop the discovery. Crucial factors for value creation in this phase include choosing the most cost-effective development and production concept and ensuring that the project can be completed on schedule. This phase involves considerable investment, especially when the production facilities are located offshore.

Phase 4: Production

The production phase involves production of oil and gas, and also water, in different proportions. Value creating factors in this phase are production well planning, maintaining the rate of production and maximising the life of the accumulation by injecting gas or water into specifically designated injector wells to maintain the pressure.

Phase 5: Abandonment

Abandonment is the last phase of a hydrocarbon development project and involves the decommissioning of any installations and subsea structures associated with the field.

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BUSINESS MODEL AND STRATEGY

Atlantic Petroleum continually seeks to build and optimise its licence portfolio by developing and maturing existing licences, by acquiring new licences through licensing rounds or by farming into licences held by other companies.

In the short term, the Company will focus on offshore opportunities in mature exploration areas in North West Europe, particularly in the North Sea and on the Irish Continental Shelf. In the longer term, as the understanding of the hydrocarbon systems of the Faroese Continental Shelf matures, the Company expects to make further investments in this area. Overall, Atlantic Petroleum strives to balance its portfolio to ensure a steady flow of projects coming into production as replacement for reserves already produced.

Atlantic Petroleum enters into strategic partnerships with other E&P companies in the development of its licences. Partnerships enable sharing of geological and operational knowledge and also reduce capital expenditures and project risk. Atlantic Petroleum's ideal interest in licences is in the range of 10% to 15% after material investments are made.

Currently, it is not part of Atlantic Petroleum's strategy to operate licences itself. The Company, however, works in close technical collaboration with the operators to ensure that Atlantic Petroleum's extensive geological, geophysical and reservoir engineering insight contributes to the successful maturing and development of the licences.

Development of existing licences

The Company's portfolio of licences covers the initial four phases of the E&P life cycle. Fifteen licences containing 15 discoveries and 13 prospects or leads are in the exploration and appraisal phases, the Perth field and the Blackbird discovery are potentially nearing the development phase, while the Chestnut field and the Ettrick field are in production.

Despite its non-operating role in its licences, Atlantic Petroleum is an active contributor to the successful development of the licences. Participation in frequent technical meetings with partnership companies ensures that Atlantic Petroleum's extensive geological, geophysical and engineering insight contributes to the value creation related to each asset.

Acquiring licences and farming-in to licences

Part of Atlantic Petroleum's overall business model is acquiring and farming-in to licences to strengthen its portfolio. The Company is constantly screening the market in order to identify new licences which may constitute attractive investment opportunities for the Company. Atlantic Petroleum has a strategic focus on projects with near term cash flow potential and possibilities for optimisation of exploration costs. The foundation for this is solid geological and geophysical expertise and commercial insight, as well as the necessary funding.

Atlantic Petroleum's focus to date has been on the relatively smaller prospects or discoveries, which are outside the focus area of major oil companies, and which have the potential to reach production within a relatively short time frame.

The E&P market has been affected by the current economic climate and slowdown in the demand for oil. Atlantic Petroleum's increased cash generation is expected to improve the Company's ability to take advantage of investment opportunities in the industry consolidation process, thereby providing opportunities for the Company to expand its portfolio in the future.

PROJECT OVERVIEW

Atlantic Petroleum has a well-spread and well-diversified portfolio considering the number of licences, their development status and geographical location.

At the date of this Prospectus, Atlantic Petroleum has interests in 15 licences containing around 30 fields, discoveries, prospects or leads, see table 2.

The Company's licences are located in the North Sea, the East Irish Sea, the Celtic Sea and on the Faroese Continental Shelf, see figure 2.

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Figure 2: Geographic locations of Atlantic Petroleum's licences and block interests



Table 2: Overview of Atlantic Petroleum's licences and block interests

Licence	Block	Operator	AP ownership	Fields/prospects/leads	P50 net MMboe*	Entry
United Kingdom						
P354	22/2a	Venture	15.00%	Chestnut	1.2	2003
P273, P317 & P1580	20/2a, 3a & 3f	Nexen	8.27%	Ettrick & Jarvis, Blackbird and Bright	4.1	2003
P218 & P588	15/21a, b, c, f	Nexen	3.75%	Perth, North Perth, East Perth, North East Perth, SigmaTerraces, Dolphin and Gamma Central	2.1	2003
P1047	20/3c	Nexen	17.50%	Marten	1.1	2007
P099	110/14c, d	CMNSL	7.5%/12.5%	Crosby ¹ and West Lennox	-	2005
P1478	110/9c & 14e	CMNSL	7.50%	Dee ²	-	2007
Ireland						
SEL 2/07	49/8(p), 9 (p), 13 (p), 14 (p), 18 (p), 19 (p) & 50/6 (p), 7(p), 11(p), 12(p)	Providence	18.33%	Hook Head, Helvick, Ardmore, Dunmore, Hook Head S, Hook Head SE, Helvick Main, SW Helvick, NW Helvick, NE Helvick and W Helvick	0.6	2007
SEL 3/07	48/29 (p), 30 (p) & 49/26 (p)	Providence	18.33%	Blackrock and Rushane	0.1	2007
Faroe Islands						
L013	6103/7b, 8b, 11, 12, 13, 17	Sagex	40.00%	Stella Kristina	-	2005
L014	6104/9, 10, 14	Sagex	40.00%	Marselius	-	2005
L006	6105/25, 30, 6005/5a, 6104/16a, 17a, 21, 26 & 6004/1a	Statoil Færøylene	1.00%	Bruggdan	-	2005
L016	6201/1, 2, 6, 6202/4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 21, 22 & 6203/13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25	Staoil Færøylene	10.00%	Kúlubøkan	-	2008

* Independent Petroleum Reserves & Resources report (Fugro Robertson Limited) corrected for Crosby drilling and production until 30th June 2009

1) Crosby is not considered to be a lead or prospect anymore

2) Dee is not considered to be a lead or prospect anymore

Source: Atlantic Petroleum

Note: Changes in the participating interests in relation to licence P.099, P.1478, SEL 2/07, SEL 03/07 and L.006 are subject to Secretary of State/Ministerial Consent.

Table 3 below gives an overview of the project portfolio categorised according to the status of the project. The table shows that Atlantic Petroleum's project portfolio is well-balanced between exploration, appraisal and development opportunities as well as production.

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Table 3: Project portfolio categorised according to the status of the project

Licence	Field/Prospect/Lead	P50 net MMboe*	Exploration	Appraisal	Development	Production	Init. netprod. per day
PP354	Chestnut field	1.2					1,500 bbl
P273 & P317	Ettrick field and Jarvis field	2.5					1,650 boe
P273, P317 & P1580	Blackbird discovery	1.1			Near development	Est. 2011	900 bbl
P218 & P588	Perth field	1.0			Near development	Est. 2012	
P1047	Marten discovery	1.1					
SEL 2/07	Hook Head discovery	-					
SEL 2/07	Helvick discovery	0.3					
P099	West Lennox discovery	-					
P218 & P588	North East Perth discovery	0.1					
P218 & P588	Dolphin discovery	0.3					
P218 & P588	Gamma Central discovery	0.4					
P273 & P317	Bright discovery	0.5					
P218 & P588	Sigma Terraces discovery	-					
SEL 2/07	Ardmore discovery	0.3					
SEL 2/07	Dunmore discovery	-					
SEL 2/07	SW Helvick discovery	-					
SEL 2/07	Helvick Main discovery	-					
P218 & P588	North Perth prospect	0.2					
P218 & P588	East Perth prospect	0.1					
P1478	Dee ¹	-					
P099	Crosby ²	-					
SEL 2/07	NW Helvick prospect	-					
SEL 2/07	NE Helvick prospect	-					
SEL 2/07	W Helvick prospect	-					
SEL 3/07	Blackrock prospect	0.1					
SEL 2/07	S Hook Head lead	-					
SEL 2/07	SE Hook Head lead	-					
SEL 3/07	Rushane lead	-					
L013	Stella Kristina lead	-					
L014	Marselius lead	-					
L006	Brugdan Deep lead	-					
L016	Kúlubökan lead	-					

* Independent Petroleum Reserves & Resources report (Fugro Robertson Limited) corrected for Crosby drilling and production until 30th June 2009
 1) Crosby is not considered to be a lead or prospect anymore
 2) Dee is not considered to be a lead or prospect anymore
 Source: Fugro Robertson CPR (reserve and resource estimates) and Company data
 Note: The four phases have not been categorised into sub-phases

RESERVES AND RESOURCES

Atlantic Petroleum's reserves and resources are estimated annually by the UK-based independent petroleum reservoir consultancy Fugro Robertson Limited. A summary of the latest report dated 1st January 2009 is provided in section 23 "Third party information and expert statements and declarations of interest". The report is available from the Company's website at www.petroleum.co. In the following the estimates by Fugro Robertson have been adjusted by the Company for the oil production in the period 1st January 2009 until 30th June 2009 and the recent unsuccessful drilling of Crosby.

Reserves

Atlantic Petroleum's total proved and probable oil and gas reserves amounted to 3.7 million barrels of oil equivalent as of 30th June 2009 (down from 4.0 million barrels of oil equivalent as of 1st January 2009 due to the volume of oil produced since 1st January 2009). Reserves related to the Chestnut field and the Ettrick field are distributed as follows:

Table 4: Atlantic Petroleum reserves as of 30th June 2009 (MMboe)

Field	P90	P50	P10
Chestnut & Chestnut South	0.6	1.2	2.4
Ettrick/Jarvis Field	1.2	2.5	3.9
Aggregated total	1.8	3.7	6.3

Source: Fugro Robertson and Atlantic Petroleum

Note 1: The reserves estimated by Fugro Robertson on 1st January 2009 have been adjusted for production until 30th June 2009. P90 and P10 estimates have not been adjusted for the oil production as these are probabilistic estimates.

Note 2: The capital expenditures for the Ettrick field are estimated by Fugro Robertson Limited to be significantly higher than the estimates of Atlantic Petroleum and the operator of the field. The deviation is due to Fugro Robertson Limited's assumption that drilling of two additional wells will be required in order to arrive at 2.5 MMboe net reserves to AP. This assumption is not shared by the Company and Nexen (operator).

"Proved reserves" or "P90" are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations. Proved reserves can be categorised as developed or undeveloped. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

"Probable reserves" or "P50" are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated Proved plus Probable reserves.

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“Possible reserves” or “P10” are those unproved reserves which analysis of geological and engineering data suggests are less likely to be recoverable than probable reserves. In this context, when probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will equal or exceed the sum of estimated Proved plus Probable plus Possible reserves.

Resources

Atlantic Petroleum’s total contingent oil and gas resources amounted to 5.1 million barrels of oil equivalents as of 30th June 2009 (and thereby estimated by the Company to be equal to the total contingent oil and gas resources as of 1st January 2009). Resources relate to the Perth, Blackbird, Marten, Bright, Dolphin and Gamma Central wells in the Perth area and the Helvick and Ardmore discoveries, and are distributed as follows:

Table 5: Atlantic Petroleum contingent resources as of 30th June 2009 (MMboe)

Discovery	P90	P50	P10
Ardmore	0.1	0.3	0.6
Blackbird	0.3	1.1	2.4
Bright	0.2	0.5	1.8
Dolphin	-	0.3	-
Gamma Central	-	0.4	-
Helvick	-	0.3	-
Hook Head	-	-	-
Marten	0.5	1.1	1.9
North East perth	-	0.1	-
Perth	0.7	1.0	1.5
West Lennox	-	-	-
Aggregated total	-	5.1	-

Source: Fugro Robertson and Atlantic Petroleum

Note: Where “-” is stated this is generally due to insufficient data to fully evaluate the asset

“Contingent resources” are those quantities of petroleum, which are estimated, on a given date, to be potentially recoverable from known (discovered) accumulations, but which are not currently considered to be commercially recoverable.

Prospective resources

Of the five exploration and appraisal prospects that Fugro Robertson evaluated, two prospects were deemed to be economically viable to drill (down from three prospects following the recent drilling of Crosby). Fugro Robertson estimates (adjusted for the recent drilling of Crosby) the prospective resources of the exploration and appraisal prospects attributable to Atlantic Petroleum by asset and in aggregate to be as follows:

Table 6: Atlantic Petroleum prospective resources as of 30th June 2009 (MMboe)

Prospect	P50 Unrisked	P50 Risked	Economically viable to drill?
Blackrock Prospect (Part blocks 48/30, 49/26)	0.4	0.1	No
Brugdan Deep Prospect (6104/16a, 17a & 21, 6105/25)	-	-	-
Crosby (110/14d)	-	-	Drilled 2009
East Perth Prospect (15/21a)	0.2	0.1	Yes
North Perth Prospect (15/21a)	0.4	0.2	Yes
Rushane Lead (Part blocks 48/29, 48/30)	-	-	-
Aggregated total of viable projects	1.0	0.4	2 of 5 prospects

Source: Fugro Robertson and Atlantic Petroleum

Note: Where “-” is stated this is generally due to insufficient data to fully evaluate the asset

The prospective resources estimated in relation to the Crosby licence in the Fugro Robertson report are no longer valid and relevant due to unsuccessful drilling

“Prospective resources” are those quantities of petroleum that are estimated, on a given date, to be potentially recoverable from undiscovered accumulations.

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PROJECTS

Production

On 20th September 2008, the Company commenced production from the Chestnut field, located in the UK sector of the Central North Sea. This was a historic moment for Atlantic Petroleum as not only was it the first oil produced by the Company, it was also the first oil ever produced by a Faroese company. Atlantic Petroleum produced a net total of 160,000 barrels of oil from Chestnut in 2008 of which 128,623 barrels were sold during the year. The average price per barrel sold was USD 54.88 corresponding to total revenue for 2008 of DKK 43.3 million.

During the first six months of 2009, Atlantic Petroleum produced 256,896 barrels net of oil and sold 288,416 barrels net of oil corresponding to total revenue for the period in the amount of DKK 76.6 million. The average price per barrel sold was USD 48.5. With the South Chestnut well and the Ettrick field coming on-stream in March and August 2009 respectively the Company expects oil production to reach a total of 700,000-740,000 barrels net to Atlantic Petroleum in 2009.

The operator of the Chestnut field, Venture Production plc, sells the produced oil on behalf of Atlantic Petroleum under a joint marketing agreement with the partners. The marketing agreement is coupled with a joint lifting agreement that allocates 15% of each tanker load lifting to Atlantic Petroleum (commensurate with its participating interest) instead of every 6th or 7th tanker load lifted from the Chestnut field.

Nexen Energy Marketing Europe Limited, an affiliate of the operator of the Ettrick field, Nexen Petroleum U.K. Limited, negotiates, markets and manages the sale of all of Atlantic Petroleum's share of produced oil from the Ettrick field under an Ettrick crude oil sales agency agreement between Atlantic Petroleum and Nexen Energy Marketing Europe Limited. The sales agency agreement sits alongside an Ettrick Area lifting agreement between the partners that allocates 8.27% of the oil produced from the Ettrick field to Atlantic Petroleum.

> Chestnut P.354, Block 22/2a

In November 2005 the UK Department of Energy & Climate Change (DECC) (formerly the Department for Business, Enterprise & Regulatory Reform, BERR, and prior to that the Department of Trade and Industry, DTI) approved the field development plan for Chestnut.

Chestnut was discovered in 1986 and an extended production test was carried out in 2001. The test reduced uncertainties over connected reservoir volumes and allowed a better definition for a development scenario.

The development of the field commenced in 2005 and in 2006 a second development well was drilled. This was a water injector and the results of the well were as prognosed. In September 2008, the first oil was produced from Chestnut.

The oil from the field is processed on the leased floating production storage and offloading vessel (FPSO) Hummingbird, owned by the Norwegian company Sevan Marine ASA. This Sevan type 300 FPSO is a new type of production platform that uses a state-of-the-art technology which is more cost efficient than traditional platforms. The FPSO is leased to Chestnut partners under a two-and-a-half-year contract, with an option to extend by up to four times six months. The unit is the first cylindrical FPSO to be installed in the North Sea and the second Sevan type 300 FPSO worldwide.

Production from the Chestnut field during 2008 was at the upper end of expectations, delivering 1,570 barrels daily net production to Atlantic Petroleum. The total net production to Atlantic Petroleum in 2008 was 160,000 barrels.

A second Chestnut appraisal and production well, South Chestnut, spudded on 6th September 2008, was successfully drilled, tested and completed. The well was tied-in to the Chestnut production facilities at the beginning of 2009 and has significantly increased production, recoverable reserves and overall field life at only marginal additional operating expenditures. In the first six months of 2009 the Chestnut field delivered 1,419 barrels daily net production to Atlantic Petroleum. In the first half of 2009 total net production to Atlantic Petroleum was 256,896 barrels.

The South Chestnut well is estimated by Fugro Robertson to have increased total Chestnut reserves net to Atlantic Petroleum from 1 MMBbls to 1.5 MMBbls (as of 30th June 2009 Chestnut reserves are estimated at 1.2 MMBbls due to the volume of oil produced in the first six months of 2009). The success of the South Chestnut well makes the partnership confident that it will find further upside to the Chestnut field as the understanding of the field improves.

Atlantic Petroleum's total investments in the Chestnut field, including the South Chestnut well, are estimated at approximately GBP 21 million, including abandonment costs. The Company has no further investment commitments related to the Chestnut field.

The Chestnut partners are Venture Production plc (operator) 69.875%, Bow Valley Petroleum UK Limited (a wholly owned subsidiary of the Dana Petroleum Group) 15.125% and Atlantic Petroleum UK Limited 15.00%.

> Ettrick P.317 and P.273, Blocks 20/2a and 20/3a

The Ettrick field commenced production in August 2009 at rates of around 1,650 boepd net to Atlantic Petroleum via the FPSO vessel "Aoka Mizu".

The Ettrick exploration area was discovered in 1981 and had, prior to development, been appraised through seven wells

THE COMPANY

drilled between 1982 and 1985. In April 2006, the partnership awarded Bluewater Ettrick Production (UK) Limited a contract for the production facilities and operations for the Ettrick field for an initial term of five years with extension options. The FPSO is designed to handle 30,000 bopd and 35 MMsctpd (million standard cubic feet per day) of gas.

In July 2006, the DECC approved the field development plan for the Ettrick oil field and in September 2008 the development of the deeper Jarvis structure was approved by the UK authorities. In October 2008 to March 2009, a development well was successfully drilled to target the Jarvis structure.

The Jarvis field is an underlying Zechstein structure that is considered part of Ettrick. The 20/2a-E6 well intersects both the Ettrick and Zechstein reservoirs.

To complete the development of Ettrick it is expected that the Company will invest approximately DKK 45 million. This figure is dependent on the number of injector wells needed to optimise the production.

Atlantic Petroleum's total investments in the Ettrick field are estimated at approximately GBP 39 million, including abandonment costs.

Ettrick partners are Nexen (Nexen Petroleum U.K. Limited and Nexen Ettrick U.K. Limited) (operator) 79.73%, Bow Valley Petroleum UK Limited (a wholly owned subsidiary of the Dana Petroleum Group) 12% and Atlantic Petroleum UK Limited 8.27%. When Atlantic Petroleum acquired its interest in the licence, an agreement was entered into whereby the seller had an option to back into 5.515% of Atlantic Petroleum's interest in Block 20/2a. This option has lapsed.

Projects nearing the development phase

Atlantic Petroleum is currently participating in two projects in the UK - the Blackbird discovery in the Ettrick exploration area and the Perth field - which are potentially nearing the development phase.

> **Blackbird P.317, P.273 and P.1580, Blocks 20/2a, 20/3a and 20/3f**

In the summer of 2008, the 20/2a-8 Blackbird well was drilled immediately to the south of the Ettrick field and oil was discovered in sandstones similar in age to those in the Ettrick field. The Blackbird discovery is promising and is anticipated to be a positive addition to production from the Ettrick field facilities. The well encountered 111 feet of net pay in multiple zones and tested at an average restricted rate of 3,800 bopd through a 34/64 inch choke. Appraisal options are currently being considered with a possible appraisal well in early 2010. Should the appraisal be successful, it is expected that Blackbird would have a subsea tie-back to the Aoka Mizu FPSO at Ettrick with first oil possible in 2011.

Blackbird partners are Nexen (Nexen Petroleum U.K. Limited and Nexen Ettrick U.K. Limited) (operator) 79.73%, Bow Valley Petroleum UK Limited (a wholly owned subsidiary of the Dana Petroleum Group) 12% and Atlantic Petroleum UK Limited 8.27%.

> **Perth P.218 and P.588, Blocks 15/21a, b, c & f**

The Perth field was discovered in 1983, although the first well that flowed at commercial rates was drilled in 1992.

Various development scenarios are under consideration, with first oil possible in 2012, but the development is complicated by the fact that the oil contains H₂S.

Perth partners are Nexen Petroleum UK Limited (operator) 42.08%, Petro-Canada UK Limited 43.33%, Maersk Oil UK Limited 10.84% and Atlantic Petroleum UK Limited 3.75%.

Exploration and Evaluation

United Kingdom

The UK sector is the area where Atlantic Petroleum has been most active in its exploration to date. Atlantic Petroleum entered into the UK in 2001 and currently holds interests in seven licences in the UK, which have exploration or appraisal potential. These licences are described in the following section.

> **Perth exploration area, Licences P.218 and P.588, Blocks 15/21a, b, c & f**

Exploration upside exists in the vicinity of the Perth accumulation. Exploration in this area is dependent on development decisions to be made for the Perth field. The North Perth prospect could potentially be tested as part of the Perth development plans.

Partners in this licence are Nexen Petroleum UK Limited (operator) 42.08%, Petro-Canada UK Limited 43.33%, Maersk Oil UK Limited 10.84% and Atlantic Petroleum UK Limited 3.75%.

> **Marten, Licence P.1047, Block 20/3c**

This licence was acquired from Shell in August 2007, with final approval from DECC in October 2007. The licence contains the Marten 20/3-4 discovery well, drilled in 1984 by Amoco.

Technical work will be carried out in 2009 or in 2010 to identify potential development options for the discovery.

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Partners in this licence are Nexen Petroleum U.K. Limited (operator) 40.00%, Bow Valley Petroleum UK Limited (a wholly owned subsidiary of the Dana Petroleum Group) 25.00%, Petro-Summit Investment UK Limited 17.50% and Atlantic Petroleum UK Limited 17.50%.

> **West Lennox and Crosby, Licence P.099, Blocks 110/14 c & d**

Atlantic Petroleum farmed into Licence P.099 in 2005. The licence is comprised of the West Lennox discovery and the Crosby prospect.

The West Lennox discovery was appraised in 2005. The partnership has decided to put the development of West Lennox on hold as reserves are currently estimated to be sub-commercial for an independent tie back to the Lennox field.

An exploration well on the Crosby structure was drilled in the summer 2009 with the Ensco 92 jack-up rig. The well was plugged and abandoned as a dry well. The well was drilled to a total depth of 4,572 feet MD. The Triassic Sherwood Sandstone reservoir was encountered but proved to be water wet. Accordingly, the investments in the Crosby well and the investments in West Lennox have been written off as West Lennox was dependent on the success of Crosby.

The partners in the West Lennox part of the licence are Challenger Minerals North Sea Limited (operator) (35.00%), Dyas UK Limited (20.00%), First Oil Expro Limited (20.00%), Atlantic Petroleum UK Limited (12.50%) and AFEX Oil and Gas UK Limited (12.50%). Changes in the participating interests are subject to Secretary of State/Ministerial Consent. The partners in the Crosby part of the licence are Challenger Minerals North Sea Limited (operator) (32.00%), Dyas UK Limited (20.00%), First Oil Expro Limited (20.00%), AFEX Oil and Gas UK Limited (12.50%), Palace Exploration Company (8.00%) and Atlantic Petroleum UK Limited (7.50%). Changes in the participating interests are subject to Secretary of State/Ministerial Consent.

> **Dee, Licence P.1478, Blocks 110/9c and 110/14e**

This licence was awarded in the 24th UK Licensing Round in February 2007. The acreage is adjacent to Licence P.099, Blocks 110/14c & d in the East Irish Sea. At the time of application, a lead called Lytham was identified, which was subsequently renamed Dee. Legacy 3D seismic has been obtained over the area and integrated into the current geological understanding of the area. The structure originally identified on 2D seismic as the Dee lead is now considered to be not present. The licence will be reassessed in the light of the Crosby results.

The partners in this licence are Challenger Minerals North Sea Limited (operator) (40.00%), First Oil Expro Limited (25.00%), Dyas UK Limited (15.00%), AFEX Oil and Gas UK Limited (12.50%) and Atlantic Petroleum UK Limited (7.50%). Changes in the participating interests are subject to Secretary of State/Ministerial Consent.

Ireland

On 7th February 2007, Atlantic Petroleum, through its 100%-owned subsidiary, Atlantic Petroleum (Ireland) Limited, farmed into two offshore licences, SEL 2/07 and SEL 3/07, including four discoveries and additional exploration prospects or leads.

Licence SEL 2/07

The partners to this licence are Providence Resources Plc (operator) (72.50%), Sosina Exploration Limited (9.1677%) and Atlantic Petroleum (Ireland) Limited (18.3333%). Changes in the participating interests are subject to Secretary of State/Ministerial Consent.

Standard Exploration Licence 2/07 contains the following oil and gas discoveries:

> **Hook Head**

The Hook Head field lies approximately 60 km off the south coast of Ireland and is located in approximately 70 metres of water. In 1971, the then operator, Marathon, drilled the IRL50/11-1 well which encountered four hydrocarbon bearing reservoirs within the Early Cretaceous Wealden Sandstones. Due to operational difficulties at that time, the well was not properly tested, so there was uncertainty whether the reservoirs contained oil, gas or a combination of both. The 50/11-3 appraisal well was spudded in August 2007. The well confirmed the presence of hydrocarbons, with 75 feet of net hydrocarbon bearing reservoir within a 484-foot gross interval. The well was not properly tested due to operational issues, however hydrocarbons recovered from the well confirmed the presence of c.30 degree API oil and associated gas. The well has been suspended for potential re-entry in the future.

The IRL50/11-4 appraisal well was spudded on 5th August 2008 on the north-west flank of the Hook Head structure. The well penetrated Wealden sand packages with oil and gas shows and also a 30 feet net hydrocarbon bearing Lower Cretaceous sand above the primary target. The hydrocarbons encountered were substantially less than anticipated, so the well was plugged and abandoned.

Following the drilling of the Hook Head 50/11-4 well in 2008 a number of studies have been completed by the operator. The outcome of the studies suggested that, due to reservoir and oil quality issues, the potential commerciality of the asset is more uncertain than before. Accordingly, the Company has made an impairment of the investment in Hook Head.

Work is currently being carried out to assess the potential of developing the central panel of the Hook Head Field, where the 50/11-1 and 50/11-3 wells were drilled.

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> Ardmore

The Ardmore gas field lies approximately 48 km northeast of the Kinsale Head gas field. The Ardmore discovery well, IRL49/14-1, was drilled by the then operator, Marathon, in 1974, and flowed at an aggregate rate of 8.64 MMscfpd. GIIP is estimated by the operator as being up to 130 Bscf.

2D seismic data was acquired in 2006, processed in 2007 and interpreted in 2008. The field is currently not considered to be viable as a stand-alone project. There are, however, potential opportunities in the area that may influence the potential to develop the field.

> Helvick

The Helvick oil field is located in the southwest corner of Block 49/9, some 36 km off the south coast of Ireland. It lies approximately 50 km northeast of the Kinsale Head gas field. The Helvick discovery well, IRL49/9-2 was drilled by the then operator, Gulf Oil, in 1983 and flowed at 9,901 bopd and 7.44 MMscfpd from four units. Two further appraisal wells were drilled in the 1980s to delineate the field.

In 2000, the current operator, Providence, drilled the 49/9-6Z well, which was flow-tested at 5,064 bopd and 5.8 MMscfpd. This flow confirmed the good reservoir and fluid characteristics seen on the original 49/9-2 discovery well. Further detailed analysis, however, indicated that the Helvick reservoir is compartmentalised and would require further appraisal. Providence concluded that development of Helvick on a stand-alone basis could not be justified given market conditions at that time.

The operator estimates the STOOIP for the Helvick discovery to be around 9.4 MMBbls. Mapping has identified additional leads such as an upthrown terrace play and stratigraphic plays which have potentially higher volumes totalling 52 MMBbls STOOIP. These will be investigated further, along with the Helvick discovery, during the autumn 2009.

> Dunmore

Block 50/6 is located approximately 20 km north of the Hook Head Field. The discovery well, 50/6-1, was drilled by the then operator, Gulf Oil, in 1985 and flowed at a rate of 2,074 bopd of high quality (40-44° API) oil and associated gas.

The 50/6-4 appraisal well was spudded 5th September 2008, immediately after the Hook Head 50/11-4 well. The well encountered the primary reservoir but it was water bearing. A new hydrocarbon bearing Jurassic carbonate reservoir zone was encountered, which had not been anticipated prior to drilling. This reservoir had about 20 feet gross thickness and porosities of up to 23%. The reservoir zone exhibited good oil and gas shows whilst drilling. The well was suspended so it could be re-entered to test this zone if it was thought viable at a later date.

Following the drilling of the Dunmore 50/6-4 well in 2008 an evaluation of the results has been completed by the operator. The outcome of the studies suggested that due to uncertainty related to sufficient volume, the potential commerciality of the asset has been downgraded. Accordingly, the Company has made an impairment of the investment in Dunmore.

> Licence SEL 3/07

The Blackrock SEL 3/07 licence was farmed into on 28th March 2007 as part of the Providence Celtic Sea deal with SEL 2/07. The licence contains the Blackrock and Rushane prospects. An OBS survey was shot in 2006 and following initial phase I studies, a phase II study is currently ongoing. Further work on the block is being considered and will be influenced by other developments in the area.

Partners currently in this licence are Providence Resources Plc (operator) 72.50%, Sosina Exploration Limited 9.1667%, and Atlantic Petroleum (Ireland) Limited 18.3333%. Changes in the participating interests are subject to Secretary of State/Ministerial Consent.

Faroe Islands

Atlantic Petroleum was established with the goal of participating in the exploration for oil and gas on the Faroese Continental Shelf. The Company has therefore participated in all three licensing rounds held to date in the Faroes in strong partnership groups comprising, among others, major oil and gas companies.

The four Faroese licences that Atlantic Petroleum currently participates in are the following:

> Licence 006, Brugdan

The Brugdan 6104/21-1 well was plugged and abandoned in 2006, having encountered minor gas shows. The well reached a total depth of 4,225 metres. Technical difficulties prevented the well from being drilled further to reach deeper potential targets. The well was significant for the future oil and gas exploration in the Faroes, as it determined the thickness of the basalt on the East Faroe High and provided significant experience and knowledge of drilling through basalt sequences.

The data from the well is very important for maturing geological understanding in the Faroese area and in particular for Atlantic Petroleum to evaluate Faroes Licences 013 and 014 and also 016 for further exploration efforts in the area.

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License 006 expired 17th August 2009. StatoilHydro and Atlantic Petroleum are in negotiations with authorities to extend the license, with StatoilHydro as operator with 99% and Atlantic Petroleum with 1%.

> Licences 013 and 014, Stella Kristina and Marselius

During 2006, Atlantic Petroleum and its partner, Sagex Petroleum, acquired 1,245 km of block specific 2D long offset seismic data over Faroes licences 013 and 014. The seismic data acquired fulfilled the 2D seismic acquisition commitment for the licences. Additional regional 2D seismic lines, which tie key offset wells, were also purchased by the Company to augment the interpretation. The seismic data was processed in 2007, along with reprocessing 810 km of existing 2D seismic over the blocks. Unfortunately, the results were unsatisfactory and in order to improve the imaging the seismic data set was reprocessed in 2008 by a different contractor. After receiving the results late in 2008, an interpretation was undertaken. The current dataset has vastly improved the definition of structural features and a series of leads have been identified. This has enabled the partnership to prepare a future work programme to move the licence forward and to potentially farm-out a share of the equity in the licence.

The licence expired on 17th April 2009, but the partnership has applied for a two-year extension. Atlantic Petroleum expects this to be approved soon.

The licence partners are Sagex Petroleum ehf (operator) 60% and Atlantic Petroleum P/F 40%.

> Licence 016, Kúlubøkan

Atlantic Petroleum was awarded Licence 016 in the 3rd Faroese Licensing Round in December 2008. The licence is a large exploration area comprising 5,300 sq km in the north-eastern part of the Faroese licensed area. It contains a large four-way dipping structure called Kúlubøkan, with potential at various stratigraphic levels. Atlantic Petroleum and its partners have completed the acquisition of seismic data during the first six months of 2009. The data is currently being processed and will be analysed to mature the structure late in 2009 and into 2010. The partnership has up to six years to decide whether or not to drill an exploration well.

The Licence partners are Statoil Færøylene AS (operator) 50%, DONG Føroya P/F 30%, Føroya Kolvetni P/F 10%, and Atlantic Petroleum P/F 10%.

KNOWLEDGE BASE

Geological and geophysical database

Atlantic Petroleum has an extensive seismic database over the Faroes area with more than 3,500 square km of 3D data, both proprietary and traded, plus over 18,000 km of speculative 2D data. In the UK, 3D seismic data covers all of the Company's development assets and near field exploration acreage. Atlantic Petroleum's UK exploration acreage is also covered by 3D and 2D regional lines. In Ireland, the Company has a seismic database of over 1,750 km of 2D seismic focused on the Company's Celtic Sea licences.

Atlantic Petroleum has participated in 19 wells, including 14 in the UK, 2 in the Faroes and 3 in Ireland. Some of these wells have been traded for other wells. In addition, Atlantic Petroleum has a database of released wells drilled around its assets. In total, the Company's well database contains in excess of 150 wells.

RESEARCH AND DEVELOPMENT, PATENTS, ETC.

The Company is not engaged in research and development activities and does not own and does not depend on any patents or licences other than as described in section 6 "Business - Projects".

BASIS OF ANY STATEMENTS FROM THE COMPANY ON ITS COMPETITIVE POSITION

The Prospectus does not contain any statements on or assessments of the Company's competitive position.

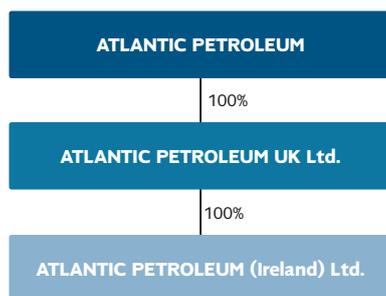
THE COMPANY

07 / ORGANISATIONAL STRUCTURE

CORPORATE STRUCTURE

P/F Atlantic Petroleum has a wholly owned subsidiary, Atlantic Petroleum UK Limited, registered in England and Wales under company registration number 4395761. Its registered office is c/o 19 Cavendish Square, London, W1A 2AW, United Kingdom. The UK subsidiary functions as the parent company of the wholly owned subsidiary Atlantic Petroleum (Ireland) Limited, registered in Ireland under company registration number 431712. Its registered office is First Floor, Fitzwilton House, Wilton Place, Dublin 2, Republic of Ireland. In relation to the UK authorities, all obligations and commitments of the UK subsidiary are guaranteed by the Faroese parent company.

Figure 3: Corporate structure



FUNCTIONAL STRUCTURE

Atlantic Petroleum is a small network organisation with a team of six full-time employees and three retainers. The organisation comprises relevant core competencies e.g. geological, geophysical and reservoir engineering expertise as well as commercial insight, which are considered key success factors in the oil and gas industry. In addition, Atlantic Petroleum uses external advisers and has collaborations and long-standing relationships with trusted technical consultants and advisers. This expertise, associated with access to seismic and geological data which are critical to the Company's understanding of petroleum systems, is fundamental to the business and also substantiates any evaluation of new opportunities.

Figure 4: Functional structure



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08 / PROPERTY, PLANT AND EQUIPMENT

PROPERTIES, TANGIBLE FIXED ASSETS, ETC.

The Company owns no real estate. Its offices in Tórshavn and London are located in rented premises.

The Company has no ongoing or planned significant investments in property, tangible fixed assets, etc. other than as described in section 5 "Company information - Investments".

In accordance with the Company's participation in joint arrangements with other companies, an agreement has been signed whereby the Company is a party to a two and a half year charter contract for the use of a floating production, storage and offloading platform. Payments under the contract began approximately 1st October 2008 with the Company's annual commitment being estimated at USD 4 million.

Also, in accordance with the Company's participation in joint arrangements with other companies, an agreement has been signed whereby the Company is party to a five-year charter contract for the use of a floating production, storage and offloading platform. Payments under the contract began in the 3rd quarter of 2009, with the Company's annual commitment being estimated at USD 3.5 million.

INSURANCE

The Company has taken out insurance policies on market terms customary for oil exploration and production companies.

The Company believes that its insurance policies cover the overall insurance requirement and provides insurance cover for the Company's general and standard risk exposure in relation to property damage, personal injury and liability.

ENVIRONMENTAL ISSUES

Oil and gas companies are facing increasing demand to conduct their operations in the context of and consistent with environmental goals. Investors, customers and governments are more actively following companies' performances on environmental responsibility. Atlantic Petroleum's operations are subject to a number of environmental laws and regulations in each of the jurisdictions in which the Company operates. Atlantic Petroleum will in the future have long-term obligations concerning decommissioning of operational facilities. As at 30th June 2009, total long-term decommissioning obligations amount to DKK 50.7 million.

All oilfield developments in the UK, Ireland and the Faroe Islands are subject to approval by the environmental authorities. Prior to such approval, a full and thorough environmental impact assessment is carried out. The reason for such investigation is to ensure that the environmental impact will be reduced by as much as is reasonably practicable. Approval of the environmental statements for the Chestnut and Etrick field developments have been received from the UK authorities. No additional environmental approval for Jarvis was required.

09 / OPERATING AND FINANCIAL REVIEW

The following is a discussion of the Company's financial condition and results of operations as at and for the years ended 31st December 2006, 2007 and 2008 as well as for the six-month periods ended 30th June 2008 and 2009 and of material factors that have affected or, in the Company's opinion, will affect current and future operations.

The consolidated financial information was extracted from the audited annual and consolidated report and accounts as at and for the years ended 31st December 2006, 2007 and 2008 as well as from the reviewed consolidated interim reports for the six-month periods ended 30th June 2008 and 2009, included in Part II "Financial Information", and should be read in conjunction with these.

The audited financial statements as at and for the years ended 31st December 2006, 2007 and 2008 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the Council of the European Union (EU) and the additional Faroese disclosure requirements according to the Faroese Company Accounts Act, the financial reporting requirements of Nasdaq OMX Iceland, and the financial reporting requirements of Nasdaq OMX Copenhagen for listed companies.

The reviewed consolidated interim reports for the six-month periods ended 30th June 2008 and 30th June 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as adopted by the EU.

The accounting policies have been applied consistently to all periods presented.

THE COMPANY

Table 7: Financial highlights for 2006, 2007 and 2008 and six-month periods ended 30th June 2008 and 2009

Key figures (millions)	Year end 31st December					6 months ended 30th June	
	2006 DKK	2007 DKK	2008 DKK	2008 EUR	2008 USD	2008 DKK	2009 DKK
				Unaudited		Reviewed	
Income statement:							
Revenue	0.0	0.0	43.3	5.8	8.5	0.0	76.6
Cost of sale	0.0	0.0	-26.8	-3.6	-5.3	0.0	-65.7
Gross profit	0.0	0.0	16.4	2.2	3.2	0.0	11.0
Exploration expense	-3.2	-33.8	-2.3	-0.3	-0.5	-0.3	-113.9
Pre-licence exploration costs	-1.1	-2.6	-1.1	-0.1	-0.2	-0.5	-0.4
General and administration	-7.2	-14.0	-18.8	-2.5	-3.7	-8.9	-9.7
Other operating income	0.0	0.1	0.1	0.0	0.0	0.0	0.1
Operating profit	-11.5	-50.3	-5.6	-0.8	-1.1	-9.6	-112.9
Financials, net	3.4	-25.7	-139.8	-18.8	-27.4	-21.8	64.7
Profit / loss before tax	-8.1	-76.1	-145.4	-19.5	-28.5	-31.4	-48.2
Taxation	0.0	0.0	55.8	7.5	10.9	0.0	15.7
Net profit / loss	-8.1	-76.1	-89.7	-12.0	-17.6	-31.4	-32.4
Balance sheet:							
Assets							
Intangible exploration and evaluation assets	23.9	74.0	152.4	20.5	28.8	93.9	57.4
Development and production assets	156.3	312.7	423.2	56.8	80.1	386.0	518.6
Property, plant and equipment	0.3	0.5	0.8	0.1	0.2	0.7	0.7
Deferred tax asset	0.0	0.0	45.4	6.1	8.6	0.0	68.4
Trade and other receivables	1.4	11.9	13.3	1.8	2.5	5.7	37.7
Securities available for sale	6.4	6.8	3.8	0.5	0.7	5.4	0.0
Cash and equivalents	73.0	4.9	4.0	0.5	0.8	5.5	0.1
Total assets	361.4	410.9	642.9	86.3	121.6	497.3	683.0
Liabilities							
Short term interest-bearing deb	17.2	29.3	365.3	49.0	69.1	188.1	105.1
Trade and other payables	21.7	64.9	66.9	9.0	12.7	73.6	34.6
Short-term provisions	6.7	12.2	4.6	0.6	0.9	11.3	5.2
Long-term interest-bearing debt	0.0	51.2	0.0	0.0	0.0	0.0	364.2
Long-term provisions	19.1	26.2	39.3	5.3	7.4	24.4	50.7
Total liabilities	64.7	183.7	476.1	63.9	90.1	297.4	559.8
Net assets	296.7	227.2	166.8	22.4	31.6	199.9	123.2
Equity	296.7	227.2	166.8	22.4	31.6	199.9	123.2
Cash flow statement:							
Cash flow from operating activities	-10.5	-12.5	-6.3	-0.8	-1.2	-11.1	28.1
Cash flow from investing activities	-48.6	-219.4	-278.5	-37.4	-54.6	-96.2	-137.7
Cash flow from financing activities	222.2	63.7	284.8	38.2	55.9	107.6	106.1
Cash and equivalents, period end	173.0	4.9	4.0	0.5	0.8	5.5	0.1
Ratios:							
Net result per Existing Share	-8.92	-67.58	79.64	-10.7	-15.6	-27.9	-28.8
Equity ratio (%)	82.1%	55.3%	25.9%	25.9%	25.90%	40.2%	18.0%
Intrinsic value per Existing Share	26.4	201.8	148.2	19.9	28.0	177.6	109.5
Employees	6	8	10	10	10	10	9

Note: the exchange rates used in the table are EUR 1 - DKK 7.45 for the balance sheet, EUR 1 - DKK 7.46 for the income statement and cash flow statement, USD 1 - DKK 5.28 for the balance sheet and USD 1 - DKK 5.10 for the income statement and cash flow statement.

THE COMPANY

FACTORS INFLUENCING THE COMPANY'S RESULTS OF OPERATIONS

Atlantic Petroleum's results of operations for the years 2006-2008 and the periods ended 30th June 2008 and 2009 were influenced by a number of factors, some of which were specific to the Company and some of which were beyond the Company's control.

Factors beyond the Company's control

External factors primarily relate to macroeconomic drivers such as developments in oil prices and exchange rate fluctuations.

Oil prices between 1st January 2006 and 30th June 2009 were characterised by very high volatility, with the Brent oil price ranging from approximately USD 30 per barrel to approximately USD 140 per barrel. By mid-2008 oil prices soared and thereby indirectly lifted E&P costs due to increased demand for upstream oil services related to drilling operations.

Partly as a result of the global economic slowdown and the subsequent reduction of demand, oil prices started to decline in the second half of 2008. This had a negative effect on the Company's first revenues from oil production, but has not yet benefited the Company on the cost side, as there is a certain time lag between movements in oil prices and service rates. In an environment with decreasing oil prices, or oil prices at a lower level than in previous periods, the demand for oil services has a tendency to be reduced resulting in lower costs for E&P companies. The steadily rising oil prices during 2009 have influenced the Company's revenues in a positive direction during this period.

The USD/DKK exchange rate fluctuations affected Atlantic Petroleum's revenues and certain production costs related to the Hummingbird FPSO as these are settled in USD. The GBP/DKK exchange rate fluctuations affected general costs as well as some production costs settled in GBP. An overall strengthening of the USD against the DKK has taken place since Atlantic Petroleum commenced production in September 2008 thus having a positive effect on revenues and an adverse effect on production costs. The general weakening of the GBP against the DKK has had a positive effect on costs.

To the best of the Company's knowledge, no eminent governmental, economic, fiscal, monetary or political initiatives are underway, which have or could materially affect the Company's operations.

Company-specific factors

The increased E&P activity in the period 1st January 2006 to 30th June 2009 was primarily related to the development of the Chestnut and Ettrick fields. Both fields have been successfully developed and reached the production stage in September 2008 and August 2009 respectively, thereby affecting the Company's revenues and cost of sales.

Costs related to exploration activities have to a large extent been capitalised and have therefore not affected the income statement. Unsuccessful drilling in the United Kingdom in 2007, however, together with the relinquishment of part blocks on an exploration licence, influenced exploration costs adversely in 2007. Also in 2007, general and administrative costs increased primarily due to the opening of an office in London. Consequently, the Company's results of operations decreased from 2006 to 2007. However, with the introduction of production revenues and absence of non-recurring cost items, the results of operations improved significantly from 2007 to 2008. In the first half of 2009, impairments related to the Irish licences and the Crosby and West Lennox licence influenced exploration costs adversely and consequently reduced the Company's result of operations.

CRITICAL ACCOUNTING POLICIES

The preparation of Atlantic Petroleum's financial statements requires the Supervisory Board and Management to make judgments, assumptions and estimates that affect the amounts reported in the Company's financial statements and the related notes. The Company's accounting policies including the critical accounting policies are described on pages 129-134 of Part II, "Financial Information". Because of their nature, various elements of the Company's accounting policies are subject to estimations, valuation assumptions and other subjective assessments.

Summarised below are the Company's critical accounting policies under IFRS, which are the accounting policies that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. Estimates and assessments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events that are believed to be reasonable under the circumstances. Atlantic Petroleum's critical accounting policies are determined by its Supervisory Board and Management, in consultation with the Company's external auditors. Although the Company believes that its judgments and estimates are appropriate, actual results may differ from these estimates under different assumptions or conditions. If actual results differ significantly from the estimates and projections, this could have material adverse effect on the Company's financial statements.

In the opinion of Atlantic Petroleum 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

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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 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,
- > Assessment of contingent liabilities and assets

Those of the Company's accounting policies that are particularly sensitive to such estimates and judgements are the following

Intangible assets

Exploration and Evaluation Assets

The Company 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.

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 Company, there is impairment, E&E assets are written down accordingly, through the profit and loss account under "Exploration expenses".

If commercial reserves have been discovered, the carrying value of the relevant E&E asset is reclassified as a tangible asset, as a development and production asset. If however, the commercial reserves have not been found, the capitalised costs 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 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 expected, derived from 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 depreciation and impairment are charged to the profit and loss account 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.

Deferred tax assets and liabilities

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.

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.

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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.

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.

Receivables from subsidiaries

Company receivables from subsidiary are recognised at amortised costs.

If the nominal value of the receivable exceeds the receivables' recoverable amount, the receivable will be written down to the recoverable amount.

The receivables from subsidiaries are not recognised as a net investment in a foreign operation because the repayment is planned to take place as soon as the subsidiary has the funds for repayment. Therefore currency exchange differences are recognised in the income statement under financial income and expenses.

RESULTS OF OPERATIONS AS AT AND FOR THE SIX-MONTH PERIODS ENDED 30TH JUNE 2009 AND 2008

Income statement items

Revenue

In the first six months of 2009, Atlantic Petroleum sold 288,416 barrels of oil at an average price of USD 48.5 per barrel. Total revenue amounted to DKK 76.6 million. The Company had no production and therefore no revenues in the first six months of 2008.

Costs

Total costs, meaning the sum of the cost of sales, exploration expense, pre-licence exploration costs and general and administrative costs in the first six months of 2009 amounted to DKK 189.7 million against DKK 9.6 million in the first six months of 2008.

The cost of sales in the first six months of 2009 primarily related to the operation of the Hummingbird FPSO on the Chestnut field, depreciation on the Chestnut field and other costs of sales. Cost of sales amounted to DKK 65.7 million in 2009 versus zero in the first six months of 2008 when the Company had no production.

Exploration costs amounted to DKK 113.9 million in the first six months of 2009 against DKK 0.3 million in the first six months of 2008. The increase in 2009 was due to impairments related to the Irish licences, the Crosby licence and West Lennox. The impairments had no cash flow effect.

Pre-licence exploration costs amounted to DKK 0.4 million in the first six months of 2009 against DKK 0.5 million in the first six months of 2008.

General and administrative costs totalled DKK 9.7 million in the first six months of 2009 against DKK 8.9 million in the first six months of 2008. The increase from 2008 to 2009 was related to among other things increased work in relation to the refinancing of the Company's bridge loans.

Financial income

Interest income and finance gains amounted to DKK 76.6 million in the first six months of 2009 against DKK 1.2 million in the first six months of 2008. In 2009 the financial income was affected by a non-cash unrealised foreign exchange profit amounting to approximately DKK 76.6 million, which had no cash flow effect on the group. The foreign exchange profit was primarily related to the exchange rate adjustment of an intra-group loan provided by the parent company to the UK subsidiary. The foreign exchange profit originated from the increase in the GBP/DKK exchange rate during 2009. The Company does not hedge its foreign exchange rate risk on inter-company loans, as these have no cash flow effect.

Financial expenses

Interest expenses and other financial costs amounted to DKK 11.9 million in the first six months of 2009 against DKK 23.1 million in the first six months of 2008. The figure in 2008 mainly consisted of a non-cash unrealised foreign exchange loss.

Profit/loss before tax

The loss before tax was DKK 48.2 million in the first six months of 2009 against a loss of DKK 31.4 million in the first six months of 2008.

Profit/loss after tax

The loss after tax totalled DKK 32.4 million in the first six months of 2009 against a loss of DKK 31.4 million in the first six months of 2008.

During the first six months of 2009, the deferred tax asset incorporated into the income statement amounted to DKK 15.8 million.

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Balance sheet items

Total assets amounted to DKK 683.0 million at 30th June 2009 against DKK 642.9 million at 31st December 2008.

Assets

Exploration and evaluation assets amounted to DKK 57.4 million at 30th June 2009 against DKK 152.4 million at 31st December 2008. The decrease was mainly due to exploration expenditures written off related to the Irish licences and the Crosby and West Lennox licence totalling DKK 114.7 million in the first six months of 2009.

Development and production assets amounted to DKK 518.6 million at 30th June 2009 compared to DKK 423.2 million at 31st December 2008. The increase was primarily due to the investments made in South Chestnut and Ettrick.

The deferred tax asset is DKK 68.4 million at 30th June 2009 compared to DKK 45.4 million at 31st December 2008. Recognition of the deferred tax asset is based on the budgeted profit before income tax for the following three years. The deferred tax asset is estimated to be utilised within three years from the balance sheet date.

Equity and liabilities

Current liabilities were DKK 144.9 million at 30th June 2009 against DKK 436.8 million at 31st December 2008. The decrease was primarily related to a decrease in short-term debt from DKK 365.3 million at 31st December 2008 to DKK 105.1 million at 30th June 2009 as the repayment of the short-term debt was extended during the first half of 2009.

Non-current liabilities increased from DKK 39.3 million to DKK 414.8 million from 31st December 2008 to 30th June 2009. The increase was primarily due to reclassification of debt from short-term debt to long-term debt.

Total shareholders' equity amounted to DKK 123.2 million at 30th June 2009 against DKK 166.8 million at 31st December 2008.

In June 2009, the Company entered into a refinancing agreement with its existing lenders extending the repayment date of the bridge loans provided to the Company until 31st December 2010. Further, in September 2009 the Company and the lenders entered into an addendum to the refinancing agreement. The provisions of the addendum will come into force upon completion of the Offering. See section 22 "Material contracts".

Cash flow items

Net cash from operating activities for the first six months of 2009 amounted to DKK 28.1 million compared to an outflow of DKK 11.1 million in first half of 2008. In 2008, the Company had no oil fields in production and thus the cash flow from operating activities was negative.

Net cash from investing activities amounted to an outflow of DKK 137.7 million for the first six months of 2009 compared to an outflow of DKK 96.2 million for the same period in 2008. The outflow in 2009 was primarily related to the investments in South Chestnut, Ettrick and the Crosby exploration wells.

The financing of the gap between the cash flow from the operating activities and the negative cash flow from the investing activities was primarily financed by way of increased debt. Thus, the cash flow from financing activities amounted to DKK 106.1 million for the first six months of 2009 compared to DKK 107.6 million for the same period of 2008.

RESULTS OF OPERATIONS AS AT AND FOR THE YEARS ENDED 31ST DECEMBER 2006, 2007 AND 2008

Income statement items

Revenue

In 2008, Atlantic Petroleum commenced production of oil and gas and sold 128,623 barrels of oil at an average price of USD 54.88 per barrel. The first cargo was sold at the end of September 2008 at a price of USD 85 per barrel and the last cargo in 2008 was sold in mid-December at USD 35 per barrel. Total revenue amounted to DKK 43.3 million. The Company had no production and therefore no revenues in 2006 and 2007.

Costs

Total costs, meaning the sum of the cost of sales, exploration costs, pre-licence exploration costs, and general and administrative costs in 2008 amounted to DKK 49.0 million against DKK 50.4 million in 2007 and DKK 11.5 million in 2006.

The cost of sales for 2008 was primarily related to the operation of the Hummingbird FPSO on the Chestnut field, depreciation on the Chestnut field and other costs of sales. The cost of sales amounted to DKK 26.8 million in 2008 versus zero in 2006 and 2007 when the Company had no production.

Exploration costs amounted to DKK 2.3 million in 2008 against DKK 33.8 million in 2007 and 3.2 million in 2006. The increase in 2007 was mainly due to the unsuccessful Balgowrie well drilled in the United Kingdom and the relinquishment of part blocks on the Perth exploration licence.

Pre-licence exploration costs amounted to DKK 1.1 million in 2008 against DKK 2.6 million in 2007 and DKK 1.1 million in 2006.

General and administrative costs totalled DKK 18.8 million in 2008 against DKK 14.0 million in 2007 and DKK 7.2 million in 2006. The increase from 2007 to 2008 was related to the opening of a fully manned office in London, whereas the increase from 2006 to 2007 was mainly related to a full year of dual listing and a considerable activity increase.

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Financial income

Interest income and finance gains amounted to DKK 5.9 million in 2008 against DKK 2.8 million in 2007 and DKK 4.0 million in 2006.

Financial expenses

Interest expenses and other financial costs amounted to DKK 145.7 million in 2008 against DKK 28.6 million in 2007 and DKK 0.6 million in 2006. In 2008, the financial expenses were affected by a non-cash unrealised foreign exchange loss amounting to DKK 142.1 million, which had no cash flow effect on the Company. The foreign exchange loss was related to a year-end exchange rate adjustment of an intra-group loan provided by the parent company to the UK subsidiary. The foreign exchange loss originated from the decrease in the DKK/GDP exchange rate during 2008 from DKK 10.15 at the beginning of the year to DKK 7.65 at the end of 2008. Likewise, the increase from 2006 to 2007 related primarily to non-cash unrealised foreign exchange fluctuations on the intra-group loan totalling DKK 27.7 million.

Profit/loss before tax

The loss before tax was DKK 145.4 million in 2008 against a loss of DKK 76.1 million in 2007 and a loss of DKK 8.1 million in 2006. The change from 2007 to 2008 was mainly related to the non-cash unrealised foreign exchange loss mentioned above totalling DKK 142.1 million. Key factors behind the decrease from 2006 to 2007 were the unsuccessful Balgownie well and the relinquishment of part blocks on the Perth exploration licence together with a non-cash unrealised foreign exchange loss.

Profit/loss after tax

The loss after tax totalled DKK 89.7 million in 2008 against a loss of DKK 76.1 million in 2007 and a loss of DKK 8.1 million in 2006. At year-end 2008, Atlantic Petroleum recognised a UK net deferred tax asset amounting to DKK 55.8 million. Recognition of the deferred tax asset was based on the budgeted profit before income tax for the following three years. The deferred tax asset was estimated to be utilised within three years from the balance sheet date.

Balance sheet items

Total assets amounted to DKK 642.9 million in 2008 against DKK 410.9 million in 2007 and DKK 361.4 million in 2006.

Assets

The increase in assets from 2007 to 2008 was mainly due to the increased E&P activity. Exploration and evaluation assets and development and production assets increased by DKK 78.3 million and DKK 110.5 million respectively. In addition, at year-end 2008, as production had commenced, the Company recognised the aforementioned UK net deferred tax asset of DKK 55.8 million. In the balance sheet the deferred tax asset was, however, booked at a value of DKK 45.4 million due to the application of different exchange rates on balance sheet and income statement items according to IFRS, see "Critical accounting policies".

The change in cash and cash equivalents was a reduction of DKK 0.9 million. The increase in assets from 2006 to 2007 was mainly related to the E&P activity and the acquisition of 17.5% in the Marten discovery. Exploration and evaluation assets and development and production assets increased by DKK 50.1 million and DKK 156.4 million, respectively. The change in cash and cash equivalents was a reduction of DKK 168.1 million.

Equity and liabilities

The development in liabilities from 2007 to 2008 was mainly related to short-term debt, which increased by DKK 336.0 million. The increase was due to the draw-down of the bridge loan facilities entered into during the autumn of 2007 and the two additional bridge loan facilities entered into during 2008 amounting to DKK 100 million and DKK 140 million.

The development from 2006 to 2007 was mainly due to an increase in short-term debt of DKK 12.1 million and an increase in trade and other payables totalling DKK 43.1 million. The increase in trade and other payables primarily related to the development activities on Chestnut and Ettrick.

Total shareholders' equity amounted to DKK 166.8 million in 2008 against DKK 227.2 million in 2007 and DKK 296.7 million in 2006.

Cash flow items

In 2007 and 2008, the total cash flow represented an outflow of DKK 168.1 million and an inflow of DKK 0.1 million, respectively, while in 2006 the total cash flow represented an inflow of DKK 163.1 million. The cash inflow in 2006 was the result of two successful share capital increases. Adjusting for capital increases, the total 2006 cash flow represented an outflow of DKK 41.9 million.

The improved cash flow in 2008 relative to 2007 was primarily related to cash inflows from bridge loan facilities together with improved operating profit, which was partly offset by increased capital expenditures from DKK 219.4 million in 2007 to DKK 278.5 million in 2008.

The increased cash outflow in 2007 relative to 2006, correcting for the share capital increase, was primarily due to an increase in capital expenditures from DKK 48.6 million in 2006 to DKK 219.4 million in 2007, related to the cash investments in exploration, development and acquisition activities, partly offset by an increase in long-term debt of DKK 51.1 million.

10 / CAPITAL RESOURCES

The table below shows the Company's capital resources as at 30th June 2009.

Table 8: The Company's capital resources

DKK million	30th June 2009
Cash and cash equivalents	0.1
Securities	0.0
Credit facilities	13.0
Total capital resources	13.1

The Company's primary sources of cash funds are cash flows from operations, bank loans and other debt or equity financing. At 30th June 2009, the Company had cash and cash equivalents and securities of DKK 0.1 million and undrawn credit lines of DKK 13 million of a total credit facility of DKK 446.75 million.

For a description of the Company's cash flows, see section 9 "Operating and financial review" and for a description of the Company's loans, see section 22 "Material contracts".

The Company's total interest-bearing debt at 30th June 2009 was DKK 469.2 million, of which DKK 105.1 million was short-term debt and DKK 364.2 million was long-term debt.

In June 2009, the Company entered into a refinancing agreement with its existing lenders extending the repayment date of the bridge loans provided to the Company until 31st December 2010. Further, in September 2009 the Company and the lenders entered into an addendum to the refinancing agreement. The provisions of the addendum will come into force upon completion of the Offering. See section 22 "Material contracts".

The Company has entered into bridge term loans with Eik Banki, P/F TF Holding, Føroya Banki, Føroya Lívstrygging P/F and Mortan Johannesen, all of which loans were refinanced in June 2009. In connection with the refinancing in June 2009, the Company has undertaken (i) not to make any investments without prior approval from the lenders. Further, (ii) under the loans the Company has undertaken (upon the earlier of 1st January 2010, or from the beginning of a month following full repayment of a DKK 35 million loan from Eik Banki P/F) to apply 90% of any liquid funds to effect repayment of its remaining loans. Further, (iii) a DKK 140 million loan contains a provision according to which proceeds obtained by the Company in connection with a share capital increase (such as the Offering) or obtained through senior financing, shall be used to effect repayment under the loan. In September 2009 the Company and the lenders entered into an addendum to the refinancing agreement. The provisions of the addendum will come into force upon completion of the Offering. Upon this condition being fulfilled the covenant mentioned above in (i) will be amended, implying that the Company will be allowed to make certain investments without approval (see Part I, section 22, "Material contracts") and in respect of investments in existing licences, the lenders can only deny approval if this is based on reasonable credit lending concerns. See section 22 "Material contracts". Covenants mentioned above in (ii) and (iii) will remain in force.

The Offering is not underwritten, but certain of the Company's shareholders including Eik Banki, P/F TF Holding, SP/F 14, Bikubenfonden af 1989, Føroya Lívstrygging P/F and the Managing Director of the Company Wilhelm E. Petersen have each entered into a binding undertaking to exercise Pre-emptive Rights to subscribe for, in aggregate 327,082 Offer Shares corresponding to total gross proceeds of approximately DKK 41 million (approximately € 5 million). In addition the Technical Manager Sigurð í Jákupsstovu has indicated to the Company that he intends, if possible, to acquire Pre-emptive Rights and subscribe for Offer Shares for an aggregate amount of DKK 150,000. Further, a number of investors have made binding undertakings to take effect if sufficient Pre-emptive Rights are not exercised in the Offering, to subscribe for, in aggregate, 218,180 Offer Shares corresponding to total gross proceeds of approximately DKK 27 million (approximately € 4 million). In addition Føroya Banki has undertaken to subscribe for DKK 20 million such undertaking to become effective once Offer Shares providing for gross proceeds equal to at least DKK 130 million have been subscribed for in the Offering, whether through exercise of Pre-emptive Rights or otherwise. The Company shall, however, only be entitled to give effect to these undertakings by allocating Offer Shares to the investors if Offer Shares subscribed for in the Offering (disregarding Offer Shares subscribed for by investors through said undertakings to subscribe) do not give rise to gross proceeds to the Company in a minimum amount of DKK 187,621,625. If a situation arises where the Company is entitled and allowed to allocate Offer Shares to these investors pursuant to the undertakings, then when allocating such Offer Shares the Company shall make such allocation among the said investors on a pro rata basis of (i) the number of Offer Shares necessary to ensure gross proceeds to the Company in the Offering of DKK 187,621,625; and (ii) the number of Offer Shares which these investors have each subscribed to. Following such allocation, any undertakings by these investors to subscribe in excess of the actual number of Offer Shares allocated, will lapse immediately and have no further effect.

Out of the proceeds from the Offering, the Company will use at least DKK 172 million (or such lesser amount as obtained in the Offering) for debt repayment. See Part I, section 22 "Material contracts" for a description of the loans.

The Addendum to the refinancing agreement stipulates that lenders, who have subscribed Offer Shares in the Offering shall be entitled to receive loan repayments in an amount equal to the amount subscribed. For the full text of the Supervisory Board's resolution see Annex 5 to this Prospectus.

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No other restrictions are deemed to exist on the use of the Company's capital resources that have materially affected or could materially affect, directly or indirectly, the Company's operations.

However, a number of factors may influence the adequacy of the capital resources, including the matters discussed in section 13 "Profit forecast" and in "Risk Factors". Consequently, the Company may in the future need additional capital and may seek to obtain further financing through injection of equity capital or debt financing, farm-down of licences or other measures.

ADDITIONAL DISCLOSURE REQUIREMENTS FOR MINERAL COMPANIES

This section has been completed in compliance with the Committee of European Securities Regulators' (CESR) recommendations for the consistent implementation of the European Commissions' Regulation on Prospectuses regarding mineral companies.

The cash flow budget and estimated funding requirements described below is based on a number of assumptions, some being within and some being outside the Company's control, information and beliefs deemed reasonable by the Company. Accordingly, the information represents the Company's estimate of the Company's cash flow budget and funding requirements for the period mentioned. The information contains forward-looking statements concerning the Company's financial position that are subject to considerable uncertainty. Actual results may differ materially from those contained in the information.

Interests in licences

Each licence to which Atlantic Petroleum is party provides the licensee(s) with the right to search for and (with the exception of the Irish licences which are exploration only) to produce hydrocarbons in a particular area. Each related Joint Operating Agreement provides that the relevant licence(s), all property and all petroleum and all costs and obligations incurred in the conduct of joint operations will be owned and borne by the participants in proportion to their respective percentage interests. Each Joint Operating Agreement further provides, in respect of each accumulation of petroleum to be developed within the licence area, that each participant has the right to take in kind and separately dispose of its percentage interest share in the total quantities of such petroleum available under the Joint Operating Agreement.

For a description of the Company's interests in licences and spread of interests see section 6 "Business" and for a description of Joint Operating Agreements see section 11 "Legislation and regulatory review of hydrocarbon exploration and production - Agreements".

Cash flow budget

Atlantic Petroleum's estimated cash flows from 30th June 2009 until the end of 2011 are presented below.

The following basic assumptions have been used in the preparation of the estimated cash flows. The estimated oil price is based on the forward curve for ICE Brent Crude Futures as per 29th September 2009. Further, exchange rates for DKK/USD and DKK/GBP are constant at 5.08 and 8.06, respectively.

DKK MILLION	Total H2 2009	Total 2010	Total 2011
Net cash from operating activities	83.2	207.5	306.2
Net cash from investing activities	-19.5	-95.2	-63.4
Net debt (-) at the end of the period	-230.6	-118.4	124.4

Source: Atlantic Petroleum

Note: figures are based on net proceeds from the Offering of DKK 175 million (corresponding to the maximum Offering)

Net cash flow from operating activities

The net cash flow from operating activities in the period 30th June 2009 to the end of 2009 amounts to approximately DKK 83.2 million, DKK 207.5 million in 2010 and DKK 306.2 million in 2011. The operating cash flows are based on Atlantic Petroleum producing approximately 463,000 barrels of oil in the second half of 2009, approximately 950,000 barrels in 2010 and approximately 1,100,000 barrels in 2011. The fields assumed to be oil producing in the period are the Chestnut and the Ettrick fields and from the beginning of 2011 also the Blackbird field. Of the total production of 1,100,000 barrels in 2011 approximately 240,000 are from the Blackbird field. The sale of gas from Ettrick is marginal. The expected operating expenditures per barrel are estimated to be USD 24 in the second half of 2009, USD 25 in 2010 and USD 22 in 2011. The administrative costs for the Company are estimated to be DKK 18 million each year.

Net cash flow from investing activities

It is estimated that the net cash flow from investing activities will be an outflow of DKK 19.5 million in the second half of 2009, which is primarily related to a deferred payment from the acquisition of the Ettrick field, which was dependent of the timing of first oil from the field, seismic analysis in the Faroe Islands, care and maintenance of licences and capitalised interest costs. In 2010, the net cash flow from investing activities will amount to an outflow of DKK 95.2 million and is primarily related to further drillings on Ettrick and the drilling of an appraisal/production well on Blackbird including a tie-back of Blackbird to the Ettrick field. In addition, the amount includes care and maintenance of other licences. In 2011, the net cash flow from investing activities will amount to an outflow of DKK 63.4 million. The investments are primarily related to further development, including a well on Blackbird and care and maintenance of other licences.

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In addition, it is expected that investments related to the development of Perth will take place in 2011. However, as no decision has been made regarding the development model the uncertainty related to timing and size of the investment is significant. Consequently, no investments related to the Perth field have been included in the cash flow budget.

See Annex 4 “Independent Assurance Report on Prospective cash flow” for a statement from the Company’s auditor.

Estimate of funding requirements

The Company has no funding requirement in the period until the end of 2010. Based on the cash flow budget and expected net proceeds from the Offering of DKK 175 million (corresponding to the maximum Offering) the total net interest bearing debt, at 31st December 2010 when the repayment of the bridge loans is due, is estimated at DKK 118.4 million. As the Company expects positive cash flows in 2011 no further funding is needed in 2011.

Based in the cash flow budget and net proceeds from the Offering of DKK 60 million (corresponding to the minimum Offering) the total net interest bearing debt, at 31st December 2010 when the repayment of the bridge loans is due, is estimated at DKK 245.9 million. As the Company expects positive cash flows in 2011 no further funding is needed in 2011.

Expert’s report

For an expert report, see section 23 “Third party information and expert statements and declarations of interest”.

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CAPITALISATION AND INDEBTEDNESS

The following tables set out (i) capitalisation and indebtedness at 30th June 2009 and (ii) capitalisation and indebtedness as at the same date on an adjusted basis giving effect to the net proceeds from the Offering reflecting a minimum subscription of DKK 68 million (net proceeds of DKK 60 million) and a fully subscribed Offering of 1,500,973 Offer Shares (corresponding to net proceeds of DKK 175 million), respectively, see also part III, section 5 “Terms and conditions of the Offering – Intentions of Major Shareholders of the Company, Management or the Supervisory Board to participate in the Offering”.

CAPITALISATION

In millions	30th June 2009		
	Actual DKK	Adjusted* DKK	Adjusted** DKK
Total current debt	144.9	144.9	144.9
Guaranteed	0.0	0.0	0.0
Secured	105.1	105.1	105.1
Unguaranteed/ unsecured	39.9	39.9	39.9
Total non-current debt	414.8	354.8	242.4
Guaranteed	0.0	0.0	0.0
Secured	364.2	304.1	191.7
Unguaranteed/ unsecured	50.7	50.7	50.7
Shareholders' equity	123.2	183.2	298.0
(A) Share capital	112.6	167.1	262.7
(B) Legal reserve	206.2	211.7	231.0
(C) Other reserves	-195.6	-195.6	-195.6
Total	683.0	683.0	685.4

*) Adjusted giving effect to the net proceeds from the Offering reflecting a gross subscription of DKK 68 million.

**) Adjusted giving effect to the net proceeds reflecting a fully subscribed Offering of 1,500,973 Offer Shares.

INDEBTEDNESS

In millions	30th June 2009		
	Actual DKK	Adjusted* DKK	Adjusted** DKK
(A) Cash	0.1	0.1	2.5
(B) Cash equivalents	0.0	0.0	0.0
(C) Trading securities	0.0	0.0	0.0
(D) Total liquidity (A+B+C)	0.1	0.1	2.5
(E) Current receivable	37.7	37.7	37.7
(F) Current bank debt	0.0	0.0	0.0
(G) Current portion of non current debt	105.1	105.1	105.1
(H) Other current financial debt	39.9	39.9	39.9
(I) Total current financial debt (F+G+H)	144.9	144.9	144.9
(J) Net current indebtedness (I-E-D)	107.1	107.1	104.7
(K) Non-current bank loans	364.2	304.1	191.7
(L) Bonds issued	0.0	0.0	0.0
(M) Other non current loans	50.7	50.7	50.7
(N) Total non-current indebtedness (K+L+M)	414.8	354.8	242.4
(O) Total net indebtedness (J+N)	522.0	462.0	347.2

*) Adjusted giving effect to the net proceeds from the Offering reflecting a gross subscription of DKK 68million.

**) Adjusted giving effect to the net proceeds reflecting a fully subscribed Offering of 1,500,973 Offer Shares.

In June 2009, the Company entered into a refinancing agreement with its existing lenders extending the repayment date of the bridge loans provided to the Company until 31st December 2010. Further, in September 2009 the Company and the lenders entered into an addendum to the refinancing agreement. The provisions of the addendum will come into force upon completion of the Offering. See section 22 “Material contracts”.

The Company is of the opinion that as a result of the refinancing, together with the minimum proceeds from the Offering (corresponding to DKK 60 million) and revenue from production, the Company's working capital is sufficient through

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12 months following the Prospectus Date, including in respect of the Company's potential significant future investments, mentioned in section 5 "Company Information - Investments".

Out of the proceeds from the Offering the Company will use at least DKK 172 million (or such lesser amount as obtained in the Offering) for debt repayment. See Part I, section 22 "Material contracts" for a description of the loans. Following full repayment of the DKK 35 million loan, the Company has undertaken to apply 90% of any liquid funds to repay remaining outstanding loans and on 31st December 2010 any amounts outstanding under the loans, as described in Part I, section 22 "Material contracts", fall due for payment. The Company does not currently have committed facilities, which can be used to refinance the amount outstanding under the loans at such date. However, in connection with entering into the addendum and provided the Offering is completed, the lenders have stated that they will look positively at commencing negotiations with the Company regarding a possible further extension of the final repayment date for the remaining loans.

11 / LEGISLATION AND REGULATORY REVIEW OF HYDROCARBON EXPLORATION AND PRODUCTION

UNITED KINGDOM

Activities to explore for and exploit petroleum in Great Britain, the territorial seas and on the United Kingdom Continental Shelf (UKCS) can only be carried out by holders of petroleum licences issued under the Petroleum Act 1998 by the Department of Energy and Climate Change (DECC).

The Petroleum Act 1998 vests all rights to the UK's petroleum resources in the Crown. The Secretary of State, representing the Government, can grant licences that confer rights to search and bore for and get petroleum. Each of these licences confers such rights over a limited area and for a limited period.

A licence can be granted to a single company or to several. If there is an unincorporated joint venture between several companies each party will be jointly and severally liable to the Secretary of State.

The UK carries out licensing rounds which are the standard basis for obtaining and applying for a production licence. Alternatively a party can seek to acquire a share in an existing licence through acquisition and assignment by commercial negotiation with current licensees.

There are separate licensing regimes for landward and seaward areas with different licences in each. Many licences cover more than one block.

Licence terms are designed to follow the typical lifecycle of a field: exploration, appraisal, development and production. Each licence expires automatically at the end of each term unless the licensee has made enough progress to earn the opportunity to move into the next term.

The initial term is usually an exploration period. For offshore licences this is currently four years for a traditional licence and is six years for frontier licences. For petroleum exploration and development licences (PEDLs), which are awarded for onshore acreage, the term is six years.

The initial term carries a work programme of exploration activity that DECC and the licensee agree as part of the application process. The licence expires at the end of the initial term unless the licensee has completed the agreed work programme by then. At that time the licensee must also relinquish a fixed amount of acreage (usually 50%).

The second term is intended for appraisal and development. On recently awarded licences the second term lasts for four years for seaward production licences and five years for petroleum and development licences, but older licensing rounds allowed for up to 40 years for this phase. The licence expires at the end of the second term unless the Secretary of State has approved a development plan by that time.

The third term is intended for production. It currently lasts for eighteen years for seaward production licences and twenty years for petroleum exploration and development licences, but older licences have different time limits. The Secretary has the discretion to extend the term if production is continuing but DECC reserves the right to reconsider the provisions of the licence before doing so, particularly with regard to the acreage and the rentals.

Decommissioning of offshore oil and gas installations and pipelines is regulated by the Petroleum Act 1998 (the Act). Under Section 29 of the Act the Secretary of State is empowered to serve notice on a wide range of persons (in the first instance this would include parties to joint operating agreements in respect of installations and owners in respect of pipelines) which either specify the date by which a decommissioning programme for each installation or pipeline is to be submitted or, as is more usual, provide for it to be submitted on or before such date as the Secretary of State may direct.

A decommissioning programme sets out the measures proposed to be taken in connection with the decommissioning of disused installations and/or pipelines and will describe, in detail, the methods employed to undertake the work. In some cases this process can cover a wide range of activities, such as radioactive material handling, removal of debris from the seabed and environmental monitoring of the area after removal of the installation.

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The Energy Act 2008 came into force in January 2009 and contains a number of changes to the decommissioning regime to give the British government greater comfort that such liabilities would be met. It provides for greater financial information flow and the potential for the government to seek specific security from licensees.

Current licence types can be summarised as follows:

- 1. Traditional Seaward Production Licence (seaward):** Grants the holder exclusive rights to search and bore for and get petroleum in specified areas on the UKCS. Licences are generally issued in annual rounds when a number of UKCS blocks are made available for licence at the same time. In exceptional circumstances applications for licences may also be invited at other times. All of Atlantic Petroleum's current licences on the UKCS are Traditional Seaward Production Licences.
- 2. Exploration Licence (seaward):** Grants the holder non-exclusive rights to acquire geophysical data and collect samples on the UKCS in areas not held under a production licence. They are valid for three years with the possibility of a further three-year extension if terms and conditions have been met. Licences are issued upon application. A small annual rental payment is made during the life of the licence.
- 3. Promote Licence (seaward):** Offers the licensee the opportunity to assess and promote the prospectivity of the licensed acreage for an initial two-year period without having to go through the approval process that DECC requires for a traditional licence. For two years the licence rental fee is only 10% of the traditional licence fees payable. The promote licensee will not be permitted to assume operatorship automatically if the licence is converted into a traditional licence as it will still need to meet the approval criteria set down by DECC as a full traditional operator.
- 4. Frontier Licence (seaward):** Allows companies to apply for large amounts of acreage and then relinquish 3/4 of that acreage after an initial screening phase in which normal rental fees will be discounted by 90%. The exploration and development periods are also longer than a traditional licence (being six years instead of four years). This licence would be issued in relation to, for example, deep water west of Shetlands areas where exploration may be difficult.

DECC issues licences through competitive licensing rounds and since 2001 have usually carried out one round each year (for both offshore and onshore).

EU and UK legislation requires DECC to follow the usual procedures for advertising a licensing round, including an invitation for applications in the Official Journal of the European Union at least ninety days in advance of the opening date for the application process to commence.

The invitation will also be posted on the DECC website. The invitation will specify the acreage and the type of licence. The invitation will also specify the closing date for the application to be made. An applicant for a licence must then apply using the correct application form with appendices and supporting documentation and pay the required fee.

Following submission of the application, potential licensees are usually invited to an interview with DECC which will, amongst other things, cover their technical understanding of the acreage and the work programme offered.

After each interview the application is marked applying a formula laid down in the "Marks Scheme". The Marks Scheme is designed to reward applicants for the use of relevant available technical data (wells, seismic, etc.), the quality of the work already done, the technical understanding demonstrated in the generation of valid prospectivity (over the whole block area and throughout the full stratigraphic column), and the proposed work programme.

The process may take at least six months before a successful applicant is notified.

Up to the 19th UKCS licensing round the "Model Clauses" were incorporated into licences by means of a single short paragraph. However from the 20th UKCS licensing round they have been set out in full in the licence itself.

DECC also expects all operators to be members of the Offshore Pollution Liability Association Limited (OPOL) and to register each of its separate operatorships. This is a voluntary scheme.

The OPOL Agreement came into effect on 1st May 1975, and was initially an interim measure to provide for a strict liability regime, whilst awaiting a regional Convention of Civil Liability for Oil Pollution Damage resulting from Exploration for and Exploitation of Seabed Mineral Resources (CLEE).

However, the nine participating states were unable to agree and the final text of the treaty remains unratified and the UK Government judged that their interests could best be achieved through the continuing working of OPOL.

In particular, emphasis was placed on the value of the mutual guarantee which OPOL members bear for each other's obligations which would not have been the case under the 1976 Convention.

OPOL applies to all offshore facilities from which there is a risk of a discharge of oil causing pollution damage, and provides a convenient means of seeing compliance by licensees with the provisions of Model Clause 23(9) of the Petroleum (Production) (Seaward Areas) Regulations 1988. It is further re-enforced by the inclusion of a standard OPOL Clause in all joint operating agreements.

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OPOL has been extended to cover facilities in other offshore areas of North West Europe and has the support of the UK and other Governments. It is accepted as representing the committed response of the oil and gas industry in dealing with compensation claims arising from offshore oil pollution incidents from exploration and production facilities.

OPOL limits of liability have been increased over the intervening years to the current USD 120 million per incident and USD 240 million in the annual aggregate.

IRELAND

The Department of Communications, Energy and Natural Resources (the “DCENR”) regulates petroleum exploration, appraisal and production in Ireland, its territorial waters and the Irish Continental Shelf.

The principal legislation governing the State’s mineral rights to the exploration and production of petroleum in Ireland is the Petroleum and Other Minerals Development Act 1960 (the “1960 Act”), as amended, which empowers the Minister for Communications, Energy and Natural Resources to grant licences that confer rights to search for, drill and produce petroleum. Each of these licences confers such rights over a specified area and for a specified period of time.

Within the DCENR there is a designated division, the Petroleum Affairs Division (“PAD”) that is charged with promoting, regulating and permitting the exploration for and extraction of petroleum in Ireland while also ensuring that activities are conducted safely and with due regard to their impact on the environment and other sea users. This involves the allocation of acreage to exploration companies under various types of licences, agreeing appropriate work programmes and the promotion of acreage either through open access or via a round system.

Open access refers to areas (such as off the south coast of Ireland) where the operator can, at any time approach PAD with an application for a licence. The round system applies to areas (such as off the west coast) where the operators must wait for a PAD announcement of a specific round before submitting an application to apply for a licence.

Exploration companies may also farm-in to an existing operator’s licence. Farm-in arrangements are also subject to Ministerial and PAD approval.

An application for a licence can be made either by a single company or a group of companies working together. As part of the application process, each applicant is required to provide details of its place of registration, its principal place of business, its supervisory board, its share capital and shareholdings. In the case of an application made by a group of companies, this information is required in respect of each company. Information as to the structure of the company along with its accounting and annual reports for the preceding two years is also required.

Any licence granted under such an application will be subject to the Licensing Terms for Offshore Oil and Gas Exploration, Development and Production 2007 as issued by the Minister. These terms provide the operational framework for oil and gas exploration and production and are the terms on which the Minister is prepared to issue the various licences. The terms will apply to licences awarded after 1st January 2007.

For licences awarded prior to 1st January 2007 or Leases/Lease Undertakings awarded as a result of a discovery made under a licence awarded before 1st January 2007, the terms and conditions are set out by the Licensing Terms for Offshore Oil and Gas Exploration and Development 1992.

An application for a licence will be accepted from foreign companies or companies incorporated under the laws of an EU Member State. However, except for a Petroleum Prospecting Licence, the holder of a licence must have permanent representation in Ireland and that representation must be authorised to enter into binding commitments in the company’s name. The licensing terms further state that all petroleum produced, other than petroleum flared, vented or re-injected or consumed by the authorisation holder in connection with production operations, shall be sold by, and payment made to, a person resident in Ireland.

The licensing terms stipulate that any claim, disagreement or dispute arising from any contract or licences entered into by the Minister in pursuance of the 1960 Act shall be subject to Irish law and come under the jurisdiction of the Irish courts.

In the situation where a licence is awarded to a group of companies the licensing terms provide that any obligations which are to be observed and performed under the terms of that licence will be joint and several obligations.

In such a case where a licence is held by more than one company, a copy of any operating agreement between the partners and any amendment thereto shall be submitted to the Minister for information and any proposed change of operator shall be subject to the Minister’s prior approval.

The licensing terms also specify that an Environmental Impact Statement of the likely effects of the development on the environment shall be required to obtain a Petroleum Lease and that the licence holder shall take all necessary steps for securing the safety, health and welfare of persons employed or undergoing training in or about the licensed area.

There are a number of licence types provided for by Irish legislation. The licensing terms outlined below are from 1st January 2007. Older licenses may have different terms.

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- 1. Petroleum prospecting licence (issued under Section 9 (1) of the 1960 Act):** A non-exclusive licence giving the holder the right to search for petroleum in any part of the Irish Offshore that is not the subject of a petroleum exploration licence, reserved area licence or petroleum lease granted to another party. This licence may be granted for a period of three years.
- 2. Licensing option (issued under Section 7 (1) of the 1960 Act):** A non-exclusive licence giving the holder the first right, exercisable at any time during the period of the Option, to an exploration licence over all or part of the area specified by the Option and agreed with the Minister. The licensing option is subject to the holder having a petroleum prospecting licence during the full period. The option may be granted for a period of up to three years
- 3. Exploration licence (issued under Section 8 (1) of the 1960 Act):** An exploration Licence is divided into three different categories: a standard exploration licence for water depths up to 200m; a deepwater exploration licence for water depths exceeding 200m and a frontier exploration licence for areas so specified by the Minister. For standard and deepwater exploration licences the holder is obliged to carry out a work programme which must include the drilling of a least one exploration well in the first phase. For a frontier exploration licence the holder must commit to at least one exploration well in order to proceed to the second phase. The standard exploration licence is valid for six years. The deepwater exploration licence is valid for nine years and the duration of the frontier exploration licence will be determined by the Minister but shall not be for less than twelve years comprising of a maximum of four phases. Atlantic Petroleum's current licences on the Irish Continental Shelf are exploration licences.
- 4. Lease undertaking (issued under Section 10 (1) of the 1960 Act):** 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. In the case of an oil discovery, the undertaking shall last for a period of four years after the relinquishment or expiration of the exploration lease.
- 5. Petroleum lease (issued under Section 13 (1) of the 1960 Act):** When a commercial discovery has been established it will be the duty of the licence holder to notify the Minister and apply for a petroleum lease with a view to its development. The petroleum lease will be valid for such period as the Minister shall determine following discussions with the licence holder as to the characteristics of the specific field.
- 6. Reserved area licence (issued under Section 19 (1) of the 1960 Act):** A petroleum lease holder may apply for a reserved area licence in respect of an area adjacent to or surrounding the leased area and which is not subject to a licence other than a petroleum prospecting licence.

Details of the new tax regime introduced in 2007 which apply to any licences granted after that period are set out in "The Irish fiscal system" section below.

As part of the licensing terms an applicant shall submit to the Minister for his approval a written plan setting out its proposals for the abandonment of all fixed facilities. In this regard abandonment means the removal, part removal or leaving in place of any installation or facility following completion of operations involving such installation or facility. The Minister may attach conditions to these proposals.

If the licence holder fails to implement an abandonment plan approved by the Minister or fails to submit an abandonment plan, the Minister may carry out an abandonment programme and the authorisation holder shall be liable for all costs incurred by the Minister.

The Dumping at Sea Act 1996 provides that the disposal of an offshore installation or any substance or material from any such installation in the maritime area is prohibited. Where such a disposal occurs, the person disposing of the installation, the person in charge of and the owner of the offshore installation concerned, shall be guilty of an offence.

Under Section 5 of the Dumping at Sea (Amendment Act) 2004, the Minister may grant dumping at sea permits to authorise dumping.

Looking to the future the DCENR is preparing legislation which proposes to confer statutory responsibility for the safety of petroleum exploration and production on the Commission for Energy Regulation ('CER').

The DCENR has also made a submission to the Commission on the Limits of the Continental Shelf. The submission deals specifically with the outer limits of the shelf in the Hatton-Rockall area and what the DCENR feels the State's portion of this area should be.

The Irish Government has set out as a strategic goal the creation of a stable attractive environment for hydrocarbon exploration and production within Ireland and is taking a number of steps to enhance the exploration environment. These include continuing to hold licensing rounds in the Atlantic basins underpinned by a comprehensive SEA.

THE COMPANY

FAROE ISLANDS

The Faroese regime is a licensing round regime based on the Parliamentary Act on Hydrocarbon Activities published in 1998 which gives the Faroese Government authority to grant licences with an exclusive right for the exploration for and production of hydrocarbons. Licences are granted following a public notice inviting applications. Prior to inviting applications, the areas to be offered for licensing and the general terms and conditions on which licences are to be granted (the model licence) are fixed by law.

Accordingly, each licensing round starts with a law defining the areas to be offered and the general terms and conditions. There have been three licensing rounds in the Faroe Islands so far. The model licence sets the general terms and conditions and is not negotiable. However, if substantial reasons are found, minor adjustments can be made by the government.

After a licensing round law has been passed, the Faroese Government usually issues an invitation leaflet called "Invitation to apply for licences" which is set up as an introduction for oil companies. The licensing round is also announced via press releases and advertisements in selected papers. The time from an announcement of the licensing round to when applications have to be submitted is usually around three months. Together with the invitation there are enclosures which describe the content and structure which the authorities require the applications to contain.

When applying for a licence the applicants are required to specify 1) the exploration area, 2) the work programme and 3) the relevant licence time periods. In the licences there are specific terms and conditions that are negotiable with the applicants. The specific terms are individual terms that are considered not possible to set until after applications have been received and negotiations have been held between the government and the applicants. The specific terms of the licence are the area awarded, the work programme (including the licensing period) and terms relating to Faroese participation. It is in these specific terms that the competition between the oil companies is provided for and where it is decided who is awarded an area in cases where there are several applicants for the same area. The work commitment an oil company (or group) is willing to undertake is of particular importance. Also the companies' (or groups') geological understanding (technical capability) of the area is of importance together with their financial capability to implement the work programme.

There is also a Hydrocarbon Taxation Act and a Hydrocarbon Tax Administration Act. Furthermore, several executive orders have been issued under the Hydrocarbon Act.

The exploration activities must be covered by adequate insurance. The insurance must provide a reasonable coverage, based on the risks involved in the operation of the enterprise. With regard to pollution damage, it is a requirement that operators provide proof that they are party to the Offshore Pollution Liability Agreement ("OPOL") and that this agreement will be applicable to operations under the relevant licences.

In order to ensure the performance of all the licensee's obligations and liabilities under the Act on Hydrocarbon Activities and the licence, the licensee shall provide security in an amount and of a kind that is acceptable to the Minister of Trade and Industry. Usually the security is provided by a parent company guarantee. The Minister can make exemptions.

Where licences are given to a group, the licensees are jointly and severally liable and the licensees shall indemnify the Faroese authorities from all claims whatsoever which may be made by any third party against the authorities as a consequence of the licensees' activities.

In the first licensing round a total of four 6-year licences and three 9-year licences were issued. The 6-year licences had a total of 8 well commitments, while the 9-year licences were given 3 years for carrying out certain surveys and/or seismic programmes after which the licence could be extended further up to 9 years subject to a new work programme with the aim to drill an exploration well. If a commercial discovery is made on the licence, the licensee has the right to enter into negotiations on extending the licence period by up to 30 years with a view to producing hydrocarbons.

In the second and third licensing rounds the applicants were asked to specify the period for each phase of the proposed work programme and therefore the period was included as a bid parameter.

According to section 8 of the Act on Hydrocarbon Activities when the pertinent terms and conditions stipulated in a licence have been fulfilled and a commercial hydrocarbon discovery has been made, the licensee shall be entitled to an extension of the licence with a view to producing hydrocarbons for a period to be fixed for the licence, which may not exceed 30 years.

The law on Faroese participation with respect to hydrocarbon activities and licences requires the following from the licensee:

- > that any transport of equipment and passengers to and from Faroese territory shall be conducted via Faroese quay or Faroese airport (exemptions can be given under certain conditions);
- > that exploration and production activities shall be carried out from the Faroe Islands;
- > that Faroese companies in competition with other companies shall be provided with genuine opportunities to obtain contracts;
- > that a certain amount per year is spent on Faroese participation (competence lift of Faroese companies, education, training and research);

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- > that Faroese citizens are given employment and educational opportunities connected with the oil and gas industry; and
- > that a certain amount per year is spent on future exploration of the Faroese Continental Shelf (the Sindri Programme).

Neither the licence nor any interest therein may be assigned or otherwise transferred, either directly or indirectly, in whole or in part, to any third party or from one co-licensee to another, without the prior approval of the Minister of Trade and Industry. Corresponding restrictions apply to the transfer of company shareholdings or other ownership interests in such amounts as may result in the transfer of a controlling interest in a company or other entity which is a licensee or co-licensee, and to the conclusion of any other agreements having the same effect.

In the event that the licence expires, is relinquished or is revoked, the licensee shall not be relieved of its obligations under any relevant legislation, the licence or other applicable rules and regulations, conditions or directives. The legislation also states that if part of the work programme is not performed, the licensee must pay an amount equal to the estimated cost of performing that part of the work programme or have a third party carrying out the work programme funded by the current licence holders.

Cessation of the operation and maintenance of an offshore installation for production purposes may only take place following prior approval from the Faroese Government.

AGREEMENTS

Typically the Joint Operating Agreement (JOA) has the following content.

The JOA is a contract between two or more parties to a licence establishing and setting out the terms of a co-operation between them, under which petroleum exploration, development and production operations will be conducted. It is the constitution by which the co-operation is governed and is needed in all cases where a petroleum licence is held by two or more persons since the licence itself does not concern itself with the sharing of rights and obligations.

Under the JOA, each party will have a percentage interest and the JOA will provide that, subject to certain exceptions, all rights and liabilities arising in connection with the licence shall be shared between the licences in proportion to these percentage interests.

The JOA will provide for the conduct of operations under the licence. This is done by appointing one of the licensees as operator (subject to authority approval) with day-to-day responsibility for the conduct of operations subject to the overall supervision and control of an operating committee upon which all licensees are represented. Each JOA will set out matters which require the unanimous vote of the operating committee or the voting passmark relevant to each agreement and underlying licence. The JOA will also reflect provisions dealing with the removal and resignation of the operator as well as its duties and authorities.

The JOA will, in addition, deal with a number of other important matters such as default and withdrawal, confidentiality, approval of budgets, assignment, sole risk and security for payment of obligations. The JOA will also attach as an appendix standardised accounting procedures to manage joint account operations.

Generally the JOA parties will grant exclusive jurisdiction to courts in the respective regions.

The form of the JOA is pretty standardised and a pro-forma draft can be obtained from some of the relevant representative bodies.

Creating, novating or amending a JOA requires the consent of the authorities which is given by means of the Open Permission (Operating Agreements), which grants prior approval to most instances of the creation, amendment or novation of the JOA.

Other Agreements: The scope of the JOA generally extends to the exploration for and the production of petroleum under the licence and consideration of the treatment, storage and transportation of such petroleum.

A number of other agreements are likely to be needed in the course of a petroleum exploration and production venture, apart from the various service contracts which will be required throughout the life of the co-operation.

These additional joint venture agreements may include:

- transportation and sales agreements for petroleum;
- abandonment/decommissioning agreements (and security related thereto);
- unit operating agreements: where fields may cover multiple licences which will effectively replace the JOA for the unitised area and will contain most of the provisions found in a JOA; and
- financing and marketing agreements.

THE COMPANY

FISCAL SYSTEMS

The UK fiscal system

The fiscal system applicable to UK offshore oil and gas exploration and production companies comprises:

- > Acreage rental: Rentals are payable on each square kilometre licensed annually in advance, which initially are relatively small but which increase over time;
- > Corporation tax payable at 30% on all taxable profits and gains on a company-by-company basis. A company with more than one field interest will therefore aggregate the results for those fields in arriving at its profits subject to corporation tax.
- > A supplementary charge at 20% (from 1st January 2006, previously 10%) on profits from UK and UK Continental Shelf oil and gas exploration and production activities ('ring-fence' trade), in addition to the current 30% corporation tax. This supplementary charge is assessed on the same basis as for UK corporation tax but without any deduction for financing costs and with a deduction for field allowance which is available in respect of certain fields obtaining development consent after 22nd April 2009 ; and
- > Petroleum revenue tax (PRT) at 50% which was introduced in 1975 and is levied on a field-by-field basis. PRT only applies for fields that received development consent before 15th March 1993. PRT has been abolished for all fields for which development consent was granted after that date, for pre-1993 fields that are redeveloped following decommissioning, and by election for certain pre-1993 fields where it can be demonstrated that they will never have a PRT liability. PRT is a deductible expense for Corporation Tax and supplementary charge purposes.

The normal UK Corporation Tax rules apply to North Sea companies, but with a 'ring fence' that prevents tax on profits from oil and gas extraction in the UK and UK Continental Shelf from being reduced by reliefs from other activities. The main restrictions are that losses from other activities, either within the company or accruing to an affiliate, cannot be deducted against ring fence profits. The deductibility of financing costs is limited such that generally interest deductions are only available in respect of monies borrowed which have been used in the ring fence business, and which do not exceed those which are payable on arm's length terms, assuming that the business was supported solely by the ring fence assets of the borrower. There are restrictions on the utilisation of capital losses against capital gains, and limitations on the amount of capital allowances that can be claimed on field transfers. For disposals after 22nd April 2009, an exemption for capital gains applies provided the proceeds are reinvested in qualifying ring fence assets. Finally, the UK transfer pricing rules apply to transactions across the ring fence boundary, even within the same corporate entity.

Neither capital expenditure nor the depreciation of those costs in the books of the company is allowable for corporation tax purposes. Rather a system of deductions known as capital allowances is available.

The allowances that are of most relevance to upstream activities are research and development allowances (RDAs), plant and machinery allowances (P&M), and mineral extraction allowances (MEAs). No allowances are available until a company commences to trade, but once it does all costs incurred prior to commencement are deemed to have been incurred at commencement.

Once the company is trading 100% first year allowances are available for most capital investment on UK oil and gas exploration activities ('ring fence' trades). These first year allowances mean that 100% of most (but not all) North Sea capital expenditure will be allowable for corporation tax (including the 20% supplementary charge) in the year that the expenditure is incurred. Most offshore decommissioning costs also qualify for immediate 100% relief and there is unlimited loss carry back to 2002 in respect of losses created from decommissioning costs. An investment incentive, ring fence expenditure supplement was introduced from 2006. This allows companies to uplift losses carried forward at 6% per annum for a maximum of six years or until the losses are relieved. Previously the uplift was only available on certain exploration and appraisal expenditures. This benefit is available for all ring fence losses incurred on or after 1st January 2006 where the group is in an overall ring fence loss position.

Although the UK fiscal system for oil and gas is generally perceived as being stable, there have been many changes over the last 30 years. The most recent structural changes were the introduction of the above-mentioned supplementary charge, at the rate of 10% in May 2002, followed by the increase in its rate to 20% in 2006. At the time of its introduction in 2002, depreciation rules were made more favourable to investment, and the royalties on oil production were abolished.

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The Irish fiscal system

The fiscal system applicable to the Irish offshore oil and gas exploration and production companies comprises:

- > An effective corporation tax rate of 25% is applicable in respect of income arising from petroleum activities. This also includes any amounts included in taxable profits in respect of gains from disposals of petroleum-related assets.
- > Profit resource rent tax ("PRRT") is an additional tax applying for periods beginning after 1st January 2007. PRRT represents a further layer of tax and is payable in addition to the 25% rate. It applies to any petroleum lease entered into following the awarding of an exploration licence on or after 1st January 2007 or from a licensing option. This tax applies where such profits exceed certain defined levels.
- > The tax is levied on "super normal profits" earned by petroleum companies in Ireland, after deduction of the normal 25% corporation tax, and occurs at different rates of between 5% and 15% depending on the level exceeded as follows:

Table 9: Tax rates on super normal profits, Ireland

Profit Ratio	PRRT Rate
Less than 1.5	0%
Between 1.5 and 3.0	5%
Between 3.0 and 4.5	10%
4.5 or greater	15%

- > The "profit ratio" is the ratio of the cumulative field profits divided by the related cumulative field expenditure. The cumulative profits of the field are based on the taxable profits (after deduction of corporation tax at 25%) arising from the field cumulatively in all accounting periods from 1st January 2007 to the end of the relevant accounting period. The field expenditure is based on the capital expenditure incurred by the company in relation to that field from 1st January 2007 to the end of the relevant accounting period. This is calculated on a field-by-field basis.
- > Similar to the UK, neither capital expenditure nor the depreciation of those costs in the books of the company is allowable for corporation tax purposes. Rather a system of deductions known as capital allowances is available. Capital allowances are generally available in respect of plant and machinery used solely for the company's trade. The allowances are granted over a straight-line 8-year period. This means that the allowance is granted over 8 years at a rate of 12.5% per annum of the actual cost of the asset. Irish tax legislation provides for an allowance of 100% of capital expenditure on production and development expenditure incurred in connection with a relevant field being worked in the course of carrying on a petroleum trade. On the commencement of petroleum extraction activities by a company, and not beforehand, all of its past exploration expenditure is deductible against petroleum profits except that, in the case of abortive exploration expenditure, a 25-year time limit applies. Companies within the same ownership may, for tax purposes, transfer entitlements to exploration expenditure.
- > A deduction is also allowable for expenditure incurred on the abandonment of a field and in respect of the dismantling or removal of structures and plant or machinery used to transport the petroleum to dry land. This allowance is again an amount equal to the amount of expenditure incurred. Losses arising from such activities may be offset against the profits for the period in which the loss occurred and of the three years immediately preceding that period. Where there are unused abandonment losses at the time a person ceases a petroleum trade, these may be offset against the profits of a new petroleum trade subsequently carried on by that person.
- > Petroleum activities are ring-fenced from other trading activities mainly to prevent any erosion of the tax base which could result from non-petroleum profits arising within the same group being sheltered by the allowances attributable to petroleum development. Currently there is a two-way ring fence in place: (i) A loss incurred in a petroleum trade may only be set off against petroleum profits. Also, no other losses, other than petroleum trade losses, may be set against such profits; (ii) Similarly, the two-way ring-fence system applies in the case of group relief claims and capital gains in regard to petroleum assets. Additionally, if a company carries on any petroleum activities as part of a trade and those activities would on their own constitute a trade, they will be treated as a separate trade for tax purposes. Tax losses can be carried forward indefinitely for Irish tax purposes. However, these carried forward losses can only be utilised in the company that incurs the loss.
- > Interest deductibility restrictions for corporation tax exist in relation to interest on borrowings used to finance exploration activities.
- > Where there are exchanges in licence interests (where no cash consideration is received), provided they occur within the pre-production stage (and are approved by the Minister for the Marine and Natural Resources) and the sole purpose is for the furtherance of exploration and development of the field, such changes will not be subject to capital gains tax.
- > The Finance Act 2009 amends the rules relating to the relief for disposals of shares in certain subsidiary companies. Under the new rules, any gains arising from the disposal of shares (made on or after 7th May 2009) that derive their value, or the greater part of their value, from exploration and exploitation rights of the sea bed and subsoil of Irish coastal waters will not qualify for relief. This amendment ensures that those shares are subject to the same treatment as shares deriving their value, or the greater part of their value, from Irish land or minerals.

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The Faroe Islands fiscal system

The fiscal system applicable to Faroese oil and gas companies comprises:

- > Normal hydrocarbon tax: Corporation tax on hydrocarbon activity is 27% on all taxable profits and gains on a company basis. Profits and losses are ring-fenced at a company level and tax losses may be carried forward for an unlimited length of time.
- > Acreage rental: During the exploration phase acreage rentals are payable annually in advance, which initially are relatively small but which increase over time. In the two first licence tenders from the Faroese Government, the acreage rental has been DKK 500 per square km for the first six years then increasing to DKK 39,000 per square km after 16 years. In the third licence tender the acreage rental has been set to DKK 750 per square km for the first six years then increasing to DKK 39,250 after 16 years.
- > Royalty: Once production commences, a royalty is payable at 2% of the market value of any petroleum produced, with no deductions for costs.
- > Tax losses and profits: Profits and losses are ring-fenced at a company level and tax losses may be carried forward for an unlimited length of time. Tax losses from oil and gas activities can be deducted from tax profits from other activities, but losses from other activities within the company cannot be deducted against profits from the oil and gas activity.
- > Special hydrocarbon tax on "super normal profits": The tax is in three tiers and is calculated based on net cash flows. The IRR is set in accordance with what could be considered reasonable taking the actual market condition into account. The IRR will be determined by a group of specialists. The tax is based on income from each individual hydrocarbon field on an annual basis. The special tax rates vary according to the rate of return as follows:

Table 10: Tax rates on super normal profits, Faroe Islands

Rate of Return	Special Tax Rate
< 20%	0%
20 - 25%	10%
25 - 30%	25%
> 30%	40%

The highest possible tax rate under the hydrocarbon tax regime, i.e. for projects with a rate of return of >30% including the royalty of 2%, is 57.1%.

The allowances that are of most relevance to upstream activities are research and development allowances (RDAs) and plant and machinery allowances (P&M). No allowances are available until a company commences to trade. Once trading has commenced, costs incurred prior to commencement are tax deductible over a five-year period by 20% per annum.

Tax depreciation is available in respect of plant and machinery that is in use for oil and gas activity. The allowances are granted at 30% of the balance tax value at year-end. Tax depreciations for buildings are 4-7% of the actual cost price at the end of the year. Capital expenditure in connection with oil and gas activity is allowed for corporation tax purposes for oil and gas activity.

There have been no changes to the Faroese fiscal system for oil and gas since the introduction of the special income tax in March 2000. As no production of oil and gas has taken place in the Faroe Islands yet there is no experience of how the Faroe Island tax authorities will exercise the regulations in the fiscal system.

Corporation tax for profits of non-oil and gas activities that the Company is involved in is 18%. Tax losses in connection with such activities may be carried forward for an unlimited length of time but are not deductible against profits from oil and gas activity. Tax depreciation is in general available in respect of plant and machinery that is in use for such activities. The allowances are granted at 30% of the balance tax value at year-end. Tax depreciations for building are 4-7% of the actual cost price.

12 / TREND INFORMATION

Main characteristics of the oil market

As the world's most important source of energy, oil is bought and sold in commodity markets characterised by high volatility in prices. Prices are strongly correlated with world economic growth and globally impact on industrial production, transportation, construction, consumption etc. Driven by the current and expected future demand and supply, the market for oil involves a large amount of speculation, and is also dependent on the stored reserve capacity. As much of the world's oil is produced in regions with significant political risk, a number of other factors also play a large part in determining the price of oil. Terrorism, wars and conflicts are examples of such factors, driving short-term as well as long-term spikes in prices.

During periods of high oil prices, demand for services to the offshore industry increases leading to increased day rates for drilling rigs and other services, affecting oil exploration and production (E&P) companies including Atlantic Petroleum.

As oil is settled in USD, the volatility of the oil price measured in local currency will be different from country to country. Historically, however, there has been a tendency of negative correlation between the price of oil and the USD, thus moderating the effective price volatility for oil consumers trading in currencies which are not directly or indirectly linked to the USD.

Recent developments

2008 was marked by highly volatile oil prices that continued to rise during the first half of the year to eventually reach an all-time peak of more than USD 140 per barrel during the summer before plummeting towards levels of around USD 35 per barrel over the last three months of 2008. During 2009 oil prices have risen steadily to a current level around USD 70 per barrel, see figure 5.

The soaring oil prices in the first half of 2008 were underpinned by a strong demand that had developed in previous years. However, the balance of demand and supply could not explain this increase in price alone as both speculation and a weak dollar also contributed to a widespread enthusiasm for trading oil as a commodity.

Figure 5: Development of the Brent oil price



Source: FactSet

The dramatic decrease in the oil prices in the second half of 2008 was heavily influenced by the global economic downturn which occurred during this period, resulting in a slowdown in demand for oil. The drop in demand was further exacerbated by a strained financial situation for buyers, putting a limitation on available credit needed to purchase crude oil. The drop in oil demand and the tight credit situation also meant that many E&P companies started to cut back

The impact of oil prices on exploration and development costs

The drastic drop in oil prices lowered E&P companies' demand on upstream oil services, which in turn is expected to force oil service vendors to cut their rates. However, a certain time lag exists between movements in oil prices and service rates.

Typically, oil service contractors are safeguarded from a short-term decrease in demand through contracts and work orders. Oil and gas companies with no revenues operating exclusively with pre-production portfolios will often be severely affected by a market slowdown and tightened credit situation. The solution may often be to relinquish existing licences in

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order to put less strain on cash flows and the balance sheet, resulting in a further lowering of demand for the activities of oil service contractors. Independent E&P companies however, with projects at the production stage, i.e. revenue positive companies, will typically remain sound over a full cycle of oil price developments and they will benefit from the decrease in exploration costs.

Market outlook and industry trends

The effect of the economic downturn on the real economy and the availability of credit sources will directly influence the future demand and supply of crude oil and the extent to which prices will recover from the plunge of late 2008.

The E&P industry has been marked by the tangible slowdown in demand for oil, and is simultaneously affected by the limited availability of credit for investment in and development of new projects. This means that many smaller E&P companies may become financially distressed, if they do not have any revenues from production and hence increasingly exposed to the growth strategies of well-positioned and financially sound companies.

Of the 160 companies with one or more UK Continental Shelf licences, 95 do not have any production or revenue based cash flow. Atlantic Petroleum is therefore among the 40% of companies with licences in the UK that have producing assets.

13 / PROFIT FORECAST

STATEMENT BY MANAGEMENT AND SUPERVISORY BOARD

We have presented our forecast for 2009 in "Prospective financial information for 2009" below. The information was prepared using the Company's accounting policies, which are described on pages 129-134. The prospective financial information was prepared for use herein. The Management and the Supervisory Board believe that the material assumptions on which the prospective financial information is based are described herein, and that the assumptions have been consistently applied in the preparation of the information.

The prospective financial information is based on a number of assumptions, some of which are within our control, whilst others are beyond our control. The methods used in the preparation of the prospective financial information and the underlying assumptions on which it is based are stated in "Prospective financial information for 2009" below.

The prospective financial information represents the Management's and the Supervisory Board's best estimates of the Company's revenue, exploration costs, administrative expenses and results of operations for the financial year 2009. The prospective financial information contains forward-looking statements concerning the Company's financial position that are subject to considerable uncertainty. The actual results may differ materially from those contained in such statements. In addition to the risks addressed in "Prospective financial information for 2009", potential risks and uncertainties comprise, without limitation, those referred to in "Risk Factors" herein.

Tórshavn, 1st October 2009

Management

Wilhelm E. Petersen
Managing Director and CEO

Sigurð í Jákupsstovu
Technical Manager and COO

Supervisory Board

Birgir Durhuus
Chairman

Poul R. Mohr
Deputy Chairman

Mortan Johannesen
Jan Edin Evensen
Diana Leo

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Report by the Independent Auditors on the Management's and the Supervisory Board's prospective financial information for 2009

To the shareholders and prospective investors in P/F Atlantic Petroleum

We have examined the prospective financial information for 2009 for P/F Atlantic Petroleum, including the related assumptions on page 72 in the Prospectus.

Our statement on the estimate and the budget is repeated here:

To the Supervisory Board of P/F Atlantic Petroleum

According to agreement we have examined the forecast for 2009 for P/F Atlantic Petroleum. The examination has included an examination of the income statement, balance sheet and cash flow statement as well as an examination of the assumptions on the forecast. The forecast for 2009 has been prepared in accordance with the accounting policies of the Company.

The forecast for 2009 and the assumptions, which it is prepared on, are the responsibility of the Supervisory Board and Management of P/F Atlantic Petroleum. Our responsibility is to express an opinion on the forecast based on our examination.

Basis of opinion

We conducted our examination in accordance with the International Standard on Assurance Engagements 3400 "The examination of prospective financial information." This standard requires that we plan and perform the examination to obtain a limited assurance that the assumption including in the forecast are free of material misstatement, and a high assurance that the forecast has been prepared according to these assumptions.

Our work has included an examination of the forecast for the purpose to evaluate if the assumption set out by the Supervisory Board and the Management are documented, well founded and presented completely in the forecast. We have also examined if the forecast has been prepared in accordance with these assumptions and the numerical correctness in the budget and estimate.

We believe that our examination provides a reasonable basis for our opinion.

Opinion

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the forecast for 2009. Further, in our opinion, the forecast for 2009 has been properly compiled on the basis stated and in our opinion the basis of accounting used for the profit forecast 2009 is consistent with the accounting policy of P/F Atlantic Petroleum for 2008.

Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material.

Tórshavn, 1st October 2009

Sp/F Grannskoðaravirkid INPACT

State Authorised Public Accountants

Jógvan Amonsson
State Authorised Public Accountant

Fróði Sivertsen
State Authorised Public Accountant

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METHODOLOGY AND ASSUMPTIONS

The Company regularly makes assessments of ongoing and potential exploration and production activities and prepares budgets for these for the financial year. The accounting policy for the preparation of these budgets is in accordance with the Company's accounting policies applied in the preparation of annual reports, including the annual reports for 2006, 2007 and 2008.

The profit forecast for the year ending 31st December 2009 reflects the Company's estimates and assumptions of the most likely prospects for the Company's activities based on the initiatives taken in accordance with the Company's business plan. The forecast is based on the assumption that the Company's strategy, as described in section 6 "Business", is conducted according to plan. The realisation of this strategy is subject to uncertainties and contingencies, and there can be no assurance that the strategy will not be changed as new circumstances arise. The prospective financial information may deviate materially from the actual results.

The Company's forecast for 2009 is based on the following general assumptions which are outside the Company's influence:

- > that oil prices are in line with the Company's estimates;
- > that exchange rates are in line with the Company's estimates;
- > that prices and terms of delivery of key services will not change materially;
- > that the terms regulated by the authorities in respect of exploration, appraisal, development and production activities will not change significantly;
- > that exploration, appraisal, development and production activities will not be hampered by weather conditions, accidents or other unforeseen events to a greater extent than what is normally to be expected.

Furthermore, the forecast is based on the following assumptions which the Company can influence:

- > that the Company will be able to attract and retain the necessary employees;
- > that the ownership interests in the licences are unchanged;
- > that oil production progresses as expected;
- > that the Company continuously fulfils the covenants agreed in the Company's loan agreements (see section 22 "Material contracts").

PROSPECTIVE FINANCIAL INFORMATION FOR 2009

For the year ending 31st December 2009 the Company expects a total production of 700,000 to 740,000 barrels net. With an average oil price estimate of USD 70 per barrel for the fourth quarter of 2009 and average operating expenditures of around USD 25 per barrel, an operating profit (EBIT) before deduction of unsuccessful exploration/appraisal costs of around DKK 40-50 million is expected. Exchange rates are estimated at DKK/GBP 8.06 and DKK/USD 5.08.

Based on the assumption above, the Company expects a cash flow from operating activities in excess of DKK 100 million in 2009.

At an oil price of USD 60 per barrel for the remainder of the year, operating profit (EBIT) before deduction of unsuccessful exploration/appraisal costs will be reduced to DKK 30-40 million, while at an oil price of USD 80 per barrel, operating profit (EBIT) before deduction of unsuccessful exploration/appraisal costs will increase to DKK 55-65 million.

Total investments in intangible exploration and evaluation assets of approximately DKK 20 million are estimated for 2009. Total investments in tangible development and production assets are estimated to be approximately DKK 76 million, but this estimate is however subject to the timing of the drilling schedule for the Ettrick field in H2 2009.

14 / SUPERVISORY BOARD, MANAGEMENT AND SENIOR EMPLOYEE

SUPERVISORY BOARD

The Supervisory Board has the overall responsibility for the management of the Company and supervises the Management. The Supervisory Board determines the Company's policies with regards to business strategy, organisation, accounting and finance and appoints the Company's Management.

The Supervisory Board has five members. There are no employee-elected members. The Company's ordinary general meeting elects the Supervisory Board, and the members are elected for terms of two years, two members every second year, and three members every other second year. See section 21 "Additional information - Provisions concerning members of the Company's Supervisory Board and Management" for a more detailed description of the election of the Supervisory Board.

In connection with the Company entering into the refinancing agreement with the lenders in June 2009 (see section 22 "Material contracts"), it was agreed to amend the Supervisory Board by replacing three of the existing board members by new members appointed by the lending banks. Accordingly, at the Company's extraordinary general meeting held 3rd July 2009 the following three new board members were elected: Birgir Durhuus (initially until the annual general meeting of 2011), Jan Edin Evensen (initially until the annual general meeting of 2010) and Diana Leo (initially until the annual general meeting of 2010).

Table 11 shows the current members of the Supervisory Board, their respective year of birth, the year they were elected to the Supervisory Board, their term, their position and ownership interests (Shares) in the Company.

Table 11: Supervisory Board

Name	Year born	Member since	Expiry of current term	Position	Number of Shares as at the Prospectus Date (direct ownership)	Direct ownership interest as at the Prospectus Date	Number of Shares as at the Prospectus Date (indirect ownership)	Indirect ownership interest as at the Prospectus Date
Birgir Durhuus	1963	2009	2011	Chairman	100	0.01%	0	0
Poul R. Mohr ¹	1929	1998	2011	Deputy Chairman	580	0.05%	92,033	8.18%
Mortan H. Johannesen ²	1937	1998	2010	Board member	40,000	3.55%	10,000	0.89%
Jan Edin Evensen	1951	2009	2010	Board member	0	0	0	0.00%
Diana Leo	1966	2009	2010	Board member	0	0	0	0.00%

Source: Atlantic Petroleum

Note: 1) Poul R. Mohr is the managing director and shareholder (0.88%) of Sp/F 14 which holds 91,933 shares in Atlantic Petroleum corresponding to 8.17% of total outstanding shares. Further, the wife of Poul R. Mohr has a 0.01% shareholding in Atlantic Petroleum

2) Hildigunn Johannesen, who is the wife of Mortan Johannesen, has a 0.89% shareholding in Atlantic Petroleum

Birgir Durhuus, Chairman

Birgir Durhuus holds an M.Sc. in Finance from the Copenhagen Business School and is head of Alternative Solutions & Risk Management at Danske Capital, Danske Bank A/S.

Poul R. Mohr, Deputy Chairman

Poul R. Mohr holds a shipmaster education and was for 25 years CEO of the leading shipyard of the Faroe Islands, P/F Tórshavnar Skipasmiðja. Mr. Mohr is today the managing director of the investment company Sp/f 14.

Mortan H. Johannesen, Board member

Mortan H. Johannesen holds a shipmaster education and is the founder and owner of the seafood company P/F Farcod, of which he is the chairman of the supervisory board. Mr. Johannesen is a member of the supervisory boards of P/F Hvan-nadalur, Sp/F Skarsgjógv and Sp/f Rock.

Jan Edin Evensen, Board member

Jan Edin Evensen holds an M.Sc. in Geology from the University of Oslo and is chief technical officer of Rock Energy AS. Mr. Evensen is chairman of the supervisory boards of Rock Energy AS and Kviknehytta AS. He is a member of the supervisory boards of MoVa AS and Atlantic Petroleum UK Limited.

Diana Leo, Board member

Diana Leo graduated as a production engineer (B.Sc.) from the Copenhagen Engineering School. In addition, she holds an MBA from the University of Salford and an M. Eng. (petroleum engineering) from Heriot-Watt in Edinburgh. Mrs. Leo is production operations manager of the Siri Area Asset in Denmark with the E&P division of DONG Energy.

The business address of the members of the Supervisory Board is c/o Atlantic Petroleum, Gongin 9, P.O. Box 1228, FO-110 Tórshavn, Faroe Islands.

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MANAGEMENT AND SENIOR EMPLOYEE

The Company's Management comprises Managing Director and CEO Wilhelm E. Petersen and the Technical Manager and COO Sigurð í Jákupsstovu.

Table 12: Management

Name	Year born	Employed since	Position	Number of Shares as at the Prospectus Date	Ownership interest as at the Prospectus Date	Number of Shares as at the Prospectus Date (indirect ownership)	Indirect ownership interest as at the Prospectus Date
Wilhelm E. Petersen	1962	1998	Managing Director and CEO	857	0.08%	480 ¹	0.04%
Sigurð í Jákupsstovu	1963	2008	Technical Manager and COO	0	0.00%	135 ²	0.01%

Source: Atlantic Petroleum

Note: 1) Relatives of Wilhelm E. Petersen (wife and children) have a 0.04% shareholding in Atlantic Petroleum
2) Relatives of Sigurð í Jákupsstovu (wife and children) have a 0.01% shareholding in Atlantic Petroleum

Wilhelm E. Petersen, Managing Director and CEO

Wilhelm E. Petersen holds an MSc and a PhD in Manufacturing Engineering from the Technical University of Denmark. In addition, Mr. Petersen has studied finance at the Copenhagen Business School. Mr. Petersen was one of the originators of P/F Atlantic Petroleum's business concept and joined Atlantic Petroleum in August 1998. Prior to joining Atlantic Petroleum, Mr. Petersen was a senior employee with P/F Eik Bank.

Mr. Petersen is the managing director and member of the supervisory boards of Atlantic Petroleum UK Limited and Atlantic Petroleum (Ireland) Limited. Furthermore, he is the managing director of Sp/f NM7, and a member of the supervisory boards of P/F Føroya Banki and P/F Bitland.

Sigurð í Jákupsstovu, Technical Manager and COO

Sigurð í Jákupsstovu holds an MSc in Mechanical Engineering, a PhD in Reservoir Modelling from the Technical University of Denmark and a Ship Master degree from the Faroese Maritime College. Mr. í Jákupsstovu has worked as Drilling and Petroleum Engineer with Maersk Oil and Gas, as Technical Manager for Atlantic Petroleum between 2001-2003 and as Director of Jarðfeingi (Faroese Earth and Energy Directorate) until 2008.

Mr. í Jákupsstovu is chairman of the supervisory board of P/F Atlantic Biotechnology and the managing director of the company SP/F Mira. Further, he is a member of the supervisory boards of Atlantic Petroleum UK Limited and Atlantic Petroleum (Ireland) Limited.

Table 13: Senior Employee

Name	Year born	Employed since	Position	Number of Shares as at the Prospectus Date	Ownership interest as at the Prospectus Date	Number of Shares as at the Prospectus Date (indirect ownership)	Indirect ownership interest as at the Prospectus Date
Teitur Samuelsen	1972	2005	Financial Manager	364	0.03%	38	0.003%

Source: Atlantic Petroleum

Note: Relatives of Teitur Samuelsen (children) has a 0.003% shareholding in Atlantic Petroleum

Teitur Samuelsen, Financial Manager

Teitur Samuelsen holds a BA in Business Economics and an MSc in Business Economics & Auditing from the Copenhagen Business School. Prior to joining Atlantic Petroleum, Mr. Samuelsen worked as a licence controller at DONG E&P A/S and as an auditor in the Faroe Islands and Denmark for a number of years.

Mr. Samuelsen is a member of the supervisory boards of Atlantic Petroleum UK Limited and Atlantic Petroleum (Ireland) Limited.

The business address of the members of the Management and Senior Employee is c/o Atlantic Petroleum, Gongin 9, P.O. Box 1228, FO-110 Tórshavn, Faroe Islands.

STATEMENT OF PAST ACTIVITIES OF THE SUPERVISORY BOARD, THE MANAGEMENT AND THE SENIOR EMPLOYEE

None of the Supervisory Board members, the Management or the Senior Employee has been convicted in relation to fraudulent offences in the last five years at least. Similarly, none of the Supervisory Board members, the Management or the Senior Employee has been subject to an official public incrimination or sanctions by statutory or regulatory authorities, or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer, or from acting in the management or conduct of the affairs of any issuer during at least the previous five years.

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Further, none of the Supervisory Board members, the Management or Senior Employee has in the last five years been associated with companies that have gone into bankruptcy, receivership or liquidation.

Birgir Durhuus has within the last 5 years been head of global sales & research at Nordea Markets in Copenhagen.

Poul R. Mohr has within the last 5 years been Icelandic general consul in the Faroe Islands.

Mortan H. Johannesen has within the last 5 years been the managing director of P/F Farcod.

Jan Edin Evensen has within the last 5 years been an independent energy consultant, chairman of the E&P standing committee and appointed director of the council of trustees with the Petroleum Institute of Thailand and general manager/director for Hess (Thailand) Ltd in Bangkok.

Diana Leo has within the last 5 years been with Shell E&P as offshore installation manager of the Nelson Platform in the UK and with Shell E&P in Sarawak, Malaysia.

Wilhelm E. Petersen has within the last 5 years been chairman of the supervisory boards of P/F Notio, P/F Tórshavnar Skipasmiðja, the Faroese Development Fund and the mutual fund TEMA Kapital, and a member of the supervisory board of Smyril Line P/F.

Sigurð í Jákupsstovu has within the last 5 years worked as director of Jarðfeingi (Faroese Earth and Energy Directorate).

CONFLICTS OF INTEREST

Pursuant to the Refinancing Agreement entered into between the Company and its lenders, three of the Company's five Supervisory Board members (including the chairman) elected by the general meeting have been appointed by the lenders (see section 22 "Material contracts").

The Company is not otherwise aware of any members of the Supervisory Board or Management or the Senior Employee having been appointed pursuant to an agreement or understanding with the Company's Shareholders, customers, suppliers or other parties.

The Company is not aware of any shareholders' agreements relating to the Company or Shares in the Company.

Member of the Supervisory Board Poul R. Mohr is a board member and managing director of Sp/F 14, which holds 8.17% of the share capital of the Company.

Board Member Mortan Johannesen has a 3.55% shareholding and Hildigunn Johannesen, who is the wife of Board Member Mortan Johannesen, has a 0.89% shareholding in Atlantic Petroleum. Furthermore, Mortan Johannesen has granted Atlantic Petroleum a loan of DKK 26.8 million as of 30th June 2009, see section 22 "Material contracts".

The Managing Director serves on the supervisory board of Føroya Banki, which has provided the Company with a loan of DKK 96.6 million as of 30th June 2009.

The rules of procedure of the Supervisory Board stipulate that no member of the Supervisory Board may participate in the voting of issues regarding agreements between the Company and such member or regarding lawsuits against such member or regarding agreements between the Company and third parties or lawsuits against third parties if such member of the Supervisory Board has a material interest in such agreement or lawsuit which may be contrary to the interests of the Company.

Except as described above, there are no conflicts of interest between any duties to the Company of the members of the Supervisory Board, the Management or Senior Employee, and these individuals' private interests and/or other duties towards other persons or companies, and the Company is not otherwise aware of any potential conflicts of interest in relation to the Offering that would be material to the Company.

For a description of lock-up obligations undertaken by the Company, its Management and Senior Employee, see Part III, section 7 "Selling securities holders and lock-up agreements".

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15 / REMUNERATION AND BENEFITS

In 2008, the Supervisory Board received aggregate fees of DKK 955,500. The Supervisory Board did not receive any other benefits. For 2009, the Supervisory Board has resolved to reduce its aggregate fees to DKK 467,582.

Table 14: Remuneration to the Supervisory Board for the financial years 2008 and 2009

Member of the Supervisory Board	2008 (DKK)	2009 (DKK)
Kjartan Hoydal (until 9th June 2009)	294,000	64,517
Poul R. Mohr	220,500	110,250
Mortan Johannesen	147,000	73,500
Petur Even Djurhuus* (until 3rd July 2009)	147,000	37,343
Óli A. M. Hammer (until 3rd July 2009)	147,000	37,343
Birgir Durhuus (from 4th July 2009)	0	72,315
Jan Edin Evensen (from 4th July 2009)	0	36,157
Diana Leo (from 4th July 2009)	0	36,157
Total	955,500	467,582

* Former member of the Supervisory Board Mr. Petur Even Djurhuus is a partner of a law firm, which provides legal services to Atlantic Petroleum. Total fees to the law firm amounted to DKK 368,897 in 2008 (2007: DKK 198,800, 2006: DKK 319,000)

No member of the Supervisory Board holds share options or warrants in the Company.

The Company has not granted any loans, issued any guarantees or undertaken any pension or other commitments to any member of the Supervisory Board.

No agreements regarding extraordinary bonus schemes, severance payments or other agreements regarding remuneration and benefits have been concluded between the Company and members of the Supervisory Board.

The Managing Director, Technical Manager and the Financial Manager received aggregate remuneration for the year 2008 of DKK 4,025,440 of which DKK 290,903 is related to a warrant-based payment⁵. The Managing Director received DKK 2,127,818 including DKK 248,318 in warrant-based payment, the Financial Manager received DKK 1,186,803 including DKK 42,585 in warrant-based payment and the Technical Manager received DKK 710,819 (as the Technical Manager was employed in May 2008 this payment only covers eight months).

In 2009, the remuneration to the Managing Director and the Financial Manager has been reduced by approximately 20-35%.

As part of the Managing Director's remuneration package the Company makes a company car available to the Managing Director.

The Company has not granted any loans or issued any guarantees to the Management or Senior Employee.

The Managing Director has a one-month termination notice towards the Company and the Company has a six-month termination notice towards the Managing Director.

The Technical Manager Sigurð í Jákupsstovu has a six-month termination notice toward the Company and the Company has a twelve-month termination notice towards Sigurð í Jákupsstovu.

The Senior Employee Teitur Samuelsen has a one-month termination notice towards the Company and the Company has a nine-month termination notice towards Teitur Samuelsen.

The Managing Director, the Technical Manager and the Financial Manager will not receive benefits upon termination of employment.

There is no age limitation in the employment contracts with the Managing Director, the Technical Manager and the Financial Manager.

The Managing Director has a non-competition clause stating that if he terminates his employment contract, except when the Company is in breach towards him or if he is dismissed by the Company because he is in breach towards the Company, he is not allowed to directly or indirectly compete with the Company within the Kingdom of Denmark (the Faroe Islands, Denmark and Greenland) for a period of six months.

Technical Manager Sigurð í Jákupsstovu has a non-competition clause stating that if he terminates the employment contract, except when the Company is in breach towards him or if he is dismissed by the Company because he is in breach towards the Company, he is not allowed to directly or indirectly compete with the Company within the Kingdom of Denmark (the Faroe Islands, Denmark and Greenland) for a period of twelve months.

The Senior Employee Teitur Samuelsen is not subject to a non-competition clause.

⁵ Warrant based payment is calculated as the theoretical value of the warrants allocated over the vesting period of the warrants.

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The Managing Director has a bonus scheme equal to 50% of his annual salary if the value of the Company's Shares appreciates by more than 20% during the calendar year, or if the Company's annual financial results are in accordance with the budget.

Except as stated above, no agreements have been signed regarding extraordinary bonus schemes, severance payments or other agreements regarding remuneration and benefits between the Company and the Management or the Senior Employee.

Provisions

The Company has not made any provisions for or saved up any funds in respect of pensions, retirement, severance payments or similar obligations.

Incentive scheme

The Supervisory Board has been authorised to issue up to 4,372 warrants for subscription of shares in the Company in the period up to 31st Dec 2009, under Clause 3b of the Articles of Associations. As of the Prospectus Date, 5,628 warrants have been issued and none have so far been exercised.

In 2007, the Supervisory Board exercised the authorisation and a share warrant scheme was announced under which warrants to subscribe for the Company's shares were granted to the Management, the Senior Employee, other employees and retainers. Atlantic Petroleum is a lean network organisation and the warrant programme is an important part of the Company's business plan to foster loyalty and commitment from staff.

Table 15 below shows the number of warrants granted and subscribed to under the warrant scheme.

Table 15: Warrant incentive programme

	Managing Director Warrants of nominal value DKK 100	Financial Manager Warrants of nominal value DKK 100	Technical Manager Warrants of nominal value DKK 100	Other employees Warrants of nominal value DKK 100	Retainers Warrants of nominal value DKK 100	Total Warrants of nominal value DKK 100
Authorised 1st January 2009	-	-	-	-	-	10,000
Outstanding 1st January 2009	3,692	633	-	319	984	5,628
Authorised but not issued 1st January 2009	-	-	-	-	-	4,372
Granted during 2009	0	0	-	0	0	0
Lapsed during 2009	0	0	-	0	0	0
Exercised during 2009	0	0	-	0	0	0
Outstanding 30th June 2009	3,692	633	-	319	984	5,628
Exercisable 30th June 2009	2,154	369	-	186	574	3,283
Authorised but not issued 30th June 2009	-	-	-	-	-	4,372

The exercise price of the warrants is DKK 625.

One twelfth of the warrants can be exercised in each of the twelve quarters following the announcement of the results for the 1st quarter of 2007. All exercise periods last for four weeks. Vested warrants that are not exercised can be carried forward to the following periods. Thus, un-exercised warrants do not forfeit until the end of the last exercise period, which is 1st May 2010. If Atlantic Petroleum has not received a subscription form from the warrant holder by 1st May 2010, the warrants are forfeited. The warrants can only be exercised if the warrant holder is still employed or provides services to Atlantic Petroleum.

If the Company's share capital is increased with a share price below market value then the exercise price of the warrants must be reduced to the extent necessary in order to compensate the warrant holder for this condition.

If the share capital is increased with a share price below market value, the Company's Supervisory Board must request the Company's auditor to calculate the adjustment, so that the result at the latest seven days prior to the start of the subscription period of the warrants can be presented to the warrant holder in writing. It is likely that the Offering will result in such adjustment.

The auditor's calculations must be carried out in accordance with acknowledged regulations regarding this. The auditor's calculations are final and binding for the Company and the warrant holder.

If a regulation of the share price results in a decrease of the subscription price below 100, the warrants cannot be used, unless the warrant holder approves that the price will be increased to par without compensation.

Warrants can be exercised in the period from the announcement of the annual accounts or the quarterly accounts of the Company and four weeks onwards ("the subscription period") and notice of a wish to exercise the warrant must be forwarded to the Company within this period. One accounting year thus has four subscription periods.

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According to Clause 16 in the Articles of Association the total remuneration to all the Supervisory Board for one year cannot exceed DKK 1,000,000 without approval from the Company's general meeting.

Value of warrants

The aggregate value of the warrants as of the Prospectus Date has been calculated at DKK 122,184 using the Black Scholes option pricing model. The following assumptions have been made: Share price of DKK 326 (closing price on 29th September 2009), strike price DKK 625, volatility at 82.4%, no dividends and risk-free interest rate at 1.32% per annum.

16 / BOARD PRACTICES

As a Faroese registered company listed on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen, Atlantic Petroleum is obliged to comply with Faroese, Icelandic and Danish 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 rules on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen, with the exemptions summarised below:

Openness and transparency

Information and publication of information

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

The tasks and responsibilities of the Supervisory Board

Procedures

The Supervisory Board's rules of procedure follow the corporate governance recommendations, with the exception of the division of responsibilities between the members of the Supervisory Board. To date this has not been deemed necessary and has been dealt with on an ad hoc basis. The Supervisory Board continuously reviews the situation.

The composition of the Supervisory Board

Recruitment and election of Supervisory Board members

There are no established explicit recruitment criteria, but in the case of election of a member of the Supervisory Board, the overall competence and experience in the Supervisory Board will be assessed.

The independence of the Supervisory Board

Only one member of Atlantic Petroleum's Supervisory Board, Poul R. Mohr, is associated with major shareholders, i.e. shareholders controlling 5% or more of the total outstanding shares of the Company together with their related parties, or is financially connected to major shareholders. Poul R. Mohr, is managing director of and owns a minority share of Sp/F 14. On the date of this Prospectus, Sp/F 14 together with related parties owned 8.17% of the total outstanding shares of Atlantic Petroleum. (See section 18 "Major Shareholders" for further information).

As a matter of corporate governance, the independence of members of the Supervisory Board is evaluated yearly. In connection with the Company entering into the refinancing agreement with the lenders in June 2009 (see section 22 "Material contracts"), it was agreed to amend the Supervisory Board by replacing three of the existing board members by new members appointed by the lending banks. Accordingly, at the Company's extraordinary general meeting held 3rd July 2009, the following three new board members, appointed by the lending banks, were elected: Birgir Durhuus (chairman), Jan Edin Evensen and Diana Leo. Diana Leo is production operations manager of the Siri area Asset in Denmark with the E&P division of Dong Energy. Dong Energy is also one of the Company's major license partners.

Retirement age

The Supervisory Board has not found it necessary to determine a retirement age for its Supervisory Board members. Table 11 above contains information about the age of the Supervisory Board members.

Election period

The members of the Supervisory Board are elected for terms of two years, two members every second year, and three members every other second year, which ensures continuity. For the time being, there is no limit on how often board members can be re-elected.

Use of Supervisory Board committees

With the present activity in the Company, it has not been necessary to set up Supervisory Board committees to concentrate on specific areas of business.

Assessment of the Supervisory Board's work

Assessment of the competency and expertise of the Supervisory Board members as well as evaluation of the Supervisory Board's work is made on an ongoing basis and presently does not follow a formal plan. Assessment of the Management's work and results is also made on an ongoing basis and presently does not follow a formal plan. Assessment of the collaboration between the Supervisory Board and the Management is made on an ongoing basis and presently does not follow a formal plan. As the Company grows, the need for establishing assessment procedures will be considered.

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Remuneration of the members of the Supervisory Board and the Management

Remuneration Policy

Atlantic Petroleum has not introduced an explicit remuneration policy, but the Supervisory Board believes that the remuneration to the members of the Supervisory Board and the Management is consistent with that of comparable companies and that it serves to attract, retain and motivate the members of the Supervisory Board and the Management. Benchmarking to secure this has been initiated. The remuneration of the Supervisory Board is reviewed regularly and the Articles of Association set out the maximum annual remuneration. The annual report states the remuneration to the members of the Supervisory Board and the Management and all components thereof.

Audit

Audit committee

Taking the Company's size into consideration, the Supervisory Board has not found it necessary to establish an audit committee.

17 / EMPLOYEES

Atlantic Petroleum is a small network organisation. The Company has been focused on being cost effective. Hiring of staff has been managed and planned according to a 'fit to purpose' manner as the Company and its asset base has grown. Currently, there are six full-time employees of Atlantic Petroleum, including the Managing Director. Considering also the part-time retainers, it is estimated that the total number of employees and retainers is equivalent of nine full-time equivalents. A retainer is a person who is not employed by the company directly, but is connected to the company by working for the company for more than half of a working month on an ongoing basis.

The table below shows the development in number of full-time equivalents over the last three years.

Table 16: Number of full-time equivalents, end of period

	2006	2007	2008	As at the Prospectus Date
Total	6	8	10	9

Retainers based in the London office are as below:

Alyson M Harding, Exploration Manager

Alyson Harding holds a BSc in Geology and a Masters degree in Palynology from Sheffield University, UK. Ms Harding has been employed within the oil industry since 1980, working for Robertson Research International, Occidental, Norsk Hydro and Amerada Hess and also as a consultant to other oil companies. Ms Harding is the Exploration Manager of P/F Atlantic Petroleum, Atlantic Petroleum UK Limited and Atlantic Petroleum (Ireland) Limited.

Lucy Slater, Chief Geophysicist

Lucy Slater holds a BSc, 1st Class Hons, in Geology from Durham University, UK, and a PhD from Cambridge University, UK. Dr Slater has been employed within the industry since 1996, working for Amerada Hess and Shell International and also as a consultant to other oil companies.

Doug Evans, Consultant Geophysicist

Doug Evans holds a BSc in Geophysics from Liverpool University, UK. Mr Evans has been employed within the oil industry since 1979 working for Schlumberger, Texaco, Fina, Western Geco and Gulf Keystone.

As for the Company's functional structure, reference is made to figure 4 in section 7 "Organisational structure".

The Company's warrant scheme, under which employees have been granted warrants, is described in section 15 "Remuneration and benefits - incentive scheme".

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18 / MAJOR SHAREHOLDERS

At the Prospectus Date, the Company has recorded approximately 8,300 Shareholders in its register of shareholders, corresponding to 100% of the share capital.

The Company has only one share class, and all Shares carry the same voting rights.

The following Shareholders have notified the Company that they hold 5% or more of the Company's share capital and/or voting rights:

Table 17: Shareholdings of Major Shareholders as at the Prospectus Date

Shareholder	Business	Registered office/residence	Before the Offering	
			Shares	Ownership interest/voting rights (%)
SP/F 14 and related parties*	Investment company	J.C. Svarbosgøta 29, 100 Tórshavn	91,933	8.17%
P/F T/F Holding	Holding company of insurance company	Kongabrúgvín, 100 Tórshavn	74,250	6.60%
P/F Eik Banki and Eik Grunnurin	Bank	Yviri við Strond 2, 100 Tórshavn	72,249	6.42%

*) Supervisory Board Member Poul R. Mohr is the managing director and a shareholder (0.88%) of Sp/F 14.
Source: Atlantic Petroleum

Shareholders are required to notify the Company of any change in their shareholdings or voting rights that lead to certain thresholds being exceeded. See Part III, section 4 "Information concerning the securities to be offered". The Company will issue a company announcement if such notice is received from a Shareholder. The Company is not authorised to issue company announcements regarding major shareholdings unless the Company has received a prior notice to that effect from the Shareholder.

See tables 11, 12 and 13 in section 14 "Supervisory Board, Management and Senior Employees" for the shareholdings of the Supervisory Board, the Management and the Senior Employee as at the Prospectus Date.

The Company is not aware of any shareholder agreements or similar having been entered into in respect of the Shares.

19 / RELATED PARTY TRANSACTIONS

The related parties of Atlantic Petroleum comprise the members of the Supervisory Board and Management as well as the subsidiaries and the members of their supervisory boards and managements.

The parent company (P/F Atlantic Petroleum) settles all expenditures on behalf of the subsidiary companies, Atlantic Petroleum UK Limited and Atlantic Petroleum (Ireland) Limited. At the end of 2008 the subsidiaries owed DKK 615.4 million (2007: DKK 360.2 million, 2006: DKK 125.4 million) to their ultimate parent company. No interest is calculated on intercompany balances. In addition, the Company has entered into management services agreements with its subsidiaries.

The Company has given a first demand parent company guarantee towards the British authorities for Atlantic Petroleum UK Limited's obligations under all its licences in the UK. In connection with Atlantic Petroleum UK Limited's assets in the UKCS, Atlantic Petroleum has further provided the following security towards BERR:

- > A security is provided that Atlantic Petroleum can always provide the necessary finance to enable Atlantic Petroleum UK Limited to fulfil its obligations in the UK area
- > A security is provided that Atlantic Petroleum will not change Atlantic Petroleum UK Limited's legal rights, so that this company can not fulfil its obligations

Former member of the Supervisory Board Mr. Petur Even Djurhuus is a partner of a law firm, which provides legal services to Atlantic Petroleum. Total fees to the law firm amounted to DKK 368,897 in 2008 (2007: DKK 198,800, 2006: DKK 319,000).

The major shareholder SP/F 14 has been renting office space in the Company's UK facilities paying rent in the total amount of DKK 56,600 in 2008 (2007: DKK 0, 2006: DKK 0).

In 2006, Atlantic Petroleum acquired a car from the Managing Director for a consideration of DKK 306,000. The car was purchased on an arm's length basis and the car was acquired in order to make a company car available to the Managing Director.

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Supervisory Board Member Mortan Johannesen has provided the Company with a loan of DKK 26.8 million as of 30th June 2009. The major shareholder P/F T/F Holding has provided the Company with a loan of DKK 33.3 million as of 30th June 2009. The major shareholder Eik Banki P/F has provided loans to the Company totalling of DKK 305.7 million as of 30th June 2009. The Managing Director serves on the supervisory board of Føroya Banki, which has provided the Company with a loan of DKK 96.6 million as of 30th June 2009. See section 22 "Material contracts".

Other than as set out above, no related-party transactions have been undertaken within the past three years.

20 / FINANCIAL INFORMATION CONCERNING THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

HISTORICAL FINANCIAL INFORMATION ETC.

See Part II, "Financial Information".

DIVIDEND POLICY

The Company has not distributed dividends to date.

The Company does not expect to distribute dividends in the short to medium term. The Company will communicate a dividend policy prior to commencing distribution.

LEGAL AND ARBITRATION PROCEEDINGS

The Company is not aware of any pending or threatened litigation or disputed claims, arbitration, government or regulatory cases which have had or which, in the opinion of the Company, may reasonably be expected to have a material impact on the Company's financial position or results of operations.

SIGNIFICANT CHANGES IN THE COMPANY'S FINANCIAL OR TRADING POSITION

On 17th July 2009, the Company announced the impairment of Celtic Sea licence SEL 2/07. Following the drilling of the Hook Head 50/11-4 and Dunmore 50/6-4 wells in July to October of last year, a number of studies have been completed by the operator. The outcome of the studies suggests that, due to reservoir and oil quality issues, the potential commerciality of these assets is more uncertain than before. Further, due to uncertainty related to sufficient volume of the Dunmore Jurassic carbonate reservoir, which encountered hydrocarbon shows in an approximately 20-foot thick section, the Company decided to write-off costs of approximately DKK 97 million. This amount has been recognised in the H1 2009 financial statements. The write-off will not have any cash effect on the Company. The impairment does not impact on the Company's booked resources, as the competent persons report issued by Fugro Robertson on 1st January 2009 does not consider resources associated with Hook Head or Dunmore.

On 18th August 2009 the Company announced that the Etrick field had commenced oil production. The Etrick field is expected to produce at rates up to 1,650 boepd (barrels of oil equivalent per day) net to Atlantic Petroleum via the FPSO vessel 'Aoka Mizu'.

On 27th September 2009 the Company and the lenders entered into an addendum to the refinancing agreement. The provisions of the addendum will come into force upon completion of the Offering. See section 22 "Material contracts".

On 1st October 2009 the Company announced a revised oil production forecast and financial guidance for 2009.

Other than stated above, no significant changes have occurred in the Company's financial and trading position since 30th June 2009.

21 / ADDITIONAL INFORMATION

The following is a summary of certain information concerning the Company's share capital and a summary description of certain provisions in the Company's Articles of Association.

SHARE CAPITAL

Issued share capital

Atlantic Petroleum was founded with a share capital of DKK 25,500,000. Since the foundation the Company has issued share capital in five rounds, and the current share capital has a nominal value of DKK 112,573,000 and is held by approximately 8,300 shareholders. The nominal share value is DKK 100 per share or multiples hereof. The total number of shares is 1,125,730 each with a nominal value of DKK 100. All issued share capital is fully paid up. The development of the share capital since establishment is shown in the following table.

Table 18: Movements in the Company's share capital (prior to the Offering)

Date of registration*	Transaction	Change in share capital (DKK nominal value)	Price per share of nominal DKK 100	Share capital following change (DKK nominal value)
19/02 1998	Foundation (private placement)			25,500,000
09/09 1998	Shares issued without pre-emptive rights	3,340,000	100	28,840,000
20/12 1999	Shares issued without pre-emptive rights	17,410,000	105	46,250,000
20/01 2005	Shares issued with pre-emptive rights	27,747,800	265	73,997,800
19/07 2006	Shares issued with pre-emptive rights	22,075,200	550	96,073,000
28/09 2006	Shares issued without pre-emptive rights	16,500,000	550	112,573,000

* At the Faroese Company Registration

Share Characteristics

The Company's share capital consists of shares of DKK 100 or multiples hereof with a total nominal value of DKK 112,573,000. The Company's shares are issued and registered electronically at VP Securities (VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, 2300 Copenhagen S, Denmark) under the name of the respective shareholder. However, a small number of shares - 328 shares in different nominal amounts, corresponding to 9,100 Shares with a nominal value of DKK 100 each or 0.81% of the share capital - have not been dematerialised yet, and are therefore still in paper form. The Company has an agreement with Eik Banki P/F to register paper shares electronically at no direct cost to the shareholders. If any relevant shares have not been registered electronically following a period of five years from the date the Company invited the shareholders to have their shares converted (17th October 2005), the Supervisory Board may, through an advertisement inserted in the Faroese Official Gazette, invite the holders of such shares to have their shares registered within a further period of six months. After the expiration of this further period, the Supervisory Board may sell any shares not registered for the account of the shareholder in question, all according to article 23 c and d in the Faroese Companies Act.

Authorisation to the Supervisory Board to increase the share capital

To secure the Company's flexibility in case of further acquisitions or developments, the Articles of Association include an authorisation of the Supervisory Board until the 31st December 2010, in one or several rounds, to increase the Company's capital with up to nominal DKK 175,000,000 according to Clause 3, sub-clause 1 in the Articles of Association.

The increase can fully or partially be made in other values than cash, including

- > that the Company, in connection with the increase of share capital against consideration in shares, takes over other existing enterprise, activity or company or shares in another company; or
- > that the Company, in connection with the increase of share capital without consideration in shares, accepts such other values.

The new share capital will have the same rights in the Company as the existing share capital and new shareholders will also be encompassed by the restriction on ownership and voting rights, which means that no shareholder can hold more than 20% of the Company's share capital, and no one can vote at the general meeting with more than 20% of the votes. Subscription of new share capital can be made without pre-emptive rights of subscription for existing shareholders. Furthermore, the Supervisory Board is authorised until the 31st December 2009 to issue up to 4,372 warrants at DKK 100 for subscription of shares in the Company in the period up to 31st December 2009, according to Clause 3b in the Articles of Associations. Issue of warrants can take place, but does not have to, in connection with the Company raising a non-convertible loan against bonds. Subscription of warrants shall be at market value as estimated by the Supervisory Board. The shareholders of the Company shall not have pre-emptive right to subscribe to such warrants. Neither shall the shareholders have pre-emptive right to subscribe shares that are to be subscribed on basis of warrants. The subscription price for the shares to be subscribed on the basis of the subscribed warrants cannot go under the price of DKK 100 for each share of the nominal value of DKK 100. The share capital subscribed on the basis of subscribed warrants has the same rights in the

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Company as the existing share capital. This authorisation regarding warrants originally comprised 10,000 warrants, but was reduced to the current number in reflection of the fact that 5,628 warrants have been issued, none of which have so far been exercised, see section 15 “Remuneration and benefits – incentive scheme”.

The Supervisory Board has until 31st December 2010 authority to issue convertible bonds or other convertible debt instrument for loans of up to the amount of DKK 56,000,000 which gives the lender the right to convert his claim of repayment into share capital in the Company.

Stock options and warrants

See section 15 “Remuneration and benefits”

Shareholder agreements

The Company is not aware of any shareholder agreements relating to the Company or Shares in the Company.

Treasury shares

Atlantic Petroleum does not hold any own shares, and no authorization currently exists to allow Atlantic Petroleum to acquire own shares. According to article 67 in the Company Act, no voting rights may be exercised for the Company's own shares.

MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION

The Company's Articles of Association of 3rd July 2009 are included in “Annex 1” to this Prospectus.

Certain provisions of the Company's Articles of Association and memorandum of association are set out below.

Object

According to Clause 1 of the Company's Articles of Association, the objective of the Company is to run business in the field of hydrocarbon production and other related business.

Provisions concerning members of the Company's Supervisory Board and Management

The Company's Supervisory Board has five members. The Company's ordinary general meeting elects the Supervisory Board, and the members are elected for two years at the time; two members every second year, and three members every second year. Re-election is allowed. In connection with the Company's entering into of the Refinancing Agreement with the lenders in June 2009 (see section 22 “Material contracts”), it was agreed to amend the Supervisory Board by replacing three of the existing board members, by new members appointed by the lending banks. Accordingly, at the Company's extraordinary general meeting held 3rd July 2009 the following three new board members were elected: Birgir Durhuus (initially until ordinary general meeting 2011), Jan Edin Evensen (initially until ordinary general meeting 2010) and Diana Leo (initially until ordinary general meeting 2010). The Supervisory Board constitutes itself, and it appoints a management board consisting of one or several members to manage the day-to-day business of the Company.

The Supervisory Board members receive remuneration for their work and its size is determined by the Supervisory Board. The total board remuneration to all the board members for one year cannot exceed DKK 1,000,000 without approval from the Company's general meeting.

The Supervisory Board holds meetings when the chairman finds it necessary, or when one of the other board members or a Managing Director so wishes. In order to form a quorum at least three board members must be present at the meeting. All decisions are made by simple majority of votes. If the votes are even, the vote of the chairman determines the outcome. The Company is bound by the signature of two board members together, by one board member together with one Managing Director, or by the whole Supervisory Board. Minutes of the board meetings are kept and are signed by all participants. The board has authority to give power of attorney.

Rights and restrictions attaching to Shares

No shares have special rights. The shares shall be made out to a named holder and are negotiable. The shareholders are not obliged to redeem their shares except as follows from section 20b of the Faroese Companies Act. Further, in connection with finalisation of the dematerialisation procedure (see section 21 “Additional information – Share characteristics”), the Company will be entitled to sell any shares not registered electronically by the shareholders.

Notice convening annual and extraordinary general meetings

At the earliest 30 days and at the latest 14 days before the general meeting, the Supervisory Board gives notice of the general meeting, to be held at the Company's domicile, with specification of time, place and agenda, by writing to each shareholder at the most recent address registered in the share register, or by announcement in a public Faroese announcement paper.

Each shareholder can attend the general meeting, provided the shareholder has required an admission card from the Company not later than 5 days prior to the general meeting. A shareholder can give another person written authority to attend the general meeting and vote by proxy.

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Decisions at the General Meeting

At the general meeting, all items are decided by simple majority of votes, if not stipulated differently by the Companies Act. As to other majority requirements than simple majority, these are stipulated in sections 78 and 79 in the Companies Act.

Provisions in the Articles of Association which may entail postponement of a change of control of the Company

No shareholder can hold more than 20% of the Company's share capital, and no one can vote at the Company's general meeting with more than 20% of the votes. Legal persons, who are mutually so closely connected that one of them has decisive influence on the matters of the other, will be considered as one in connection with this limitation of ownership and voting right, so that these legal persons together only can own and vote for not more than 20% of the share capital.

The Supervisory Board has until 31st December 2010 authority to increase the Company's share capital with up to DKK 175,000,000. The Supervisory Board has until 31st of December 2009 authority to issue up to 4,372 warrants. To date 5,628 warrants have been issued, but none have so far been exercised. The Supervisory Board has until 31st December 2010 authority to issue convertible bonds or other convertible debt instruments for loans of up to the amount of DKK 56,000,000 which gives the lender the right to convert his claim of repayment into share capital in the Company.

NOTIFICATION OF SHAREHOLDINGS IN THE COMPANY

Under Faroese and Danish law, the Company's shareholders are required to notify the Company and the stock exchanges on which the Company's shares are listed for trading as soon as 1) the shareholder's stake represents at least 5% of the voting rights in the company or the nominal value accounts for at least 5% of the share capital or 2) when a change of holding already noticed entails that limits of 5% intervals counting from 10% to 100% and the limits of one-third or two-thirds of the share capital's voting rights or nominal value are reached or are no longer reached or the change entails that the thresholds in 1) are no longer reached.

In addition under Icelandic law, the Company's Shareholders are required immediately to notify the Company and the Icelandic Financial Supervisory Authority when the shareholders' voting rights in the Company, as a result of an acquisition or disposal reaches, exceeds or falls below 5, 10, 15, 20, 25, 30, 35, 40, 50, 66 2/3 or 90%. Following receipt of notification, the Company shall, as soon as practically possible and not later than at noon on the first following trading day, make public the information included in the notification.

The notification shall provide information about the full name, address or, in the case of undertakings, registered office, the number of shares and their nominal value and share classes as well as information about the basis on which the calculation of the holdings has been made. Failure to comply with the notification requirements is punishable by a fine. In addition, notifications made in accordance with Icelandic law, shall be sent in a verifiable manner and shall include information about, inter alia, the date on which the notification requirement arose, the chain of controlled undertakings through which voting rights are effectively held and the number of voting rights held.

When the company has received a notification, it must publish the content of such notification as soon as possible.

22 / MATERIAL CONTRACTS

FINANCING AGREEMENTS

The Company has entered into four term bridge loans. The lenders under the loans are Faroese entities or persons and all loan agreements are governed by Faroese law. The loans all include termination provisions allowing the lenders to terminate the loans at 14 days' notice or even shorter upon a default. Further, all loans include negative pledge provisions. To the best of the Company's knowledge and belief, the combined ownership held by the lenders to the Company is approximately 20% as of the Prospectus Date.

DKK 171,750,000 liquidity loan

The Company entered into a loan agreement on 8th November 2007 with Eik Banki P/F as the lender. The loan amount is up to DKK 171,750,000, which the Company has drawn in full as of the Prospectus Date. The original payback date under the loan was 31st March 2009, but this has been extended to 31st December 2010, see "Refinancing Agreement" below. Interest is calculated quarterly as 3M Cibor + 3.25 % p.a. The default rate of interest was 4% p.a. when the loan was first granted. The loan agreement includes customary covenants.

The Company and the lender have agreed that the repayment of this loan shall be subordinated to the repayment of the DKK 35 million and DKK 140 million loans mentioned below. The Company has provided the lender with a negative pledge and as further security for the loan the Company has in the refinancing agreement, see below, provided a third priority security in the shares in Atlantic Petroleum UK Ltd. and in receivables from Atlantic Petroleum UK Ltd., which security also serves under the DKK 100 million loan.

DKK 100 million liquidity loan

On 25th July 2008, the Company entered into a further term loan agreement with Eik Banki P/F and Føroya Banki P/F as the lenders. The loan amount is up to DKK 100,000,000, which the Company has drawn in full as of the Prospectus Date.

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The original payback date under the agreement was 31st March 2009, but this has been extended to 31st December 2010, see "Refinancing Agreement" below. Interest is calculated quarterly as 3M Cibor + a variable margin of 3% p.a. when the loan was granted. An ongoing fee of 1.0% p.a. is calculated quarterly. The default rate of interest is 3M Cibor p.a. of the outstanding loan amount. The loan agreement includes customary covenants.

The Company and the lenders have agreed that the repayment of this loan shall be subordinated to the repayment of the DKK 35 million and DKK 140 million loans mentioned below. The Company has provided the lenders with a negative pledge and as further security for the loan the Company has in the refinancing agreement, see below, provided a third priority security in the shares in Atlantic Petroleum UK Ltd. and in receivables from Atlantic Petroleum UK Ltd., which security also serves under the DKK 171,750,000 loan.

DKK 140 million liquidity loan

In October 2008 the Company entered into a term loan agreement with P/F TF Holding, Eik Banki P/F, Føroya Banki P/F, Føroya Lívstrygging P/F and Mortan Johannesen (Supervisory Board member), as the lenders. The loan amount is up to DKK 140,000,000, which the Company has drawn in full as of the Prospectus Date. The original payback date under the agreement was 31st July 2009, but this has been extended to 31st December 2010, see "Refinancing Agreement" below. Interest is calculated quarterly as 3M Cibor + a variable margin of 4% p.a. when the loan was granted. In addition an ongoing fee of 1.5% p.a. is calculated quarterly. The default interest is 18% p.a., but any default payment can never amount to less than 5% of the total amount drawn under the loan. The loan agreement includes customary covenants. As security for due payment under the agreement, the lenders have been granted a second priority security in the shares in Atlantic Petroleum UK Ltd and in the receivables from Atlantic Petroleum UK Ltd.

The Company and the lenders have agreed that the repayment of this loan shall be subordinated to the repayment of the DKK 35 million loan mentioned below. The Company has provided the lenders with a negative pledge.

Under the loan, proceeds obtained by the Company in connection with a share capital increase or obtained through senior financing, shall be used to make repayment under the loan.

DKK 35 million liquidity loan

On 22nd May 2009, Eik Banki P/F as the lender and the Company entered into a loan agreement. The loan amount is up to DKK 35,000,000 of which the Company has drawn DKK 22 million as of the Prospectus Date. The original payback date under the Agreement was 31st July 2009, but this has been extended to 31st December 2010, see "Refinancing Agreement" below. Interest is calculated as 3M Cibor + a variable margin of 4% p.a. when the loan was granted and is calculated quarterly. An ongoing fee of 1.5% p.a. is calculated quarterly. The default interest is 3M Cibor p.a. on the outstanding loan amount. The loan agreement includes customary covenants. As security for due payment under the agreement, the lender has been granted a first priority security in the shares in Atlantic Petroleum UK Ltd and in the receivables from Atlantic Petroleum UK Ltd. Further, the Company has provided the lender with a negative pledge and together with Atlantic Petroleum UK Ltd undertaken to pay all liquidity Atlantic Petroleum UK Ltd generates into this loan.

REFINANCING AGREEMENT

As announced by the Company on 9th June 2009, the lenders under the loans described above have agreed to extend the payment dates under the loans until 31st December 2010 and, on 22nd June 2009, an agreement to this effect in the form of an addendum to the above loan agreements was entered into (the "Refinancing Agreement").

The Refinancing Agreement stipulates that:

1. the Supervisory Board shall call a general meeting upon request from Eik Banki, with the aim of replacing at least 3 of the Supervisory Board members with 3 new members appointed by the lenders, one of whom shall be chairman of the Board. Such general meeting was held on 3rd July 2009, at which meeting Kjartan Hoydal, Òli Hammer and Petur Even Djurhuus resigned and Birgir Durhuus, Jan Edin Evensen and Diana Leo were elected as new Board members;
2. until election of new Supervisory Board members as done on 3rd July 2009, the Supervisory Board could not enter into significant transactions without prior approval from the current lenders;
3. if refinancing of the Company has not made material progress within 6 months and been effected within 6-9 months, or the Company is not able to effect significant repayment under the loans from its operations, the Supervisory Board shall commence negotiations with suitable parties regarding a merger;
4. each lender retains its right to terminate its loan to Atlantic Petroleum for full repayment at 14 days notice according to customary practice, including in case of breach of the following covenants: a) breach of the undertakings set out in 1 - 3 above; b) reporting requested is not provided; c) the financial and/or liquidity situation of the Company, in the lenders' opinion, develops negatively;
5. in addition to the agreed rates of interest and costs in the individual loan agreements, a funding fee of 1.5% p.a. of the total debt will accrue;
6. upon the earlier of 1st January 2010, or from the beginning of a month following full repayment of the DKK 35 million loan from Eik Banki P/F; Atlantic Petroleum has undertaken to apply 90% of any liquid funds to commence repayment of the remaining loans. Liquid funds shall include any funds available after payment of fixed and firm expenses related to the running of the Company and investments have been paid. Any new investments must be approved by the lenders. After repayment of the initial DKK 35 million, the DKK 140 million loan shall be repaid according to the agreed percentage, with 26.78% to Eik Banki P/F, 28.57% to Føroya Banki P/F, 22.14% to TF Holding P/F, 4.64% to Føroya Lívstrygging P/F, and 17.8% to Mortan Johannesen. Following this the DKK 271.75 million loan (DKK 171,750,000 + DKK 100,000,000 loan)

THE COMPANY

- to Eik Banki P/F and Føroya Banki P/F will be paid, with 81.48% being paid to Eik Banki P/F and 18.51% being paid to Føroya Banki P/F. Any amounts outstanding will be payable on 31st December 2010;
7. interest shall not accrue but be payable quarterly and it is the intention that interest accrued on the loans prior to entering into the Refinancing Agreement shall be paid not later than on 1st October 2009, provided the Company's liquidity allows it; and
 8. the Company may not undertake any new investments without approval from the lenders.

As further security, the Company has under the Refinancing Agreement provided a third priority security in the shares in Atlantic Petroleum UK Ltd and in receivables from Atlantic Petroleum UK Ltd in favour of Føroya Banki P/F and Eik Banki P/F under the DKK 171,750,000 and DKK 100 million loans.

Addendum to the refinancing agreement

On 27th September 2009 the Company and its lenders entered into an addendum to the Refinancing Agreement (the "Addendum"). The provisions of the Addendum will come into force upon completion of the Offering and will imply that out of the net proceeds from the Offering the Company will use at least DKK 172 million (or such lesser amount as obtained) to repay its loans, such repayment first to be effected on the DKK 35 million liquidity loan (currently drawn down by DKK 22 million) and secondly on the DKK 140 million liquidity loan (fully drawn down with a total balance of DKK 150 million including accrued interest). Remaining net proceeds, i.e. in excess of DKK 172 million, will remain in the Company, provided, however, that if this amount exceeds DKK 35 million, any such additional net proceeds shall be used for further repayment under the loans in accordance with the agreed percentages set out in the Refinancing Agreement, cf. above in the discussion of the Refinancing Agreement in number 6. The Addendum further stipulates that lenders, who have subscribed Offer Shares in the Offering shall be entitled to receive loan repayments in an amount equal to the amount subscribed. This has been taken into account in the Supervisory Board's resolution of 1st October 2009, see Annex 5 to this Prospectus.

The due date of the loans as extended in the Refinancing Agreement to 31st December 2010 remains, However, in connection with entering into the Addendum (and assuming the above extraordinary repayments have been effected), the lenders have stated that they will look positively at commencing negotiations regarding a possible further extension of the final repayment date for the remaining loans.

Upon the entering into force of the Addendum the provisions mentioned above in this section 22 "Material contracts" under the discussion of the Refinancing Agreement number 1 - 4 and 8 and the sentence "Any new investments must be approved by the lenders" in number 6, will cease to be in effect and the date "1st October 2009" in number 7 will be amended to "1st November 2009". Instead upon the Addendum entering into force, the Company undertakes (i) actively to solicit relevant opportunities to obtain long term financing with a view to refinancing the remaining amounts outstanding under the loans and (ii) apart from investments effected by means of funds received by the Company in the Offering and not used to make repayments under the loans, cf. above, the Company undertakes not to make further investments in existing licenses without prior written approval from the lenders, which approval can only be denied if based on reasonable credit lending concerns and (iii) the general terms and conditions on loans from Føroya Banki shall apply to the loans i.e. stating that the lenders can terminate the loans and change the interest rate in disfavour of the Company with 14 days notice.

THE COMPANY

23 / THIRD PARTY INFORMATION AND EXPERT STATEMENTS AND DECLARATIONS OF INTEREST

This Prospectus contains market data. This information has been obtained from a variety of sources including company websites and other publicly available information as well as the Company's knowledge of the markets. The information is deemed to be reliable and the Company believes that no facts have been omitted that would render the information provided inaccurate or misleading but the information has not been verified. Neither the Company nor the Global Coordinator and the Co-manager make any representation as to the accuracy of information provided by third parties. Thus, developments in the Company's activities may deviate from the market developments stated in this Prospectus. The Company does not assume any obligation to update such information. If information has been obtained from third parties, the Company confirms that such information has been accurately reproduced and to the best of the Company's knowledge and belief, and in so far as can be ascertained from the information published by such third party, no facts have been omitted which would render the information provided inaccurate or misleading.

Market statistics are inherently subject to uncertainty and are not necessarily reflective of actual market conditions. Such statistics are based on market research which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about the types of products and transactions that should be included in the relevant market/market segment definitions.

Atlantic Petroleum obtains an annual independent third party evaluation of the Company's oil and gas reserves and resources. The evaluation is prepared by the UK geological and petroleum reservoir consultancy Fugro Robertson Limited, Ty'n-y-Coed, Pentywyn Road, Llandudno, Conwy, LL30 1SA, United Kingdom. An extract summary of the report from 1st January 2009 is provided below. The inclusion of the extract summary herein has been included with the consent of Fugro Robertson Limited. The report is available from the Company's website at www.petroleum.fo.

It should be noted that the results presented by Fugro Robertson Limited in the reserve report is based on Fugro Robertson Limited's own assumptions and estimates. These differ in some respects from the estimates of Atlantic Petroleum, although not materially except for certain assumptions concerning the Ettrick field. The capital expenditures for this field are estimated by Fugro Robertson Limited to be significantly higher than both the estimates of Atlantic Petroleum and those of the operator of the field. The deviation is due to Fugro Robertsons Limited's assumption that drilling of two additional wells will be required in order to arrive at 2.5 MMBoe. This assumption is not shared by the Company and the operator, Nexen.

Apart from the reserve report mentioned above Atlantic Petroleum has engaged Fugro Robertson Limited in relation to data library services. In addition, Atlantic Petroleum occasionally engages consultants who are working for Fugro Robertson Limited when evaluating potential farming-in opportunities.



1st January 2009

The Board of Directors
Atlantic Petroleum
Gongin 9
FO110 Tórshavn
Faroe Islands

Dear Sirs

Evaluation of the Petroleum Assets of Atlantic Petroleum & its Subsidiary Companies

In response to your request, we have reviewed and valued the petroleum interests of Atlantic Petroleum P/F and its subsidiary companies ("AP") offshore the United Kingdom Continental Shelf ("UKCS"), offshore southern Eire ("Celtic Sea") and The Faroe Islands Offshore Area. The evaluation is at 1st January 2009 and is based on technical data and information available and provided by AP up to 5th December 2008. This report documents the review and valuation of AP and comprises a Competent Persons Report ("CPR") for Danish and Icelandic stock market purposes.

1. Professional Qualifications

Fugro Robertson Limited ("FRL") is a geological and petroleum reservoir consultancy that provides a specialist service in the assessment and valuation of upstream petroleum assets. In preparing this report we have also used the services of a number of independent petroleum consultants. In line with Chapter 19 Section 12 (b) of the Listing Rules of the London Stock Exchange, the key personnel in each technical and commercial discipline who have supervised the evaluation and writing of this report each have in excess of five years professional experience in the estimation, assessment and evaluation of hydrocarbon reserves.

FRL has reviewed and valued the assets of AP on a number of occasions. The last valuation was dated March 2008 and also took the form of a CPR.

Except for the provision of professional services on a fee basis, FRL has no commercial arrangement or interest with the company or the assets that are the subject of this report or any other person or company involved in the interests.

1.1 AP Current Licence Interests

The current licence interests held by AP in the UK, Eire and the Faroes are summarised below.

Country	Licence	Blocks	AP Interest (%)
Faroe Islands	L013	6103/7b,8b,11,12,13 & 17	40%
Faroe Islands	L014	6104/9,10 & 14	40%
Faroe Islands	L006	6105/25 & 30, 6005/5a, 6104/16a,17a,21 & 26, 6004/1a	0.046%
Faroe Islands	L016	6201/1,2,6, 6202/4,5,6,7,8,9,10,11,12,13, 14,15,16,17,18,21,22, 6203/13,14,15,16,17,18,19, 20,21,22,23,24,25	10%
UK	P218 & P588	15/21a, b, c & f	3.75%
UK	P273 & P317	20/2a & 3a	8.27% (Note 2 below)
UK	P354	22/2a	15%
UK	P099	110/14c & d	25% (Note 1 below)
UK	P1478	110/9c & 14e	20%
UK	P1047	20/3c	17.5%
UK	-	20/3f	8.27%
Ireland	SEL 2/07	49/8,9,13,14,18,19, & 50/6,7,11 & 12	13.43%
Ireland	SEL 3/07	48/29, & 30, 49/22,23,26,27 & 28	13.43%
Ireland	LO 07/1	49/15, 50/7,8,11,12 & 13	13.43%

(1) On UK P099 the previous co-venturer retains the option to re-acquire 5% of the AP interest.

(2) On UK P317, block outside of the Etnick field area Premier Oil has a back-in option for a 5.515% licence interest from AP's equity share in exchange for payment of all AP past exploration costs in the event of a discovery on the block, such as Blackbird.

2. Data and Evaluation Basis

2.1 History

FRL has evaluated the assets of AP on a number of occasions from 2003 onwards. These valuations have been used for stock rights issues and flotations on the Icelandic and Danish stock exchanges. The last evaluation was effective at 1st January 2008 and was presented as a CPR and also a Reserves Report within the AP Annual Report and Accounts.

2.2 Data

In undertaking this evaluation we have relied solely upon data supplied by AP. In particular we have relied upon AP for the accuracy and completeness of the data set provided. This data included recent partner meeting presentations, meeting minutes, related notes and commercial documentation, budgets and field development plans. In some instances the data also comprised raw or interpreted geological and engineering data.

In estimating petroleum in place and recoverable, we have used the standard techniques of petroleum engineering. There is uncertainty inherent in both the measurement and interpretation of basic geological and petroleum data. We have estimated the degree of this uncertainty to calculate the potential range of petroleum initially in place and recoverable. There is no guarantee that the ultimate volumes of petroleum recovered from the respective fields and prospects will

THE COMPANY

fall within the ranges quoted in this report. We have used the guidelines of Chapter 19 of the Listing Rules of the London Stock Exchange as a guide for the reporting standard but have also included the estimated value of exploration prospects.

We have independently assessed the proposed development schemes and validated estimates of capital, operating and decommissioning costs, modifying these where we judge it appropriate. For discoveries and prospects where possible development schemes have not been presented we have assessed the location and field characteristics in order to define potential production methods based upon conventional technology.

We have carried out economic modelling of all of the assets where sufficient data exists, based on our forecasts of costs and production. The capital and operating costs have been combined with production forecasts based on the resources or reserves and the other economic assumptions outlined in this report in order to develop an economic assessment for these petroleum interests. Our valuations do not take into account any outstanding debt, nor future indirect corporate costs such as general and administrative costs.

We have valued the petroleum assets using the industry standard discounted cash flow technique. In estimating the future cash flows of the assets we have used extrapolated economic parameters based upon recent and current market trends. Estimates of these economic parameters, notably the future price of crude oil, are uncertain and a range of values has been considered. There is no guarantee that the output economic parameters will be within the ranges considered.

When evaluating the Prospective and Contingent Resources comprising the exploration and appraisal prospects, we have estimated the geological and development chance of success and the expected monetary value outcome of each prospect. Those with a positive outcome are deemed to be viable to drill and their estimated risked reserve and values have been included in the valuation. There is no guarantee that any of the exploration prospects will contain hydrocarbons. There is also no guarantee that if the exploration prospects do hold hydrocarbons that they will be commercially viable or will have any value.

The resource and reserve definitions and nomenclature used in this evaluation and report are detailed in Appendices A and B respectively.

3. Summary of Resources, Reserves and Value

The UKCS Chestnut field came on production in September 2008. The Chestnut South discovery was announced in November 2008 and will be tied back to the Chestnut field. The Ettrick development is at a mature stage and delayed first oil is now planned towards the end of the first quarter of 2009. We consider these assets to contain Petroleum Reserves and estimate the remaining economically recoverable volumes attributable to AP by asset and in aggregate to be as follows:

Petroleum Reserves Remaining at 1 st January 2009 (MMboe)			
Field	P90	P50	P10
Chestnut & Chestnut South	0.6	1.5	2.4
Ettrick	1.2	2.5	3.9
Aggregated Total	1.8	4.0	6.3

The UKCS Perth, Blackbird, Marten, Bright, Dolphin, Gamma Central and West Lennox discoveries, wells in the Perth area, and the Celtic Sea Hook Head, Helrick and Ardmore discoveries have all established the existence of petroleum. However, commerciality of the assets may not have been established, development plans have not been sanctioned, and consequently we consider these assets to contain Contingent Resources.

THE COMPANY

We estimate the volumes attributable to AP by asset and in aggregate to be as presented in the following table. Where a figure is not stated this is generally due to insufficient data to fully evaluate the asset.

Contingent Resources at 1 st January 2009 (MMboe)			
Discovery	P90	P50	P10
Ardmore	0.1	0.3	0.6
Blackbird	0.3	1.1	2.4
Bright	0.2	0.5	1.8
Dolphin	---	0.3	---
Gamma Central	---	0.4	---
Helvick	---	0.3	---
Hook Head	---	---	---
Murten	0.5	1.1	1.9
North East Perth	---	0.1	---
Perth	0.7	1.0	1.5
West Lennox	---	---	---
Aggregated Total	---	5.1	---

Of the five exploration and appraisal prospects that we have evaluated, three prospects are deemed to be economically viable to drill. We estimate the Prospective Resources of the exploration and appraisal prospects attributable to AP by asset and in aggregate to be as presented in the following table. Where a figure is not stated this is due to insufficient data to fully evaluate the asset.

Prospective Resources at 1 st January 2009 (MMboe)			
Prospect	P50 Un-Risked	P50 Risked	Economically Viable to Drill?
Blackrock Prospect (Part Blocks 48/30, 49/26)	0.4	0.1	No
Brugdan Deep Prospect (6104/16a, 17a & 21, 6105/25)	---	---	---
Crosby Prospect (110/14d)	3.8	1.6	Yes
East Perth Prospect (15/21a)	0.2	0.1	Yes
North Perth Prospect (15/21a)	0.4	0.2	Yes
Rushane Lead (Part Blocks 48/29, 48/30)	---	---	---
Aggregated Total of Viable Prospects	4.8	2.0	3 of 5 Prospects

Yours faithfully
For and on behalf of Fugro Robertson Limited



Andrew Webb
Deputy General Manager, Petroleum Reservoir & Economics Group

Appendix A - Petroleum Reserves & Resources Definitions

The petroleum reserves and resources definitions used in this report are those published by the Society of Petroleum Engineers (SPE) and World Petroleum Congress (WPC) in 1998, supplemented with guidelines for their evaluation, published by the SPE in 2001. First, the definitions of Proved, Probable and Possible Reserves are presented, which reflect different levels of uncertainty associated with the technical estimates of petroleum reserves and resources. Secondly, the definitions are given of the categories of potentially recoverable volumes of petroleum accumulations according to their level of maturity or commerciality.

4.1 Proved Reserves

Proved reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations. Proved reserves can be categorized as developed or undeveloped.

If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

4.2 Unproved Reserves

Unproved reserves are based on geologic and/or engineering data similar to that used in estimates of proved reserves; but technical, contractual, economic, or regulatory uncertainties preclude such reserves being classified as proved. Unproved reserves may be further classified as probable reserves and possible reserves.

4.2.1 Probable Reserves

Probable reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated Proved plus Probable reserves.

4.2.2 Possible Reserves

Possible reserves are those unproved reserves which analysis of geological and engineering data suggests are less likely to be recoverable than probable reserves. In this context, when probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will equal or exceed the sum of estimated Proved plus Probable plus Possible reserves.

4.3 Reserve and Resource Categories

After discovery, petroleum resources may be assigned to one of the following two categories based upon their technical and commercial status at any point in time.

4.3.1 Reserves

Reserves are those quantities of petroleum that have been discovered that are estimated to achieve a commercial return on investment and have been approved for development by Government and the Board of Directors of the owners.

4.3.2 Contingent Resources

Contingent Resources are those quantities of petroleum, which are estimated, on a given date, to be potentially recoverable from known (discovered) accumulations, but which are not currently considered to be commercially recoverable.

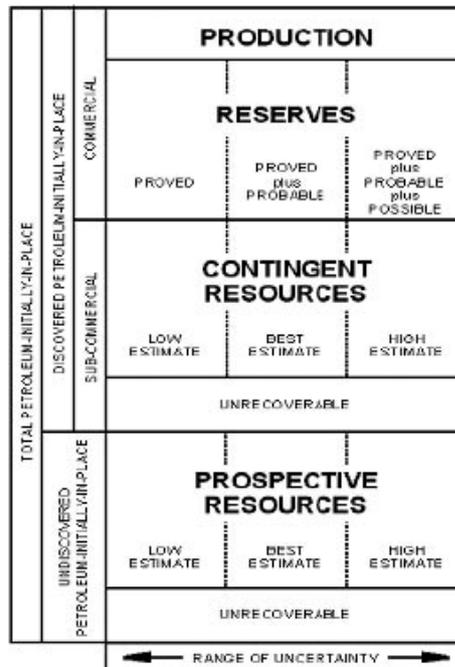
4.3.3 Prospective Resources

Prospective Resources are those quantities of petroleum that are estimated, on a given date, to be potentially recoverable from undiscovered accumulations.

4.3 Summary

The petroleum resource and reserve definitions are summarised in the following figure that has been provided courtesy of the SPE.

FIGURE 1 - RESOURCES CLASSIFICATION SYSTEM



Not to scale

THE COMPANY

24 / DOCUMENTS ON DISPLAY

The Company's annual reports for 2006, 2007 and 2008 and interim reports for the six-month periods ended 30th June 2008 and 2009, the Company's memorandum of association and Articles of Association, this Prospectus and the report issued by Fugro Robertson Limited are available for inspection at the Company's offices at this address:

P/F Atlantic Petroleum

Gongin 9, P.O.Box 1228
FO-110 Tórshavn, Faroe Islands

These documents are also available at the Company's website, www.petroleum.fo.

In addition an English translation of the Company's Articles of Association is set out in Annex 1.

25 / DISCLOSURE OF THE COMPANY'S INVESTMENTS

For information on material investments held by the Company in other companies, see section 7 "Organisational structure".

II. FINANCIAL INFORMATION

FINANCIAL INFORMATION

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FINANCIAL INFORMATION

INTRODUCTION TO FINANCIAL INFORMATION

In the following pages, the audited financial statements for 2006, 2007 and 2008, as well as the reviewed consolidated interim reports for the six-month periods ended 30th June 2008 and 2009, are presented. These financial statements are derived from Atlantic Petroleum's published annual and consolidated reports and accounts for 2006, 2007, and 2008, and interim reports for the six-month periods ended 30th June 2008 and 2009

The audited financial statements as at and for the years ended 31st December 2006, 2007 and 2008 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the Council of the European Union (EU) and the additional Faroese disclosure requirements according to the Faroese Company Accounts Act, the financial reporting requirements of Nasdaq OMX Iceland, and the financial reporting requirements of Nasdaq OMX Copenhagen for listed companies.

The reviewed consolidated interim reports for the six-month periods ended 30th June 2008 and 30th June 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as adopted by the EU.

Negative amounts are stated with a minus sign.

Other than the financial information presented in Part II, "Financial Information" and information in other parts of the Prospectus derived from this, Atlantic Petroleum's independent auditors have not audited any information in this Prospectus.

FINANCIAL INFORMATION

CROSS REFERENCES TO ANNUAL AND INTERIM CONSOLIDATED REPORTS AND ACCOUNTS

Pursuant to article 28 of Commission Regulation (EC) no. 809/2004 of 29 April 2004, the information set out in the cross reference table below is incorporated in this Prospectus by reference to the Company's consolidated annual reports for the accounting years 2008, 2007 and 2006 and the consolidated interim accounts for the first six months of 2009 and 2008. The information incorporated in this Prospectus by reference as set out below, is also available for inspection at the Company's office at the address P/F Atlantic Petroleum, Reg. no. P/F 2695, Gongin 9, P.O.Box 1228, FO-110 Tórshavn, Faroe Islands and on www.petroleum.fo.

DISCLOSURE ELEMENT

REFERENCE

Consolidated annual report 2008:

- | | |
|--|---|
| > Chairman's statement | > Consolidated annual report 2008, page 5 - 7 |
| > Management's statement | > Consolidated annual report 2008, page 8 - 11 |
| > Shareholder information | > Consolidated annual report 2008, page 33 - 41 |
| > Corporate governance | > Consolidated annual report 2008, page 42 |
| > Statement by Management | > Consolidated annual report 2008, page 43 |
| > Independent Auditors' report | > Consolidated annual report 2008, page 45 |
| > Parent company income statement | > Consolidated annual report 2008, page 72 |
| > Parent company balance sheet | > Consolidated annual report 2008, page 73 |
| > Parent company cash flow statement | > Consolidated annual report 2008, page 74 |
| > Parent company notes to the accounts | > Consolidated annual report 2008, page 75 |
-

Consolidated annual report 2007:

- | | |
|--|---|
| > Chairman's statement | > Consolidated annual report 2007, page 5 - 7 |
| > Management's statement | > Consolidated annual report 2007, page 8 - 11 |
| > Shareholder information | > Consolidated annual report 2007, page 26-35 |
| > Corporate governance | > Consolidated annual report 2007, page 36 |
| > Statement by Management | > Consolidated annual report 2007, page 37 |
| > Independent Auditors' report | > Consolidated annual report 2007, page 39 |
| > Parent company income statement | > Consolidated annual report 2007, page 63 |
| > Parent company balance sheet | > Consolidated annual report 2007, page 64 |
| > Parent company cash flow statement | > Consolidated annual report 2007, page 65 |
| > Parent company notes to the accounts | > Consolidated annual report 2007, page 66 - 75 |
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Consolidated annual report 2006:

- | | |
|--|---|
| > Management's statement | > Consolidated annual report 2006, page 6 - 8 |
| > Shareholder information | > Consolidated annual report 2006, page 27 - 37 |
| > Statement by Management | > Consolidated annual report 2006, page 38 |
| > Independent Auditors' report | > Consolidated annual report 2006, page 39 |
| > Parent company income statement | > Consolidated annual report 2006, page 74 |
| > Parent company balance sheet | > Consolidated annual report 2006, page 75 |
| > Parent company cash flow statement | > Consolidated annual report 2006, page 76 |
| > Parent company notes to the accounts | > Consolidated annual report 2006, page 77 - 87 |
-

Consolidated interim report first six months of 2008:

- | | |
|--|-------------------------------------|
| > Endorsement and signatures of the Board of Directors and Managing Director | > Interim report Q2 2008, page 3 |
| > Auditors' review report | > Interim report Q2 2008, page 4 |
| > Consolidated income statement | > Interim report Q2 2008, page 5 |
| > Statement of total recognised income and expenses | > Interim report Q2 2008, page 5 |
| > Consolidated balance sheet | > Interim report Q2 2008, page 6 |
| > Consolidated cash flow statement | > Interim report Q2 2008, page 7 |
| > Notes to the accounts | > Interim report Q2 2008, page 8-14 |
-

Consolidated interim report first six months of 2009:

- | | |
|--|--------------------------------------|
| > Endorsement and signatures of the Board of Directors and Managing Director | > Interim report Q2 2009, page 11 |
| > Auditors' review report | > Interim report Q2 2009, page 12 |
| > Consolidated income statement | > Interim report Q2 2009, page 13 |
| > Statement of total recognised income and expenses | > Interim report Q2 2009, page 13 |
| > Consolidated balance sheet | > Interim report Q2 2009, page 14 |
| > Consolidated cash flow statement | > Interim report Q2 2009, page 15 |
| > Notes to the accounts | > Interim report Q2 2009, page 16-23 |

FINANCIAL INFORMATION

THE MANAGEMENT'S AND SUPERVISORY BOARD'S REPORT ON THE FINANCIAL STATEMENTS

The Management and Supervisory Board have considered and approved the published annual and consolidated report and accounts of P/F Atlantic Petroleum for 2008, 2007 and 2006, on 27th February 2009, 15th February 2008 and 5th March 2007, respectively. In addition, the Management and the Supervisory Board have considered and approved the published interim reports for the six months ended 30th June 2009 and 30th June 2008 for the Company on 21st August 2009 and 22nd August 2008, respectively. The financial statements included in this Prospectus for the financial years 2008, 2007 and 2006 and the interim reports for the first six months of 2009 and 2008 have been prepared for the Offering and are derived from the published annual reports for 2008, 2007 and 2006 and the published interim reports for the six months ended 30th June 2009 and 30th June 2008.

The audited financial statements as at and for the years ended 31st December 2006, 2007 and 2008 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the Council of the European Union (EU) and the additional Faroese disclosure requirements according to the Faroese Company Accounts Act, the financial reporting requirements of Nasdaq OMX Iceland, and the financial reporting requirements of Nasdaq OMX Copenhagen for listed companies.

The reviewed consolidated interim reports for the six-month periods ended 30th June 2008 and 30th June 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as adopted by the EU.

We consider the applied accounting policies appropriate for the annual reports to provide a true and fair view of the Company's financial position at 30th June 2008, 30th June 2009 and 31st December 2008 as well as of its activities and cash flows for the financial years 2008, 2007 and

Tórshavn 1st October 2009

Management

Wilhelm E. Petersen
Managing Director and CEO

Sigurð í Jákupsstovu
Technical Manager and COO

Supervisory Board

Birgir Durhuus
Chairman

Poul R. Mohr
Deputy Chairman

Jan Edin Evensen
Mortan H. Johannesen
Diana Leo

FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

Million	Note	Year ended 31st December			H1 ended 30th June	
		2008 DKK	2007 DKK	2006 DKK	2009 DKK	2008 DKK
		Audited			Reviewed	
Consolidated Income statement:						
Revenue		43.3	0.0	0.0	76.6	0.0
Cost of sales	2	-26.8	0.0	0.0	-65.7	0.0
<i>Gross profit</i>		<i>16.4</i>	<i>0.0</i>	<i>0.0</i>	<i>11.0</i>	<i>0.0</i>
Exploration expense	3	-2.3	-33.8	-3.2	-113.9	-0.3
Pre-licence exploration costs		-1.1	-2.6	-1.1	-0.4	-0.5
General and administration costs	4,5,7,18	-18.8	-14.0	-7.2	-9.7	-8.9
Other operating income		0.1	0.1	0.0	0.1	0.0
<i>Operating profit</i>		<i>-5.6</i>	<i>-50.3</i>	<i>-11.5</i>	<i>-112.9</i>	<i>-9.6</i>
Interest revenue and finance gains	8	5.9	2.8	4.0	76.6	1.2
Interest expenses and other finance costs	8	-145.7	-28.5	-0.6	-11.9	-23.1
<i>Profit before taxation</i>		<i>-145.4</i>	<i>-76.1</i>	<i>-8.1</i>	<i>-48.2</i>	<i>-31.4</i>
Taxation	9	55.8	0.0	0.0	15.7	0.0
Profit after taxation		-89.7	-76.1	-8.1	-32.4	-31.4
Earning per share:						
Basic	10	DKK -79.64	DKK -67.58	DKK -8.92	DKK -28.81	DKK -27.90

Million	Year ended 31st December			H1 ended 30th June		
	2008 DKK	2007 DKK	2006 DKK	2009 DKK	2008 DKK	
		Audited			Reviewed	
Statement of Total Recognised Income and Expenses:						
Profit for the period		-89.7	-76.1	-8.1	-32.4	-31.4
Exchange rate differences		31.9	4.6	0.1	-13.3	5.3
Costs related to a share capital increase		0.0	0.0	0.0	-1.7	0.0
Warrant based payments		0.4	1.0	0.0	0.1	0.2
Fair value adjustments on securities available for sale in the period		-3.0	0.9	0.4	3.8	-1.4
Changes in comprehensive income in the period		-60.3	-69.4	-7.6	-43.6	-27.3

FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEET

Million	Note	Year ended 31st December			H1 ended 30th June	
		2008 DKK	2007 DKK	2006 DKK	2009 DKK	2008 DKK
		Audited			Reviewed	
Consolidated Balance sheet:						
Non-current Assets						
Intangible exploration and evaluation assets	11	152.4	74.0	23.9	57.4	93.9
Development and production assets	12	423.2	312.7	156.3	518.6	386.0
Property, plant and equipment	13	0.8	0.5	0.3	0.7	0.7
Deferred tax assets	22	45.4	0.0	0.0	68.4	0.0
		621.8	387.3	180.6	645.2	480.6
Current assets						
Trade and other receivables	15	13.3	11.9	1.4	37.7	5.7
Securities available for sale		3.8	6.8	6.4	0.0	5.4
Cash and equivalents	17,21	4.0	4.9	173.0	0.1	5.5
		21.1	23.6	180.9	37.8	16.7
Total assets		642.9	410.9	361.4	683.0	497.3
Current liabilities						
Short-term debt	17,21	365.3	29.3	17.2	105.1	188.1
Trade and other payables	16	66.9	64.9	21.7	34.6	73.6
Short-term provisions	19	4.6	12.2	6.7	5.2	11.3
		436.8	106.3	45.6	114.9	273.0
Non-current liabilities						
Long-term debt	21	0.0	51.2	0.0	364.2	0.0
Long-term provisions	20	39.3	26.2	19.1	50.7	24.4
		39.3	77.4	19.1	414.8	24.4
Total liabilities		476.1	183.7	64.7	559.8	297.4
Net assets		166.8	227.2	296.7	123.2	199.9
Equity						
Share capital	23	112.6	112.6	112.6	112.6	112.6
Share premium account		208.0	208.0	208.0	206.2	208.0
Translation reserves		36.6	4.7	0.0	23.3	10.0
Retained earnings		-190.3	-98.1	-23.9	-218.9	-130.6
	24	166.8	227.2	296.7	123.2	199.9

FINANCIAL INFORMATION

STATEMENT OF CHANGES IN EQUITY

See note 24 in Notes to the Consolidated Accounts.

FINANCIAL INFORMATION

CONSOLIDATED CASH FLOW STATEMENT

Million	Year ended 31st December			H1 ended 30th June	
	2008	2007	2006	2009	2008
	DKK	DKK	DKK	DKK	DKK
	Audited			Reviewed	
Operating activities					
Operating profit	-5.4	-50.3	-11.5	-112.9	-9.6
Impairment on non-current assets	0.4	32.8	3.1	114.7	0.3
Disposal of licence	1.9	1.0	0.0	0.0	0.0
Depreciation, depletion and amortisation	13.7	0.1	0.0	35.3	0.1
Warrant based payments	0.3	0.9	0.0	0.1	0.2
Decrease/(increase) in receivables	2.0	0.6	-0.8	-13.5	-0.3
(Increase)/decrease in trade and other payables	-1.8	2.1	-3.2	11.4	-1.4
Interest revenue and finance gain received	5.9	2.8	2.1	0.0	1.2
Interest expenses and other finance costs paid	-23.2	-2.5	-0.6	-7.0	-1.6
Currency exchange differences	0.0	0.0	0.4	0.0	0.0
Income taxes paid	0.0	0.0	0.0	0.0	0.0
Net cash provided by operating activities	-6.3	-12.5	-10.5	28.1	-11.1
Investing activities					
Capital expenditure	-278.5	-219.4	-48.6	-123.4	-90.0
Capitalised interests and debt arrangement fee	0.0	0.0	0.0	-14.4	-6.2
Net cash used in investing activities	-278.5	-219.4	-48.6	-137.7	-96.2
Financing activities					
Increase in share capital	0.0	0.0	38.6	0.0	0.0
Increase in share premium account	0.0	0.0	173.6	0.0	0.0
Transaction costs	0.0	0.0	-7.2	0.0	0.0
Increase in short-term debt	336.0	12.1	17.2	-260.2	158.8
Increase in long-term debt	-51.2	51.2	0.0	364.2	-51.2
Repayment of short term debt	0.0	0.0	0.0	0.0	0.0
Realised securities	0.0	0.5	0.0	3.9	0.0
Costs related to a share capital increase	0.0	0.0	0.0	-1.7	0.0
Net cash used in financing activities	284.8	63.7	222.2	106.1	107.7
Increase/decrease in cash and cash equivalents	0.1	-168.1	163.1	-3.5	0.4
Cash and cash equivalents at the beginning of the period	4.9	173.0	9.9	4.0	4.9
Currency translation differences	-1.0	0.0	0.0	-0.4	0.3
Cash and cash equivalents at the end of the period	4.0	4.9	173.0	0.1	5.5

FINANCIAL INFORMATION

NOTES TO THE CONSOLIDATED ACCOUNTS

Notation of “-“for H1 figures refers to information not available.

1 - GEOGRAPHICAL SEGMENTAL ANALYSIS

Group

Segmental reporting follows the Group's internal reporting structure, and accordingly its primary segment reporting is geographical. In the opinion of the directors the operations of the Group comprise one class of business; the production and sale of hydrocarbon.

FAROE ISLANDS	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Revenues					
External customers	0.0	0.0	0.0	0.0	0.0
Results					
Operating profit	-1.7	-2.2	-5.4	1.0	-0.8
Interest revenue and finance gains	0.4	2.4	2.1	-	-
Interest expenses and other finance costs	-2.6	-0.3	-0.6	-	-
Profit /(loss) before tax	-3.9	-0.1	-3.9	-	-
Taxation	0.0	0.0	0.0	-	-
Net profit/(loss)	-3.9	-0.1	-3.9	-	-
Assets and liabilities					
Segment assets	16.7	15.0	184.9	-	-
Total segments assets	16.7	15.0	184.9	-	-
Total segment liabilities	366.7	83.7	19.0	-	-
Other segment information					
Capitalised additions to intangible and tangible assets	1.9	1.7	4.5	-	-
Depreciations and amortisation	-0.1	-0.1	0.0	-	-
Disposal and exploration expenditures written off	0.0	0.0	-3.1	-	-

UNITED KINGDOM	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Revenues					
External customers	43.3	0.0	0.0	76.6	0
Results					
Operating profit	-2.3	-47.1	-6.1	-15.8	-8.1
Interest revenue and finance gains	1.5	0.3	1.9	-	-
Interest expenses and other finance costs	-142.1	-27.3	0.0	-	-
Profit /(loss) before tax	-142.9	-74.1	-4.2	-	-
Taxation	55.8	0.0	0.0	-	-
Net profit/(loss)	-87.1	-74.1	-4.2	-	-
Assets and liabilities					
Segment assets	532.1	357.3	176.5	-	-
Total segments assets	532.1	357.3	176.5	-	-
Total segment liabilities	103.1	96.7	45.7	-	-
Other segment information					
Capitalised additions to intangible and tangible assets	226.5	216.6	84.1	-	-
Depreciations and amortisation	-11.3	0.0	0.0	-	-
Disposal and exploration expenditures written off	-1.9	-30.6	0.0	-	-

FINANCIAL INFORMATION

REPUBLIC OF IRELAND	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Revenues					
External customers	0.0	0.0	0.0	0.0	0.0
Results					
Operating profit	-1.6	-1.1	0.0	-98.1	-0.6
Interest revenue and finance gains	4.0	0.0	0.0	-	-
Interest expenses and other finance costs	-1.0	-0.9	0.0	-	-
Profit /(loss) before tax	1.4	-1.9	0.0	-	-
Taxation	0.0	0.0	0.0	-	-
Net profit/(loss)	1.4	-1.9	0.0	-	-
Assets and liabilities					
Segment assets	94.0	38.6	0.0	-	-
Total segments assets	94.0	38.6	0.0	-	-
Total segment liabilities	6.3	3.3	0.0	-	-
Other segment information					
Capitalised additions to intangible and tangible assets	58.8	35.1	0.0	-	-
Depreciations and amortisation	0.0	0.0	0.0	-	-
Disposal and exploration expenditures written off	0.0	0.0	0.0	-	-

TOTAL	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Revenues					
External customers	43.3	0.0	0.0	76.6	0
Results					
Operating profit	-5.6	-50.3	-11.5	-112.9	-9.6
Interest revenue and finance gains	5.9	2.8	4.0	76.6	1.2
Interest expenses and other finance costs	-145.7	-28.5	-0.6	-11.9	-23.1
Profit /(loss) before tax	-145.4	-76.1	-8.1	-48.2	-31.4
Taxation	55.8	0.0	0.0	15.7	0.0
Net profit/(loss)	-89.7	-76.1	-8.1	-32.4	-31.4
Assets and liabilities					
Segment assets	642.9	410.9	361.4	683.0	497.3
Total segments assets	642.9	410.9	361.4	683.0	497.3
Total segment liabilities	476.1	183.7	64.7	559.8	297.4
Other segment information					
Capitalised additions to intangible and tangible assets	287.2	253.4	88.6	83.7	118.3
Depreciations and amortisation	-11.4	-0.1	-0.1	-33.7	0.0
Disposal and exploration expenditures written off	-1.9	-30.6	-3.1	-114.7	-0.3

2008: The Group manages its operations on a geographical basis. During 2008 the Group's operations were based in three main geographical areas being Faroe Island, UK and Ireland.

FINANCIAL INFORMATION

2 - COST OF SALES

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Operating costs	-13.1	0.0	0.0	-32.1	0.0
Amortisation and depreciation, plant and equipment:					
Oil and gas properties	-13.8	0.0	0.0	0.0	0.0
Impairment of Oil and gas properties	0.0	0.0	0.0	-33.6	0.0
	-26.8	0.0	0.0	-65.7	0.0

3 - EXPLORATION EXPENSES

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Exploration expense	0.0	0.0	-0.1	-	-
Disposal of licences	-2.0	-1.0	-2.6	-	-
Exploration expenditures written off	-0.3	-32.8	-0.4	-	-
	-2.3	-33.8	-3.2	-	-

2008: A surrender of the P.1211 exploration licence area was made in 2008. Accordingly, DKK 1,965,760 was expensed off. The directors have reviewed the carrying amounts for the intangible exploration and evaluation assets and consider that an impairment provision of DKK 295,952 should be made against some exploration licences where it is estimated to be no prospectivity.

4 - AUDITORS' REMUNERATION

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Audit services:					
Statutory and group audit	1.6	0.6	0.3	-	-
Review of interim financial statements	0.3	0.2	0.2	-	-
Audit-related regulatory reporting	0.0	0.0	0.3	-	-
	1.9	0.9	0.8	-	-
Tax services:					
Compliance and advisory services	0.0	0.0	0.0	-	-
	0.0	0.0	0.0	-	-
Other services:					
Consultancy, warrant scheme and other services	0.0	0.2	0.0	-	-
	0.0	0.2	0.0	-	-

2008: DKK 1,179,728 for the Audit services for 2008 relates to the Statutory and group audit 2007.

FINANCIAL INFORMATION

5 - EMPLOYEE COSTS

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Staff costs, including executive directors:					
Wage and salaries					
Supervisory Board*	1.0	1.0	0.3	-	-
Managing Director	1.8	2.4	0.9	-	-
Financial Manager	1.1	0.9	0.5	-	-
Technical Manager	0.6	0.0	0.0	-	-
Other Employees	1.6	1.0	0.4	-	-
	6.1	5.2	2.1	-	-
* The Supervisory Board' remuneration by person is disclosed in the section regarding shareholders information.					
Warrant based payment					
Supervisory Board	0.0	0.0	0.0	-	-
Managing Director	0.2	0.7	0.0	-	-
Financial Manager	0.0	0.1	0.0	-	-
Technical Manager	0.0	0.0	0.0	-	-
Other Employees	0.1	0.2	0.0	-	-
	0.4	1.0	0.0	-	-
Warrant based payment regarding technical employees capitalised in the period	0.0	0.0	0.0	-	-
Expensed off in profit and loss account	0.3	0.9	0.0	-	-
Pension costs:					
' - defined benefit	0.0	0.0	0.0	-	-
' - defined contribution					
Supervisory Board	0.0	0.0	0.0	-	-
Managing Director	0.1	0.1	0.1	-	-
Financial Manager	0.0	0.0	0.0	-	-
Technical Manager	0.1	0.0	0.0	-	-
Other Employees	0.1	0.1	0.0	-	-
	0.3	0.2	0.2	-	-
Social security costs	0.3	0.1	0.0	-	-
	0.3	0.1	0.0	-	-
	7.0	6.4	2.3	-	-
Average number of employees during the year*:					
Technical and operations (retainers)**	4	3	3	-	-
Management and administration	6	5	3	-	-
	10	8	6	-	-

* Staff numbers include managers.

** Fee to retainers is not included in the employee costs above, except for DKK 66,168 (2007: DKK 183,122) which is included in warrant based payment for other employees.

6 - OTHER OPERATING INCOME

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Other operating income is related to rent of premises	0.1	0.1	0.0	0.1	0.0
	0.1	0.1	0.0	0.1	0.0

FINANCIAL INFORMATION

7 - DEPRECIATIONS

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Depreciations included in general and administrations costs	0.2 0.2	0.1 0.1	0.1 0.0	- -	- -

8 - INTEREST REVENUE AND FINANCE COSTS

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Interest revenue and finance gains:					
Short-term deposits	0.2	2.7	2.0	0.0	0.1
Exchange differences	5.6	0.1	2.0	76.6	1.0
Realised gains on securities	0.1	0.0	0.0	0.0	0.0
Other finance income	0.0	0.0	0.0	0.0	0.0
Dividend	0.0	0.0	0.1	0.0	0.1
	5.9	2.8	4.0	76.6	1.2
Finance expenses and other finance costs:					
Bank loan and overdrafts	18.6	1.2	0.6	17.5	5.5
Unwinding of discount on decommissioning provision	0.1	0.6	0.0	0.0	0.0
Debt arrangement fees	3.4	0.5	0.0	1.6	1.2
Others	0.1	0.0	0.0	0.1	0.0
Exchange differences	143.1	27.7	0.0	7.1	22.5
Gross finance costs and other finance expenses	165.3	30.0	0.6	26.3	29.3
Interest and debt arrangement fee capitalised during the year	-19.6	-1.4	0.0	-14.4	-6.2
	145.7	28.5	0.6	11.9	23.1

FINANCIAL INFORMATION

9 - TAX

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Current tax:					
Faroese corporation tax on dividend	0.0	0.0	0.0	0.0	0.0
Overseas tax on interest income	0.0	0.0	0.0	0.0	0.0
Overseas tax on dividend	0.0	0.0	0.0	0.0	0.0
Total Current tax	0.0	0.0	0.0	0.0	0.0
Deferred tax:					
UK Deferred tax (asset)	55.8	0.0	0.0	15.8	0.0
Faroese petroleum tax	0.0	0.0	0.0	0.0	0.0
Overseas tax	0.0	0.0	0.0	0.0	0.0
Total deferred tax	55.8	0.0	0.0	15.8	0.0
Tax on profit on ordinary activities	55.8	0.0	0.0	15.7	0.0

The losses can be carried forward indefinitely.

The charge for the year can be reconciled to the result per the income statement as follows:

The charge for the year can be reconciled to the result per the income statement as follows:					
Group result on ordinary activities before tax	-145.4	-76.1	-	-	-
Capitalised interests	-19.4	-1.4	-	-	-
	-164.8	-77.5	-	-	-
Corporation tax	-47.4	-23.0	-	-	-
Corporation tax - adjustments in respect of prior years	0.0	0.0	-	-	-
Corporation tax - adjustments in respect of current years	0.0	0.0	-	-	-
Supplementary charge	-28.5	-14.8	-	-	-
	-75.9	-37.8	-	-	-
Tax effect off:					
Tax on interest income	0.0	0.0	-	-	-
Income not taxable for tax purposes - fixed assets	-1.8	-0.7	-	-	-
Expenses not deductible for tax purposes	72.6	0.9	-	-	-
Income not taxable for tax purposes - tax adjustments	5.1	0.2	-	-	-
Ring fence expenditure supplements	-16.4	-10.5	-	-	-
Capital allowances in excess of depreciation	-113.1	-83.8	-	-	-
Unrelieved tax losses and other deductions arising in the period	129.6	131.6	-	-	-
Tax expense for the year	0.0	0.0	-	-	-

2008: As at 31st December 2008, the Group has a net deferred tax asset of DKK 12,769,984 (2007: DKK 57,236,768) which has not been recognised in the Group's accounts. This is made up of the following amounts:
Effect of capital allowances in excess of depreciation: DKK 2,132,380 (2007: DKK 127,032,016)
Effect of tax losses available: DKK 14,902,364 (2007: DKK 184,268,784)

H1 2009: As at 30th June 2009, the company has a net deferred tax asset of DKK 25.6 million which has not been recognised in the company's accounts. This is made up of the following amounts:
Effect of capital allowances in excess of depreciation: DKK 2.8 million.
Effect of tax losses available: DKK 28.3 million

FINANCIAL INFORMATION

10 - 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.	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
Basic and diluted earnings per share are calculated as follows:	Audited			Reviewed	
Basic	DKK million				
Profit after tax	-89.7	-76.1	-8.1	-32.4	-31.4
Weighted average number of shares	Number million 1.1	Number million 1.1	Number million 0.9	Number million 1.1	Number million 1.1
Earnings per share	-79.64	-67.58	-8.92	-28.81	-27.90

11 - INTANGIBLE EXPLORATION AND EVALUATION (E&E) ASSETS

	Year ended 31st December			
	Oil and gas properties			
	Faroe Islands	United Kingdom	Republic of Ireland	Total
	DKK Million	DKK Million	DKK Million	DKK Million
Costs				
At 1st January 2006	4.1	17.4	0.0	21.5
Exchange movements	0.0	0.3	0.0	0.3
Additions during the year	4.1	1.1	0.0	5.2
Disposal of licences	-2.6	0.0	0.0	-2.6
Exploration expenditures written off	-0.4	0.0	0.0	-0.4
At 31st December 2006	5.1	18.8	0.0	23.9
Exchange movements	0.0	-1.6	0.0	-1.6
Additions during the year	1.4	46.7	35.1	83.2
Disposal of licences	0.0	-1.0	0.0	-1.0
Exploration expenditures written off	0.0	-30.6	0.0	-30.6
At 31st December 2007	6.5	32.4	35.1	74.1
Exchange movements	0.0	-7.9	0.0	-8.0
Additions during the year	1.9	27.5	58.8	88.2
Disposal of licences	0.0	-1.6	0.0	-1.6
Explorations expenditures written off	0.0	-0.3	0.0	-0.3
At 31st December 2008	8.4	50.1	93.8	152.4
Exchange movements	-	-	-	6.8
Additions during the year	-	-	-	13.0
Disposal of licences	-	-	-	0.0
Explorations expenditures written off	-	-	-	-114.7
At 30th June 2009	-	-	-	57.4

2008: 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.

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12 - DEVELOPMENT AND PRODUCTION ASSETS

	Year ended 31st December Oil and gas properties			
	Faroe Islands	United Kingdom	Republic of Ireland	Total
	DKK Million	DKK Million	DKK Million	DKK Million
Costs				
At 1st January 2006	0.0	71.9	0.0	71.9
Exchange movements	0.0	1.4	0.0	1.4
Additions during the year	0.0	83.0	0.0	83.0
Disposals	0.0	0.0	0.0	0.0
Disposal of fully written down assets	0.0	0.0	0.0	0.0
At 31st December 2006	0.0	156.3	0.0	156.3
Exchange movements	0.0	-13.5	0.0	-13.5
Additions during the year	0.0	169.8	0.0	169.8
Disposals	0.0	0.0	0.0	0.0
Disposal of fully written down assets	0.0	0.0	0.0	0.0
At 31st December 2007	0.0	312.7	0.0	312.7
Exchange movements	0.0	-76.8	0.0	-76.8
Additions during the year	0.0	198.6	0.0	198.6
Disposals	0.0	0.0	0.0	0.0
Disposal of fully written down assets	0.0	0.0	0.0	0.0
At 31st December 2008	0.0	434.5	0.0	434.5
Exchange movements	-	-	-	58.3
Additions during the year	-	-	-	70.7
Disposals	-	-	-	0.0
Disposal of fully written down assets	-	-	-	0.0
At 30th June 2009	-	-	-	493.4
Amortisation and depreciation				
At 1st January 2006	0.0	0.0	0.0	0.0
Exchange movements	0.0	0.0	0.0	0.0
Charge for the year	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Disposal of fully written down assets	0.0	0.0	0.0	0.0
At 31st December 2006	0.0	0.0	0.0	0.0
Exchange movements	0.0	0.0	0.0	0.0
Charge for the year	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Disposal of fully written down assets	0.0	0.0	0.0	0.0
At 31st December 2007	0.0	0.0	0.0	0.0
Exchange movements	0.0	0.0	0.0	0.0
Charge for the year	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Disposal of fully written down assets	0.0	0.0	0.0	0.0
At 31st December 2008	0.0	-11.2	0.0	-11.2
Exchange movements	-	-	-	-
Additions during the year	-	-	-	-33.7
Disposals	-	-	-	-
Disposal of fully written down assets	-	-	-	-
At 30th June 2009	-	-	-	-44.9
Net book value				
At 31st December 2006	0.0	156.3	0.0	156.3
At 31st December 2007	0.0	312.7	0.0	312.7
At 31st December 2008	0.0	423.2	0.0	423.2
At 30th June 2009	-	-	-	518.6

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2008: 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 underlying assumptions including oil and gas prices, future costs, oil and gas in place and reservoir performance, which are inherently uncertain. Management uses established industry 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.

13 - PROPERTY, PLANT AND EQUIPMENT

	Year ended 31st December			
	Oil and gas properties			
	Faroe Islands	United Kingdom	Republic of Ireland	Total
	DKK Million	DKK Million	DKK Million	DKK Million
Costs				
At 1st January 2006	0.2	0.0	0.0	0.2
Exchange movements	0.0	0.0	0.0	0.0
Additions during the year	0.4	0.0	0.0	0.4
At 31st December 2006	0.6	0.0	0.0	0.6
Exchange movements	0.0	0.0	0.0	0.0
Additions during the year	0.3	0.0	0.0	0.3
At 31st December 2007	0.9	0.0	0.0	0.9
Exchange movements	0.0	0.0	0.0	0.0
Additions during the year	0.0	0.4	0.0	0.4
At 31st December 2008	0.9	0.4	0.0	1.4
Exchange movements	-	-	-	0.0
Additions during the year	-	-	-	0.0
At 30th June 2009	-	-	-	1.4
Amortisation and depreciation				
At 1st January 2006	-0.2	0.0	0.0	-0.2
Charge for the year	0.1	0.0	0.0	0.0
At 31st December 2006	-0.3	0.0	0.0	-0.3
Charge for the year	-0.1	0.0	0.0	-0.1
At 31st December 2007	-0.4	0.0	0.0	-0.4
Charge for the year	-0.1	0.0	0.0	-0.1
At 31st December 2008	-0.5	0.0	0.0	-0.6
Charge for the period	-	-	-	-0.1
At 30th June 2009	-	-	-	-0.7
Net book value				
At 31st December 2006	0.3	0.0	0.0	0.3
At 31st December 2007	0.5	0.0	0.0	0.5
At 31st December 2008	0.4	0.4	0.0	0.8
At 30th June 2009	-	-	-	0.7

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14 - INVESTMENTS AND ASSOCIATES

Principal subsidiary undertakings of the parent company, all of which are 100 per cent owned, are as follow:

2006:

Name of company	Business and area of operation	Country of incorporation or registration
Atlantic Petroleum UK Limited	Exploration, development and production, UK	England and Wales

2007 & 2008:

Name of company	Business and area of operation	Country of incorporation or registration
Atlantic Petroleum UK Limited	Exploration, development and production, UK	England and Wales
Atlantic Petroleum (Ireland) Limited*	Exploration, development and production, Ireland	Republic of Ireland

* Held through subsidiary undertaking.

15 - TRADE AND OTHER RECEIVABLES

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Trade receivables	6.1	0.0	0.0	24.3	0.0
Prepayments	3.1	4.6	0.0	1.7	1.7
Other taxes and vat receivable	0.9	0.8	0.5	1.2	0.9
Other receivables	3.1	6.6	0.9	10.4	3.1
	13.3	11.9	1.4	37.7	5.7

2008: 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.

16 - TRADE AND OTHER PAYABLES

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Trade payables	15.7	28.4	1.4	18.1	20.5
Accruals	51.3	36.4	12.3	16.5	53.2
Other payables	0.0	0.0	8.1	0.0	0.0
	66.9	64.9	21.7	34.6	73.6

2008: 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.

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17 - CASH, SHORT- AND LONG-TERM DEBT

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Amounts falling due within one year:					
Bank loans	365.3	29.3	17.2	-	-
Total borrowings	365.3	29.3	17.2	-	-
Cash:					
Cash at bank and in hand	4.0	4.9	173.0	0.1	5.5
Short-term deposits	0.0	0.0	0.0	0.0	0.0
Total cash	4.0	4.9	173.0	0.1	5.5
The borrowings are repayable as follows:					
Bank loans analysed by maturity:					
' In two to five years	0.0	51.2	0.0	-	-
' Over five years	0.0	0.0	0.0	-	-
Total borrowings	0.0	51.2	0.0	-	-
Short term debt	-	-	-	105.1	188.1
Long term debt	-	-	-	364.2	0.0
Total	-	-	-	469.2	188.1

2008: The Group has no long term facility at year end 2008 (2007 DKK 171,750,000).

2008: The Group's total short-term debt facilities amount to DKK 410,000,000 (2007: DKK 30,000,000) excluding interests and arrangement fees. DKK 140,000,000 is repayable at 31st July 2009 and DKK 270,000,000 is repayable at the end of 2009.

H1 2009: According to the loan agreement the Group shall repay 90% of the free cash flow to the loan providers. It is estimated that the Group is able to repay DKK 105,056,725 before 1st July 2010. The estimate of the cash flow is based on a number of underlying assumptions including estimated reservoir performance, operating costs, investments and oil and gas prices. Therefore the short term debt can be higher or lower.

18 - OBLIGATIONS UNDER LEASES

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Minimum lease payments under operating leases recognised in the income statement for the year	3.4	0.2	0.2	-	-
	3.4	0.2	0.2	-	-
Outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follow:					
Within one year	42.3	35.5	5.5	-	-
In two to five years	122.2	127.1	125.5	-	-
Over five years	5.1	6.7	23.5	-	-
	169.6	169.3	154.5	-	-

2008: Outstanding operating lease commitments represent the Group's share of rentals payable by the Group for production facilities, and for certain of its office properties.

In accordance with the Group's participation in joint arrangements with other companies, an agreement has been signed whereby the Group is party to a two and a half year charter contract for the use of a floating production, storage and offloading platform. Payments under the contact began approx 1st October 2008 with the Group's annual commitment being estimated at \$4 million.

Also, in accordance with the Group's participation in joint arrangements with other companies, an agreement has been signed whereby the Group is party to a five year charter contract for the use of a floating production, storage and offloading platform. Payments under the contact are expected to begin in 2nd quarter 2009, with the Group's annual commitment being estimated at \$3.5 million.

The lease commitments have been discounted at a discount rate of 7 %.

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19 - PROVISION FOR SHORT-TERM LIABILITIES AND CHARGES

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Deferred provision:					
At 1st January	12.2	6.7	0.0	-	-
Exchange movements	-3.0	-0.6	0.0	-	-
Transferred from long term provision	0.0	8.1	6.7	-	-
Paid during the year	-3.1	0.0	0.0	-	-
Reduced during the year	-1.5	-2.0	0.0	-	-
At 31st December	4.6	12.2	6.7	-	-
Total provision	4.6	12.2	6.7	-	-

2008: The deferred provision represents a deferred payment for the acquisition of certain licences. The licences have had development plans approved and consequently a provision has been made for the potential deferred consideration that is expected to be paid in respect of these licences. These amounts have been included in tangible assets.

20 - PROVISION FOR LONG-TERM LIABILITIES AND CHARGES

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Deferred provision:					
At 1st January	0.0	8.9	6.5	-	-
Exchange movements	0.0	-0.8	0.1	-	-
Transferred to short term provision	0.0	-8.1	-6.7	-	-
Provided during the year	0.0	0.0	8.9	-	-
At 31st December	0.0	0.0	8.9	-	-
Decommissioning costs:					
At 1st January	26.2	10.3	0.0	-	-
Exchange movements	-6.2	-0.9	0.0	-	-
Addition of future decommissioning costs during the year	19.5	15.1	10.3	-	-
Change in estimates of future decommissioning costs	0.0	1.2	0.0	-	-
Unwinding of discount on decommissioning provision	0.0	0.5	0.0	-	-
Decommissioning 2008	-0.3	0.0	0.0	-	-
At 31st December	39.3	26.2	10.3	-	-
Total provision	39.3	26.2	19.1	-	-

2008: The deferred provision represents a deferred payment for the acquisition of certain licences. The licences have had development plans approved and consequently a provision has been made for the potential deferred consideration that is expected to be paid in respect of these licences. These amounts have been included in tangible assets. A deferred provision for one certain licence has been transferred to short term deferred provisions.

The decommissioning provision represents the present value of decommissioning costs relating to the oil and gas interests, which are expected to be incurred between 2009 and 2021. 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

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21 - 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. The Group does not currently use derivative financial instruments to hedge certain of these risk exposures. The Group plans to use derivatives in the future. Accordingly there will be established policies.

Interest rate risk profile of financial liabilities	Year ended 31st December		
	Fixed rate	Floating rate	Total
The interest rate profile of the financial liabilities of the Group as at 31st December was:	DKK Million	DKK Million	DKK Million
1H 2009			
DKK	0.0	469.2	469.2
Total	0.0	469.2	469.2
2008			
DKK	0.0	365.2	365.2
Total	0.0	365.2	365.2
2007			
DKK	0.0	80.4	80.4
Total	0.0	80.4	80.4
2006			
DKK	0.0	17.2	17.2
Total	0.0	17.2	17.2

2008: 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.

As at the 31st December 2008, a 1 per cent point change in the rate of interest would have had a DKK 401,787 (2007: DKK 160,000) effect on the result and equity.

Interest rate risk profile of financial assets	Year ended 31st December		
	Fixed rate	Floating rate	Total
The interest rate profile of the financial assets of the group as at 31st December was:	DKK Million	DKK Million	DKK Million
Cash and short-term deposits:			
1H 2009			
Held in DKK	-	0.1	-
Held in GBP	-	0.0	-
Total	-	0.0	-
2008			
Held in DKK	0.0	1.3	1.3
Held in GBP	0.0	2.7	2.7
Total	0.0	4.0	4.0
2007			
Held in DKK	0.0	0.9	0.9
Held in GBP	0.0	4.0	4.0
Total	0.0	4.9	4.9
2006			
Held in DKK	0.0	172.8	172.8
Held in GBP	0.0	0.2	0.2
Total	0.0	173.0	173.0

2008: The floating rate cash and short-term deposits consists of cash held in interest-bearing current accounts by reference to DKK CIBOR.

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Borrowing facilities

The Group had three committed borrowing facilities of which the undrawn amount available at the year-end was:

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Expiring within one year	63.0	0.7	12.8	13.0	-
In two to five years	0.0	91.3	0.0	0.0	-
Over five years	0.0	0.0	0.0	0.0	-
	63.0	92.0	12.8	13.0	-

2008: Of the total loan facilities DKK 140,000,000 expires 31st July 2009 and DKK 270,000,000 expires 31st December 2009.

	2008 DKK Million	2008 DKK Million	2007 DKK Million	2007 DKK Million	2006 DKK Million	2006 DKK Million
Primary financial instruments held or issued to finance the Group's operations:						
Cash and short-term deposits	4.0	4.0	4.9	4.9	173.0	173.0
Bank loans (overdraft facility)	365.3	365.3	29.3	29.3	17.2	17.2
Long term debt	0.0	0.0	51.2	51.2	0.0	0.0
Derivative financial instruments held or issued to hedge the Group's exposure on expected future sales:						
Forward commodity contracts - net	0.0	0.0	0.0	0.0	0.0	0.0

2008: 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.

Credit risk

The Group's credit risk is primarily attributable to its bank deposits, securities and other receivables. The risk on securities is relative low, as the investments in securities comprise investments in listed unit trusts. The risk on trade and other receivables is limited, as trade and other receivables comprises receivables from different suppliers, tax receivables and accrued income.

Currency risk

No currency exposures were hedged during the year and thus there is a currency risk.

The decrease in the exchange rate between DKK and GBP during 2008 of 24.6% has resulted in a exchange loss of approx DKK 142 million that has been expensed of in the profit and loss. This loss has no cash flow effect on the Group as it relates to intercompany balances.

22 - DEFERRED TAX

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Deferred tax liabilities	0.0	0.0	0.0	0.0	-
Deferred tax assets*	45.4	0.0	0.0	68.4	-
	45.4	0.0	0.0	68.4	-

*See note 8 for net deferred tax assets not provided for.

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	Year ended 31st December			
	Faroese Hydro-carbon Tax	Faroese Corp. Tax	Overseas Tax	Total
	DKK Million	DKK Million	DKK Million	DKK Million
At 1st January 2006	0.0	0.0	0.0	0.0
Charge to income	0.0	0.0	0.0	0.0
Exchange movements	0.0	0.0	0.0	0.0
At 31st December 2006	0.0	0.0	0.0	0.0
Charge to income	0.0	0.0	0.0	0.0
Exchange movements	0.0	0.0	0.0	0.0
At 31st December 2007	0.0	0.0	0.0	0.0
Charge to income	0.0	0.0	55.8	55.8
Exchange movements	0.0	0.0	-10.4	-10.4
At 31st December 2008	0.0	0.0	45.4	45.4
Charge to income	-	-	15.8	15.8
Exchange movements	-	-	7.2	7.2
At 30th June 2009	-	-	68.4	68.4

23 - SHARE CAPITAL

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
Balance at 1st January	112.6	112.6	74.0	112.6	112.6
Shares repurchased	0.0	0.0	0.0	0.0	0.0
Shares issued	0.0	0.0	38.6	0.0	0.0
Balance at 31st December	112.6	112.6	112.6	112.6	112.6
Ordinary Shares:					
Ordinary Shares:					
Authorised	174.0	174.0	174.0	-	-
Called up, issued and fully paid	112.6	112.6	112.6	112.6	112.6
	100 DKK Shares	100 DKK Shares	100 DKK Shares	100 DKK Shares	100 DKK Shares
Authorised	1,739,978	1,739,978	1,739,978	-	-
Called up, issued and fully paid	1,125,730	1,125,730	1,125,730	1,125,730	1,125,730

2008: Warrant plan

The parent company has share warrant schemes under which warrants have been granted to management, employees and retainers, for shares in the company. One twelfth of the warrants can be exercised in each of the twelve quarters following the announcement of the result for 1st quarter of 2007. Vested warrants that are not exercised can be carried forward to the following period. Thus, un-exercised warrants do not forfeit until the end of the last exercise period, which is 1st May 2010.

The Supervisory Board of the parent company has been authorised to issue up to 10,000 warrants at DKK 100 up to 31st December 2009, for subscription of shares in the parent company for the period up to 31st May 2010, according to Clause 3b in the Articles of Associations. Up to 31st December 2008 the board had issued 5,628 warrants.

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	2008 Warrants of nominal value DKK 100	2008 Weighted average exercise price DKK	2007 Warrants of nominal value DKK 100	2007 Weighted average exercise price DKK	2006 Warrants of nominal value DKK 100	2006 Weighted average exercise price DKK
Authorised 1st January	10,000	0	10,000	0	10,000	0
Outstanding 1st January	0	0	0	0	0	0
Authorised but not issued 1st January	10,000	0	10,000	0	10,000	0
Granted during the period	5,628	625	5,628	625	0	0
Lapsed during the period	0	0	0	0	0	0
Exercised during the period	0	0	0	0	0	0
Outstanding 31st December	5,628	625	5,628	625	0	0
Exercisable 31st December	3,283	625	1,407	625	0	0
Authorised but not issued 31st December	4,372	0	4,372	0	10,000	0

2008: The total market value of the warrants issued is estimated to be DKK 1,510,985 provided that all the warrants are exercised by 1st May 2010. The market value is calculated on the basis of Black-Scholes and on the following assumptions:

All the warrants assumed exercised by 1st May 2010.
 Exercise price: DKK 625.
 Market price on the day of issue: DKK 625.
 Volatility: 58.9 per cent.
 Risk-free interest: 3.95 per cent.
 Yearly dividend: DKK 0.00.

24 - CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Year ended 31st December				
	Share capital	Share premium account	Retained earnings	Translation reserves	Total
	DKK Million	DKK Million	DKK Million	DKK Million	DKK Million
At 1st January 2006	74.0	41.6	-16.2	0.0	99.3
Issuance of warrants	0.0	0.0	0.0	0.0	0.0
Shares issued	38.6	173.6	0.0	0.0	212.2
Transaction costs	0.0	-7.2	0.0	0.0	-7.2
Fair value adjustment on securities available for sale	0.0	0.0	0.4	0.0	0.4
Translation reserves	0.0	0.0	0.0	0.1	0.1
Loss for the year	0.0	0.0	-8.1	0.0	-8.1
At 31st December 2006	112.6	208.0	-23.9	0.1	296.7
Issuance of warrants	0.0	0.0	1.0	0.0	1.0
Shares issued	0.0	0.0	0.0	0.0	0.0
Transaction costs	0.0	0.0	0.0	0.0	0.0
Fair value adjustment on securities available for sale	0.0	0.0	0.9	0.0	0.9
Translation reserves	0.0	0.0	0.0	4.6	4.6
Loss for the year	0.0	0.0	-76.1	0.0	-76.1
At 31st December 2007	112.6	208.0	-98.1	4.7	227.2
Issuance of warrants	0.0	0.0	0.4	0.0	0.4
Shares issued	0.0	0.0	0.0	0.0	0.0
Transaction costs	0.0	0.0	0.0	0.0	0.0
Fair value adjustment on securities available for sale	0.0	0.0	-3.0	0.0	-3.0
Translation reserves	0.0	0.0	0.0	31.9	31.9
Loss for the year	0.0	0.0	-89.7	0.0	-89.7
At 31st December 2008	112.6	208.0	-190.3	36.7	166.8
Issuance of warrants	0.0	0.0	0.1	0.0	0.1
Shares issued	0.0	0.0	0.0	0.0	0.0
Transaction costs	0.0	0.0	0.0	0.0	0.0
Fair value adjustment on securities available for sale	0.0	0.0	3.8	0.0	3.8
Translation reserves	0.0	0.0	0.0	-13.3	-13.3
Costs related to a share capital increase	0.0	-1.7	0.0	0.0	-1.7
Loss for the year	0.0	0.0	-32.4	0.0	-32.4
At 30th June 2009	112.6	206.2	-218.9	30.7	123.2

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25 - OWN SHARES

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
At 1st January	0.0	0.0	0.0	-	-
Acquired in the period	0.0	0.0	0.0	-	-
At 31st December	0.0	0.0	0.0	-	-

2008: Atlantic Petroleum has not acquired any of its own shares during 2008 (2007: nil)

26 - ANALYSIS OF CHANGES IN NET (DEBT)/CASH

	Year ended 31st December			H1 ended 30th June	
	2008 DKK Million	2007 DKK Million	2006 DKK Million	2009 DKK Million	2008 DKK Million
	Audited			Reviewed	
a) Reconciliation of net cash flow to movement in net (debt)/cash:					
Movement in cash and cash equivalents	-0.9	-168.2	163.1	-	-
Proceeds from short-term loans	-336.0	-12.1	-17.2	-	-
Proceeds from long-term loans	51.2	-51.2	0.0	-	-
Increase/(decrease) in net cash in the period	-285.7	-231.4	145.9	-	-
Opening net cash	-75.6	155.8	9.9	-	-
Closing net cash/(debt)	-361.3	-75.6	155.8	-	-
b) Analysis of net cash/(debt):					
Cash and cash equivalents	4.0	4.9	173.0	-	-
Short-term debt	-365.3	-29.3	-17.2	-	-
Long-term debt	0.0	-51.2	0.0	-	-
Total net cash/(debt)	-361.3	-75.6	155.8	-	-

27 / CAPITAL COMMITMENTS AND GUARANTEES

2008: In connection with Atlantic Petroleum UK Limited's assets in the UKCS, P/F Atlantic Petroleum has provided the following security towards the UK Department for Business, Enterprise and Regulatory Reform:

1. A security is provided that P/F Atlantic Petroleum can always provide the necessary finance to enable Atlantic Petroleum UK Ltd. to fulfil its obligations in the UK area.
2. A security is provided that P/F Atlantic Petroleum will not change Atlantic Petroleum UK Limited's legal rights, so that this company can not fulfil its obligations
3. A security is provided that if Atlantic Petroleum UK Ltd. fails to fulfil its financial obligations, P/F Atlantic Petroleum will undertake to do so.

P/F Atlantic Petroleum answers for all obligations which Atlantic Petroleum UK Limited has in connection with purchase of assets from Premier Oil in accordance with the "Sales and Purchase Agreement".

In its participation in Joint Ventures, Atlantic Petroleum and Joint Venture Partners are jointly liable to all commitments made by the Joint Venture.

The Group had capital expenditure committed to, but not provided for in these accounts at 31st December 2008 of approximately DKK 86 million. The capital expenditure is in respect of the Group's interests in its exploration and development production licences.

P/F Atlantic Petroleum has entered into three bridge loan facilities amounting to a total of DKK 410 million. One loan of DKK 140 million, which shall be repaid before the two other bridge loans, is repayable at 31st July 2009 and DKK 100 million and DKK 170 million is repayable at 31st December 2009.

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In connection with the bridge loans facilities, P/F Atlantic Petroleum has charged the following security to the lenders:

- (i) its shares in its wholly owned subsidiary Atlantic Petroleum UK Limited; and
- (ii) its inter-company receivables from Atlantic Petroleum UK Limited
- (iii) that Atlantic Petroleum UK Limited shall ensure that liquidity income into the company is only used for payments with consent from the lenders
- (iv) P/F Atlantic Petroleum has provided the lenders with a negative pledge. It is also agreed that if a share capital increase is carried out by P/F Atlantic Petroleum, the proceeds from the share capital increase shall be used to pay down the amount of the loan amounting to DKK 140 million.

In acquiring its interests in certain UK petroleum production licences, the Group has entered into agreements whereby there is an option for the seller to back into 5.515% of the Group's interest in Block 20/2a. The consideration payable would equate to the Group's total exploration costs incurred to the date when the option is exercised. The terms of the agreement also state that the Group cannot dispose of more than 5.515% of its interest in the Etrick exploration licence without first obtaining the consent of the seller.

The Group entered into a participation agreement whereby it acquired a 25% interest in licence P.099. Under the agreement, one of the previous co-venture's of the licence retains the option to re-acquire 5% of the Group's interest in Block 110/14d of the licence; the Crosby exploration prospect. The consideration payable would equate to the Group's total exploration costs incurred to the date when the option is exercised.

H1 2009: In connection with Atlantic Petroleum UK Ltd's assets in UK area, Atlantic Petroleum P/F has provided the following security towards the UK Department for Business, Enterprise and regulatory Reform:

1. A security is provided that Atlantic Petroleum P/F can always provide the necessary finance to enable Atlantic Petroleum UK Ltd to fulfil its obligations in the UK area.
2. A security is provided that Atlantic Petroleum P/F will not change Atlantic Petroleum UK Ltd's legal rights, so that this company can not fulfil its obligations.
3. A security is provided that if Atlantic Petroleum UK Ltd fails to fulfil its financial obligations, Atlantic Petroleum P/F will undertake to do so.

Atlantic Petroleum P/F answers for all obligations which Atlantic Petroleum UK Limited has in connection with purchase of assets from Premier Oil in accordance with the "Sales and Purchase Agreement".

In its participation in Joint Ventures Atlantic Petroleum and Joint Venture Partners are jointly liable to all commitments made by the Joint Venture.

The Group had capital expenditure committed but not provided in these accounts at 30th June 2009 of approximately DKK 3 million. The capital expenditure is in respect of the Group's interests in its exploration, development and production licences. To complete the development of Etrick it is expected but not legally committed that the company, from the status period and the forth coming year will invest further approx DKK 70 million.

In accordance with the Group's participation in joint arrangements with other companies, an agreement has been signed whereby the Group is a party to a two and a half year charter contract for the use of a floating production, storage and offloading platform. The contract period commenced in 4Q 2008. The Group's annual commitment is estimated to USD 4 million.

Also, in accordance with the Group's participation in joint arrangements with other companies, an agreement has been signed whereby the Group is a party to a five year charter contract for the use of a floating production, storage and offloading platform. Payments under the contract are expected to begin in second half of 2009, with the Group's annual commitment being estimated at USD 3.5 million.

The total bridge loan facilities entered into by the company amount to a total of DKK 445MM, excluding interest. A bridge loan facility of DKK 35 million is repayable first and a bridge loan facility amounting to DKK 140 million shall be paid back before other bridge loans amounting to DKK 270 million in connection with the bridge loans facilities, P/F Atlantic Petroleum has charged, as security to the lenders:

- (i) its shares in its wholly owned subsidiary Atlantic Petroleum UK Limited; and
- (ii) its inter-company receivables from Atlantic Petroleum UK Limited.
- (iii) that Atlantic Petroleum UK Limited shall ensure that liquidity income into the company is only used to payments with consent from the lenders
- (iv) P/F Atlantic Petroleum has provided the lenders with a negative pledge. It is also agreed that if a share capital increase is carried out by P/F Atlantic Petroleum, the proceeds from the share capital increase shall be used to pay down the amount of this loan.

The bridge loans are repayable 31st December 2010 or earlier, subject to the completion of a proposed share capital increase and/or the securing of a senior loan facility. As part of the terms of the loan extension a third priority security in

FINANCIAL INFORMATION

the shares in Atlantic Petroleum UK Ltd has been granted. Furthermore, the members of the consortium of lenders can call-in the loan to Atlantic Petroleum with 14 days notice for full repayment if, among other things, the company carries out certain investments without prior approval from the lenders, or if the refinancing of the company has not made material progress within 6 to 9 months. According to the loan agreement the Group shall repay 90% of the free cash flow to the loan providers.

28 - CONTINGENT CONSIDERATION

2008: The Group holds interests in certain UK petroleum production licences which it acquired in 2003 and 2007. Contingent consideration of up to a maximum amount of approx DKK 3 million (£400,000) is payable contingent on first hydrocarbons being achieved from these licences.

H1 2009: The Group holds interests in certain UK Petroleum Production Licences which it acquired in 2003 and 2007. Contingent consideration of up to a maximum amount of approx DKK 5.2MM (GBP 600,000) is payable contingent on first hydrocarbons being achieved from these licences.

29 RELATED PARTY TRANSACTIONS

2008: Intra-group related party transactions, which are eliminated on consolidation, are not required to be disclosed in accordance with IAS 24.

FINANCIAL INFORMATION

Independent auditor's report on the financial statements for the financial years 2006, 2007 and 2008 and the six months ended 30th June 2008 and 2009

AUDITORS' STATEMENT

Sp/f Grannskoðaravirkið INPACT, State Authorised Public Accountant, R. C. Effersøesgøta 26, FO-100 Tórshavn, Faroe Islands hereby declare that we have audited and expressed an opinion on the consolidated financial statements of the Company for the financial years ended 31st December, 2006, 2007 and 2008. Also we declare that we have reviewed and expressed an opinion on the condensed consolidated interim report for the 6 months periods ended 30th June 2008 and 2009.

The annual report for the financial years ended 31st December, 2006, 2007 and 2008 are prepared in accordance with International Financing Reporting Standards (IFRS) as adopted by the Council of the European Union and the additional Faroese disclosure requirements according to the Faroese Company Accounts Act, the financial reporting requirements of NASDAQ OMX Iceland, and the financial reporting requirements of NASDAQ OMX Copenhagen for listed companies.

The condensed consolidated interim report for the periods ended 30th June 2008 and 2009 has been prepared in accordance with International Financing Reporting Standards (IFRS) 34 "Interim Financial Reporting"

We confirm that all information in this Prospectus regarding the abovementioned financial statements is consistent with the said statements.

Furthermore, we confirm that the accompanying financial statements and notes as of and for the periods ended 31st December 2006, 2007 and 2008 and periods ended 30th June 2008 and 2009 are derived from and mirror the published Annual Reports and Condensed Consolidated Interim Reports.

Tórshavn, 1st October 2009

Sp/f Grannskoðaravirkið INPACT

State Authorised Public Accountant

Jógvan Amonsson

State Authorised Public Accountant

Fróði Sivertsen

State Authorised Public Accountant

FINANCIAL INFORMATION

AUDITORS' STATEMENT FOR 2006

To the shareholder of P/F Atlantic Petroleum

We have audited the annual- and consolidated reports of P/F Atlantic Petroleum for the financial year 1 January - 31 December 2006. The annual- and consolidated reports have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU, the financial reporting requirements of the OMX Nordic Exchange in Iceland, the financial reporting requirements of the OMX Nordic Exchange in Copenhagen and in accordance with the current Faroese accounting act.

The annual- and consolidated reports are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on the annual- and consolidated reports based on our audit.

Basis of opinion

We conducted our audit in accordance with the Faroese standards on auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual- and consolidated reports are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual- and consolidated reports. An audit also includes assessing the accounting policies used and significant estimates made by the Board of Directors, as well as evaluating the overall annual- and consolidated reports presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the annual- and consolidated reports give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2006 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2006 in accordance with the International Financial Reporting Standards, as adopted by the EU, the financial reporting requirements of the OMX Nordic Exchange in Iceland, the financial reporting requirements of the OMX Nordic Exchange in Copenhagen and in accordance with the current Faroese accounting act.

Tórshavn, 5th March 2007

P/F Grannskoðaravirkkið INPACT

State Authorised Public Accountant

Jógvan Amonsson

State Authorised Public Accountant

SPEKT SP/F

State Authorised Public Accountant

Mirjam Haraldsen

State Authorised Public Accountant

FINANCIAL INFORMATION

AUDITORS' STATEMENT FOR 2007

To the shareholders of Atlantic Petroleum P/F

We have audited the annual report of Atlantic Petroleum P/F for the financial year 1 January - 31 December 2007, which comprises the statement by the Executive and Supervisory Boards on the annual report, Management's review, accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes for the Group as well as the parent company. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU, the financial reporting requirements of the OMX Nordic Exchange in Iceland, the financial reporting requirements of the OMX Nordic Exchange in Copenhagen and additional Faroese disclosure requirements for annual reports of listed companies.

The Executive and Supervisory Boards' responsibility for the annual report

The Executive and Supervisory Boards are responsible for the preparation and fair presentation of this annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Faroese disclosure requirements for annual reports of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Faroese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the annual report 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive and Supervisory Boards, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2007 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2007 in accordance with International Reporting Standards as adopted by the EU, financial reporting requirements of the OMX Nordic Exchange in Iceland, the financial reporting requirements of the OMX Nordic Exchange in Copenhagen and additional Faroese disclosure requirements for annual reports of listed companies.

Tórshavn, 15th February 2008

P/F Grannskoðaravirkkið INPACT

State Authorised Public Accountant

Jógvan Amonsson

State Authorised Public Accountant

SPEKT SP/F

State Authorised Public Accountant

Mirjam Haraldsen

State Authorised Public Accountant

FINANCIAL INFORMATION

AUDITORS' STATEMENT FOR 2008

To the shareholders of Atlantic Petroleum P/F

We have audited the annual report of Atlantic Petroleum P/F for the financial year 1 January - 31 December 2008, which comprises the statement by the Executive and Supervisory Boards on the annual report, Management's review, accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes for the Group as well as the parent company. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU, the financial reporting requirements of the OMX Nordic Exchange in Iceland, the financial reporting requirements of the OMX Nordic Exchange in Copenhagen and additional Faroese disclosure requirements for annual reports of listed companies.

The Executive and Supervisory Boards' responsibility for the annual report

The Executive and Supervisory Boards are responsible for the preparation and fair presentation of this annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Faroese disclosure requirements for annual reports of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Faroese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the annual report 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive and Supervisory Boards, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2008 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2008 in accordance with International Reporting Standards as adopted by the EU, financial reporting requirements of the OMX Nordic Exchange in Iceland, the financial reporting requirements of the OMX Nordic Exchange in Copenhagen and additional Faroese disclosure requirements for annual reports of listed companies.

Emphasis of Matter

Without qualifying our opinion, we draw attention to page 10 in the management statement where the board describes the fact, that the negotiations for refinancing short-term credit facilities are not yet concluded.

The management are in the process of negotiating these credit facilities. A positive outcome of these negotiations is necessary for the company's ability to continue as a going concern.

The management is convinced, that the necessary credits will be obtained. Consequently, the Financial Report is prepared based on the assumption of going concern.

Tórshavn, 27th February 2009

P/F Grannskoðaravirkkið INPACT

State Authorised Public Accountant

Jógvan Amonsson
State Authorised Public Accountant

Fróði Sivertsen
State Authorised Public Accountant

FINANCIAL INFORMATION

AUDITORS' STATEMENT FOR THE SIX MONTHS ENDED 30TH JUNE 2008

To the shareholders of P/F Atlantic Petroleum

According to agreement with the Company's Board of Directors, we have reviewed the accompanying condensed consolidated interim balance sheet of P/F Atlantic Petroleum and its subsidiaries as of 30 June 2008, and the related condensed consolidated statements of income and cash flows and notes for the six months then ended 30 June 2008.

These condensed consolidated interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

Basis of opinion

We conducted our review in accordance with generally accepted review standards as applied in the Faroe Islands. This Standard requires that we plan and perform the review to obtain limited assurance as to whether the preliminary financial information is free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Interim Report does not give a true and fair view of the financial position of the Group as of 30 June 2008, and of the results of its operations and its cash flows for the six months ended 30 June 2008 in accordance with International Financial Reporting Standards 34 "Interim Financial Reporting" as adopted by the European Union.

Tórshavn, 22nd August 2008

P/F Grannskoðaravirkid INPACT

State Authorized Public Accountants

Jógvan Amonsson

State Authorized Public Accountant

FINANCIAL INFORMATION

AUDITORS' STATEMENT THE SIX MONTHS ENDED 30TH JUNE 2009

To the shareholders of P/F Atlantic Petroleum

According to agreement with the Company's Board of Directors, we have reviewed the accompanying condensed consolidated interim balance sheet of P/F Atlantic Petroleum and its subsidiaries as of 30th June 2009, and the related condensed consolidated statements of income and cash flows and notes for the six months ended 30th June 2009.

These condensed consolidated interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

Basis of opinion

We conducted our review in accordance with generally accepted review standards as applied in the Faroe Islands. This Standard requires that we plan and perform the review to obtain limited assurance as to whether the preliminary financial information is free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Interim Report does not give a true and fair view of the financial position of the Group as of 30th June 2009, and of the results of its operations and its cash flows for the six months ended 30th June 2009 in accordance with International Financial Reporting Standards 34 "Interim Financial Reporting" as adopted by the European Union.

Tórshavn, 21st August 2009

SP/F Grannskoðaravirkid INPACT

State Authorized Public Accountants

Jógvan Amonsson

State Authorized Public Accountant

Fróði Sivertsen

State Authorized Public Accountant

FINANCIAL INFORMATION

ACCOUNTING POLICIES

GENERAL

P/F Atlantic Petroleum is a limited company incorporated in the Faroe Islands and listed on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen. The principal activities of the Company and its subsidiaries (the Group) are Oil & Gas exploration, appraisal, development and production in the Faroe Islands, UK and Ireland.

ACCOUNTING ESTIMATES AND JUDGEMENTS

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 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 Financial review under Hedging and 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

Accounting convention

P/F Atlantic Petroleum is a Public Limited company resident in Faroe Islands. The Annual and Consolidated Report and Accounts for the period 1 January to 31 December 2008 comprises both the Consolidated Annual Report and Accounts for P/F Atlantic Petroleum and its subsidiaries (Group) and the separate Annual Accounts for the Parent Company according to the requirement in the Faroese Company Accounts Act.

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

The accounting policies set out below have been applied consistently to all periods presented in these Annual and Consolidated Report and Accounts, and have been applied consistently by all companies.

The financial information has been prepared using the historical cost and fair value conventions on the basis of the accounting policies set out below.

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 govern 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.

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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.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup 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.

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

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 costs 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.

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Exploration Expenses

Exploration expenses comprise costs 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. The impairment of exploration- and evaluation assets and relinquished licences are also recognised in Exploration expenses.

General and Administration Costs

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

Other Income

Revenue in Parent Company from services rendering to the subsidiaries is recognised in the income statement when the services are rendered.

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 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 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

BALANCE SHEET

Intangible Asset

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, costs of technical services and studies, seismic acquisition, exploratory drilling and testing and other directly attributable costs.

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.

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Costs 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 are 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, the carrying value of the relevant E&E asset is reclassified as a tangible asset as a development and production asset. Before the reclassification the asset will be tested for indications of impairment. If however, the commercial reserves have not been found, the capitalised costs are charged to the income statement 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 income statement.

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, expected derived from 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 3 - 10 years

The residual value is reassessed annually.

Investments in Subsidiary Companies

Investment in subsidiaries are recognised at costs. If the cost-value of the shares exceeds the shares recoverable amount, the shares will be written down to the recoverable amount.

The recoverable amount is the higher of the shares fair value less costs to sell and the shares value in use. At each reporting date it will be assessed whether there is any indication that the shares may be impaired. If any such indication exists, the recoverable amount will be estimated.

FINANCIAL INFORMATION

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.

Receivables from Subsidiary

Company receivables from subsidiary are recognised at amortised costs.

If the nominal value of the receivable exceeds the receivables recoverable amount, the receivable will be written down to the recoverable amount.

The recoverable amount is the higher of the receivables fair value less costs to sell and the receivables value in use. At each reporting date it will be assessed whether there is any indication that the receivable may be impaired. If any such indication exists, the recoverable amount will be estimated.

The receivables from subsidiary are not recognised as a net investment in a foreign operation because the repayment is planned to be as soon as the subsidiary has the funds for repayment. Therefore currency exchange differences are recognised in the income statement under financial income and expenses.

Securities Available for Sale

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

The Groups investments in securities are classified as available-for-sale, and are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are included directly in equity.

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.

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 director's 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.

FINANCIAL INFORMATION

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.

Effect of new financial reporting standards

In 2008, the following standards and interpretations came into force and have thus been implemented:

- > Change of IAS 39, Financial Instruments: Recognition and Measurement
- > IFRIC 11-12 and 14

The implementation did not result in any changes in recognition or measurement or disclosures.

The following new or amended standards and interpretations relevant for the P/F Atlantic Petroleum have not yet come into force as per December 31, 2008, and are therefore not implemented in this annual report.

- > IFRS 8, Operating Segments
- > Amendment of IFRS 2, Share-based Payment
- > Amendment of IFRS 3, Business Combinations
- > Amendment of IAS 1, Presentation of Financial Statements - Comprehensive Income, etc.
- > Amendment of IAS 23, Borrowing Costs
- > Amendment of IAS 27, Consolidated and Separate Financial Statements
- > Improvements to IFRS 2008
- > IFRIC 13 and 15-17

The implementation of these will result in additional disclosures in the notes to the financial statements, but will not entail material changes in recognition and measurement.

III. THE OFFERING

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01 / PERSONS RESPONSIBLE

An overview of the persons responsible for the Prospectus is provided in Part I, section 2 "Persons responsible".

02 / RISK FACTORS

For a description of risk factors, see "Risk Factors".

03 / KEY INFORMATION

WORKING CAPITAL STATEMENT

The Company is of the opinion that, as a result of the recent refinancing together with the minimum proceeds from the Offering (corresponding to DKK 60 million) and the cash flow from operations, the Company has sufficient working capital through 12 month following the Prospectus Date, including in respect of the Company's potential significant future investments, as mentioned in Part I, section 5 "Company Information - Investments".

Out of the proceeds from the Offering, the Company will use at least DKK 172 million (or such lesser amount as obtained in the Offering) for debt repayment. See Part I, section 22 "Material contracts" for a description of the loans. Following full repayment of the DKK 35 million loan, the Company has undertaken to apply 90% of any liquid funds to repay remaining outstanding loans and on 31st December 2010 any amounts outstanding under the loans, as described in Part I, section 22 "Material contracts", fall due for payment. The Company does not currently have committed facilities, which can be used to refinance the amount outstanding under the loans at such date. However, in connection with entering into the Addendum and provided the Offering is completed, the lenders have stated that they will look positively at commencing negotiations regarding a possible further extension of the final repayment date for the remaining loans

For a description of the Company's capital resources, see Part I, section 10 "Capital resources".

CAPITALISATION AND INDEBTEDNESS

The following tables set out (i) capitalisation and indebtedness at 30th June 2009 and (ii) capitalisation and indebtedness as at the same date on an adjusted basis giving effect to the net proceeds from the Offering reflecting a minimum subscription of DKK 68 million (net proceeds of DKK 60 million) and a fully subscribed Offering of 1,500,973 Offered Shares (corresponding to net proceeds of DKK 175 million), respectively, see also part III, section 5 "Terms and conditions of the Offering - Intentions of Major Shareholders of the Company, Management or the Supervisory Board to participate in the Offering.

CAPITALISATION

In millions	30 th June 2009		
	Actual DKK	Adjusted* DKK	Adjusted** DKK
Total Current debt	144.9	144.9	144.9
Guaranteed	0.0	0.0	0.0
Secured	105.1	105.1	105.1
Unguaranteed/ Unsecured	39.9	39.9	39.9
Total Non-Current debt	414.8	354.8	242.4
Guaranteed	0.0	0.0	0.0
Secured	364.2	304.1	191.7
Unguaranteed/ Unsecured	50.7	50.7	50.7
Shareholders' equity	123.2	183.2	298.0
(A) Share capital	112.6	167.1	262.7
(B) Legal Reserve	206.2	211.7	231.0
(C) Other Reserves	-195.6	-195.6	-195.6
Total	683.0	683.0	685.4

*) Adjusted giving effect to the net proceeds from the Offering reflecting a gross subscription of DKK 68 million.

***) Adjusted giving effect to the net proceeds reflecting a fully subscribed Offering of 1,500,973 Offer Shares.

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INDEBTEDNESS

In millions	30 th June 2009		
	Actual DKK	Adjusted* DKK	Adjusted** DKK
(A) Cash	0.1	0.1	2.5
(B) Cash equivalent	0.0	0.0	0.0
(C) Trading securities	0.0	0.0	0.0
(D) Total liquidity (A+B+C)	0.1	0.1	2.5
(E) Current financial receivable	37.7	37.7	37.7
(F) Current bank debt	0.0	0.0	0.0
(G) Current portion of non current debt	105.1	105.1	105.1
(H) Other current debt	39.9	39.9	39.9
(I) Total current debt (F+G+H)	144.9	144.9	144.9
(J) Net current indebtedness (I-E-D)	107.1	107.1	104.7
(K) Non-current bank loans	364.2	304.1	191.7
(L) Bonds issued	0.0	0.0	0.0
(M) Other non current loans	50.7	50.7	50.7
(N) Total non-current indebtedness (K+L+M)	414.8	354.8	242.4
(O) Total net indebtedness (J+N)	522.0	462.0	347.2

*) Adjusted giving effect to the net proceeds from the Offering reflecting a gross subscription of DKK 68 million.

***) Adjusted giving effect to the net proceeds reflecting a fully subscribed Offering of 1,500,973 Offer Shares.

In June 2009, the Company entered into a refinancing agreement with its existing lenders extending the repayment date of the bridge loans provided to the Company until 31st December 2010. Further, in September 2009 the Company and the lenders entered into an addendum to the refinancing agreement. The provisions of the addendum will come into force upon completion of the Offering. See section 22 "Material contracts".

INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE OFFERING

As described in Part I, section 22 "Material contracts" and this Part III, section 5 "Terms and Conditions of the Offering – Placing and underwriting", the Company will use at least DKK 172 million of the proceeds from the Offering (or such lesser amount as obtained in the Offering) to make debt repayment (see Part I, section 22 "Material contracts" for a description of the loans) to its lenders, including among them P/F Eik Banki, who is also acting as Co-manager in the Offering, and Mortan Johannesen, who is also a member of the Supervisory Board. Further, all of the Company's lenders are shareholders in the Company.

REASONS FOR THE OFFERING AND USE OF PROCEEDS

Upon full subscription of the Offering, the gross proceeds will be approximately DKK 188 million and the net proceeds (gross proceeds less estimated costs to the Company relating to the Offering) are expected to be approximately DKK 175 million.

The Offering is not underwritten, but certain of the Company's shareholders including Eik Banki, P/F TF Holding, SP/F 14, Bikubenfonden af 1989, Føroya Lívstrygging P/F and the Managing Director of the Company Wilhelm E. Petersen have each entered into a binding undertaking to exercise Pre-emptive Rights to subscribe for, in aggregate, 327,082 Offer Shares corresponding to total gross proceeds of approximately DKK 41 million (approximately € 5 million). Further, a number of investors have made binding undertakings to take effect if sufficient Pre-emptive Rights are not exercised in the Offering, to subscribe for, in aggregate, 218,180 Offer Shares corresponding to total gross proceeds of approximately DKK 27 million (approximately € 4 million). In addition the Technical Manager Sigurð í Jákupsstovu has indicated to the Company that he intends, if possible, to acquire Pre-emptive Rights and subscribe for Offer Shares for an aggregate amount of DKK 150,000. The undertakings ensure total minimum gross proceeds to the Company of DKK 68 million (approximately € 9 million). In addition Føroya Banki has undertaken to subscribe for DKK 20 million such undertaking to become effective once Offer Shares providing for gross proceeds equal to at least DKK 130 million have been subscribed for in the Offering, whether through exercise of Pre-emptive Rights or otherwise.

Assuming an issue of 1,500,973 new Shares (corresponding to the maximum Offering), the Company expects to receive net proceeds from the Offering of DKK 175 million. Given a minimum subscription of DKK 68 million (corresponding to the amount in respect of which the Company has received undertakings to subscribe), the Company expects to receive net proceeds from the offering of DKK 60 million.

The Company will use the net proceeds from the Offering to strengthen the Company's financial position and thereby to establish a stronger financial basis for the future development of the Company.

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Out of the net proceeds, at least DKK 172 million (or such lesser amount as obtained in the Offering) will be used to make repayments under the Company's loans. For a description of such loans see Part I, section 22 "Material contracts".

The remaining net proceeds from the Offering, after repayment of loans, as set out above, will remain in the Company.

04 / INFORMATION CONCERNING THE SECURITIES TO BE OFFERED

TYPE OF SECURITIES, ALLOCATION TIME AND SECURITIES CODE

The Pre-emptive rights

The allotment of Pre-emptive Rights will be made free of charge to the Existing Shareholders who are registered as Shareholders with VP Securities Services on 7th October 2009 at 11:30 a.m. Faroese time (corresponding to 12:30 p.m. CET and 10:30 a.m. Icelandic time). Shares traded on Nasdaq OMX Iceland after 2nd October 2009 and Shares traded on Nasdaq OMX Copenhagen after 2nd October 2009 will be traded ex Pre-emptive Rights.

The Pre-emptive Rights will have the securities code ISIN FO0000000161 and trading symbol FO-ATLA R on Nasdaq OMX Iceland and trading symbol FO-ATLA T CSE on Nasdaq OMX Copenhagen.

An application for official listing of the Pre-emptive Rights on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen has been filed, and the Pre-emptive Rights are expected to be traded on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen during the period from 5th October 2009 to 22nd October 2009 at 03:23 p.m. Icelandic time on Nasdaq OMX Iceland and 5:00 p.m. CET on Nasdaq OMX Copenhagen.

The Subscription Period for the Offer Shares commences on 8th October 2009 and closes on 27th October 2009 at 6:00 p.m. Faroese time (corresponding to 7:00 p.m. CET and 5:00 p.m. Icelandic time).

The Offering is being made at the ratio 4:3 which means that the Existing Shareholders will be allocated 4 Pre-emptive Rights per Existing Share and that 3 Pre-emptive Rights will be required to subscribe 1 Offer Share.

The Offer Shares

The Offer Shares to be issued by the Company upon registration of the capital increase with the Faroese Company Registration shall be of the same class as the Existing Shares and will not be admitted to official listing on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen until such registration has taken place. Accordingly, shareholders and investors should note that the Offer Shares will not be admitted to official listing on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen under a temporary securities code. The Offer Shares will be listed on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen directly under the securities code of the Existing Shares (FO000A0DN9X4) following registration of the capital increase with the Faroese Company Registration, which is expected to take place on 2nd November 2009. The trading symbols of the Company's Shares are FO-ATLA on Nasdaq OMX Iceland and FO-ATLA CSE on Nasdaq OMX Copenhagen.

APPLICABLE LAW

The Pre-emptive Rights and the Offer Shares will be issued under and governed by Faroese law, the rules of Nasdaq OMX Iceland and Nasdaq OMX Copenhagen as well as the securities laws of Iceland and Denmark.

REGISTRATION

All Pre-emptive Rights and Offer Shares will be delivered in book entry form through allocation to accounts with VP Securities through a Faroese bank or other institution authorised as the custodian of such shares. VP Securities is located at Weidekampsgade 14, DK-2300 Copenhagen S. The Pre-emptive Rights and the Offer Shares are issued in non-certificated form. The Offer Shares will be issued to the holder as registered in the Company's register of shareholders through the holder's custodian bank.

CURRENCY

The Offering will be carried out and trading of the Pre-emptive Rights and the Offer Shares will be effected in Danish kroner.

The Offer Shares are denominated in Danish kroner.

Exchange control regulations in the Faroe Islands, Iceland and Denmark

There are no governmental laws, decrees, or regulations in the Faroe Islands or Denmark that restrict the export or import of capital (except for certain investments in areas in accordance with applicable resolutions adopted by the United Nations and the European Union), including, but not limited to, foreign exchange controls, or that affect the remittance of dividends, interest or other payments to non-resident holders of the Offer Shares. As a measure to prevent money laundering and financing of terrorism, persons travelling in and out of Denmark and carrying amounts of money (including, but not limited to, cash and travellers' checks) worth the equivalent of EUR 10,000 or more must declare such amounts with the Customs Authority when travelling in or out of Denmark.

Furthermore, Icelandic laws, decrees or regulations do not restrict the export or import of capital in or out of Iceland,

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except in extreme cases such as where such export or import of capital is deemed to cause instability in the monetary and currency exchange market in Iceland. Further, persons travelling in and out of Iceland carrying cash of more than EUR 10,000 or the equivalent in other currencies, travellers' cheques or bearer negotiable instruments are obliged to declare this to the customs in Iceland at the point of departure or arrival.

RIGHTS ATTACHED TO THE PRE-EMPTIVE RIGHTS AND THE OFFER SHARES

The Pre-emptive Rights

Three Pre-emptive Rights confer the right to subscribe 1 Offer Share with a nominal value of DKK 100 each. The Pre-emptive Rights can be traded on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen during the period from 5th October 2009 to 22nd October 2009 at 03:23 p.m. Icelandic time on Nasdaq OMX Iceland and 5:00 p.m. CET on Nasdaq OMX Copenhagen and exercised in the period from 8th October 2009 to 27th October 2009 at 6:00 p.m. Faroese time (corresponding to 7:00 p.m. CET and 5:00 p.m. Icelandic time) (the latter period is the Subscription Period).

The Pre-emptive Rights may be exercised only by using a number of Pre-emptive Rights that allow subscription for a whole number of Offer Shares. If a holder of Pre-emptive Rights does not have a sufficient number of Pre-emptive Rights to subscribe for a whole number of Offer Shares, such holder wishing to subscribe for Offer Shares must acquire in the market, during the trading period for Pre-emptive Rights, the number of Pre-emptive Rights necessary to subscribe for a whole number of Offer Shares or may choose to sell the Pre-emptive Rights during the same period. Pre-emptive Rights that are not exercised by the end of the Subscription Period will lapse with no value, and a holder of Pre-emptive Rights at such time will not be entitled to compensation. The Subscription Period will end on 27th October 2009 at 6:00 p.m. Faroese time (corresponding to 7:00 p.m. CET and 5:00 p.m. Icelandic time).

If the Offering is not completed, any exercise of Pre-emptive Rights that may already have taken place will automatically be cancelled, the subscription price for Offer Shares will be refunded (excluding any brokerage fees as applied by the investors' own custodian institutions and brokers; consequently, such fees may vary), all Pre-emptive Rights will be null and void, and no Offer Shares will be issued, potentially causing investors who may have acquired Pre-emptive Rights and/or rights to Offer Shares (in an off-market transaction) to incur a loss. However, trades of Pre-emptive Rights executed during the trading period for the Pre-emptive Rights will not be affected.

The Offer Shares

The Offer Shares will, when fully paid up and registered in the Faroese Company Registration Authority (expected to take place on 2nd November 2009), have the same rights as the Existing Shares.

The Offer Shares will be eligible for any dividend declared in respect of the Company's financial year ending 31st December 2009 and subsequent years. However, the Company has not paid any dividends since inception and does not anticipate paying any dividends in the foreseeable future. The Company's dividends, if declared, are paid in DKK to the shareholder's account set up through VP Securities Services. There are no dividend restrictions or special procedures for non-resident holders of the Company's Shares. Dividends which have not been claimed within twenty years from the time they are payable are generally forfeited and all such dividends will accrue to the Company.

Each Offer Shares of nominal DKK 100 will, when issued, confer on the holder thereof one vote at the Company's general meetings. No shareholder can hold more than 20% of the Company's share capital, and no one can vote at the Company's general meeting with more than 20% of the votes. Legal persons, who are mutually so closely connected that one of them has decisive influence on the matters of the other, will be considered as one in connection with this limitation of ownership and voting right, so that these legal persons together only can own and vote for not more than 20% of the share capital.

Under Faroese law, all shareholders have pre-emptive subscription rights in connection with capital increases effected as cash contributions. An increase in share capital can be resolved by the shareholders at a general meeting or by the Supervisory Board pursuant to an authorization given by the shareholders. In connection with an increase of the Company's share capital, the shareholders may, by resolution at a general meeting, approve deviations from the general Faroese pre-emptive rights of the shareholders. Under the Faroese Companies Act, such resolution must be adopted by the affirmative vote of shareholders holding at least a two-thirds majority of the votes cast and the share capital represented at a general meeting. It should be noted that the Company's Supervisory Board may resolve to increase the Company's share capital without pre-emptive subscription rights for our shareholders pursuant to the authorizations set out in Part I, section 21 "Additional information".

Considering that neither the Offering nor any future issuance of new Shares can be expected to be registered under the U.S. Securities Act or with any authority outside the Faroe Islands, Iceland and Denmark, U.S. shareholders and shareholders in jurisdictions outside the Faroe Islands, Iceland and Denmark may be unable to exercise their pre-emptive subscription rights.

On liquidation or winding-up, shareholders will be entitled to participate, in proportion to their respective shareholdings, in any surplus assets remaining after payment of the Company's creditors.

The Company's Articles of Association do not include provisions allowing for a conversion of the Shares.

The Company's shareholders are not obliged to redeem their shares except as follows from section 20b of the Faroese

THE OFFERING

Companies Act. According to Section 20b of the Faroese Companies Act, shares in a company may be redeemed in full or in part by a shareholder holding more than nine-tenths of the shares and the corresponding voting rights in the company. Such redemption may be effected by the majority shareholder together with the board of directors in a joint decision. A minority shareholder may in the same manner require the majority shareholder holding more than nine-tenths of the shares to redeem the minority shareholder's shares.

RESOLUTIONS, AUTHORISATIONS, AND APPROVALS TO PROCEED WITH THE OFFERING

The Offer Shares will be issued in accordance with Clause 3, sub-clause 1 of the Articles of Association which provides: "Until the 31st of December 2010 the Board of Directors has authority - in one or several rounds - to increase the Company's share capital with up to DKK 175,000,000. The increase of the share capital can fully or partially be made in other values than cash, this including

that the company in connection with the increase of share capital against consideration in shares takes over other existing enterprise, activity or company or shares in other company (merger);

that the company in connection with the increase of share capital without consideration in shares accepts such other values."

Payment of increase in the share capital can further fully or partially be made by way of debt conversion.

The authorisation was approved at the Company's Annual General Meeting held on 21st March 2009.

Pursuant to this authority, the Supervisory Board passed a resolution on 1st October 2009 to increase the Company's share capital. The maximum capital increase is for a nominal value of DKK 150,097,300 (1,500,973 Offer Shares of DKK 100 each). The capital increase will be effected with Pre-emptive Rights to the Existing Shareholders at the ratio of 4:3. Three Pre-emptive Rights confer the right to subscribe 1 Offer Share with a nominal value of DKK 100 at the Offer Price of DKK 125 which is below the officially quoted price of the Existing Shares on 30th September 2009 of DKK 315 per Share on Nasdaq OMX Copenhagen. Although all investors wishing to exercise Pre-emptive Rights and subscribe for Offer Shares must do so by making cash payment of the subscription price, the capital increase will from a company law perspective be treated as a debt conversion in respect of all or part of the Shares subscribed to in the Offering by the Company's lenders pursuant to undertakings to subscribe, see section 5 "Term and conditions of the Offering - Placing and underwriting". For the full text of the Supervisory Board's resolution see Annex 5 to this Prospectus.

ALLOCATION DATE FOR PRE-EMPTIVE RIGHTS AND ISSUE DATE OF OFFER SHARES

Date set for allocation of Pre-emptive Rights

On 7th October 2009 at 11:30 a.m. Faroese time (corresponding to 12:30 p.m. CET and 10:30 a.m. Icelandic time), any person who is registered with VP Securities Services as a shareholder of the Company will be allocated Pre-emptive Rights. Shares traded on Nasdaq OMX Iceland after 2nd October 2009 and Shares traded on Nasdaq OMX Copenhagen after 2nd October 2009 will be traded ex Pre-emptive Rights.

Date set for issue of the Offer Shares

Subscription for the Offer Shares may be made from 8th October 2009 to 27th October 2009 at 6:00 p.m. Faroese time (corresponding to 7:00 p.m. CET and 5:00 p.m. Icelandic time). Accordingly, during this period the Offer Shares will be allocated through VP Securities Services by exercise of Pre-emptive Rights. The Offer Shares are expected to be issued by the Company and the capital increase to be registered with the Faroese Company Registration on 2nd November 2009. The Offering may be withdrawn and cancelled until the capital increase relating to the Offer Shares has been registered with the Faroese Company Registration. See section 5 "Terms and conditions of the Offering - Withdrawal of the Offering". Issuance and admission to official listing of the Offer Shares is expected to take place on 3rd November 2009.

NEGOTIABILITY AND TRANSFERABILITY OF SHARES AND THE OFFER SHARES

The Existing Shares are and the Offer Shares will be negotiable under Faroese law and freely transferable. However, under Clause 2, sub-clause 2 of the Company's articles of association, no shareholder can hold more than 20% of the Company's share capital, see below.

Mandatory sale of shares

No shareholder can hold more than 20% of the Company's share capital, and no one can vote at the Company's general meeting with more than 20% of the votes. Legal persons, who are mutually so closely connected that one of them has decisive influence on the matters of the other, will be considered as one in connection with this limitation of ownership and voting right, so that these legal persons together only can own and vote for not more than 20% of the share capital.

A Shareholder holding Shares in excess of the 20% limit is violating the Articles of Association of the Company by the possessing of the part of the Shares in excess of the 20% limit and thus the Company for its part will not treat the Shareholder with shareholders rights deriving from the part of the Shares in excess of the 20% limit.

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REGULATIONS GOVERNING MANDATORY TAKEOVER BIDS, REDEMPTION OF SHARES AND DISCLOSURE REQUIREMENTS

Mandatory bids

The Faroese Securities Trading Act includes rules concerning public offers for the acquisition of shares.

If a shareholding is transferred, directly or indirectly, in a company with one or several share classes admitted to official listing on a stock exchange or admitted for trading at an authorised marketplace, the acquirer shall enable all shareholders of the company to dispose of their shares on identical terms if such transfer involves that the acquirer

- > will hold the majority of voting rights in the company;
- > becomes entitled to appoint or dismiss a majority of the members of the company's supervisory board;
- > obtains the right to exercise a controlling influence over the company according to the articles of association or otherwise in agreement with the company;
- > according to the agreement with other shareholders, will control the majority of voting rights in the company; or
- > will be able to exercise a controlling influence over the company and will hold more than one-third of the voting rights.

Exemptions from the mandatory bid requirement may be granted under certain circumstances by the Danish FSA.

In addition, Icelandic and Danish rules concerning public offers, which may differ from the above, may apply.

Squeeze out

According to Section 20b of the Faroese Companies Act, shares in a company may be redeemed in full or in part by a shareholder holding more than nine-tenths of the shares and the corresponding voting rights in the company. Such redemption may be effected by the majority shareholder together with the board of directors in a joint decision. A minority shareholder may in the same manner require the majority shareholder holding more than nine-tenths of the shares to redeem the minority shareholder's shares.

Major shareholdings

Under Faroese and Danish law, the Company's shareholders are required to notify the Company and the stock exchanges on which the Company's shares are listed for trading as soon as 1) the shareholder's stake represents at least 5% of the voting rights in the company or the nominal value accounts for at least 5% of the share capital or 2) when a change of holding already notified entails that limits of 5% intervals counting from 10% to 100% and the limits of one-third or two-thirds of the share capital's voting rights or nominal value are reached or are no longer reached or the change entails that the thresholds in 1) are no longer reached.

In addition under Icelandic law, the Company's Shareholders are required immediately to notify the Company and the Icelandic Financial Supervisory Authority when the shareholders' voting rights in the Company reaches, exceeds or falls below 5, 10, 15, 20, 25, 30, 35, 40, 50, 66 2/3 and 90%. Following receipt of notification, the Company shall, as soon as practically possible and no later than at noon on the first following trading day, make public the information included in the notification.

The notification shall provide information about the full name, address or, in the case of undertakings, registered office, the number of shares and their nominal value and share classes as well as information about the basis on which the calculation of the holdings has been made. Failure to comply with the notification requirements is punishable by a fine. In addition notifications made in accordance with Icelandic law, shall include information about, inter alia, the date on which the notification requirement arose, the chain of controlled undertakings through which voting rights are effectively held and the number of voting rights held.

When the Company has received a notification, it must publish the content of such notification as soon as possible.

Public takeover bids by third parties for the Company's shares during the previous or current financial year

No take-over bids by third parties for the Company's Shares have been presented during the previous or current financial year.

TAXATION

The following is a summary of certain Faroese, Icelandic and Danish income tax considerations relating to an investment in the Pre-emptive Rights and the Offer Shares. The summary is for general information only and does not purport to constitute tax or legal advice. It is specifically noted that the summary does not address all possible tax consequences relating to an investment in the Pre-emptive Rights and the Offer Shares. The summary is based solely upon the tax laws of the Faroe Islands, Iceland and Denmark in effect at the Prospectus Date.

The laws may be subject to change, possibly with retroactive effect. The summary does not cover investors to whom special tax rules apply, including professional investors, and therefore, for example, may not be relevant to certain institutional investors, insurance companies, banks, stockbrokers and investors liable for tax on return on pension investments.

Investors in the Pre-emptive Rights and the Offer Shares are advised to consult their tax advisers regarding the applicable

THE OFFERING

tax consequences of acquiring, holding, exercising and disposing of the Pre-emptive Rights and the Shares based on their particular circumstances. Investors who may be affected by the tax laws of other jurisdictions should consult their tax advisers with respect to the tax consequences applicable to their particular circumstances.

FAROE ISLANDS

Resident corporate and individual investors

Dividend

The Company is obliged to withhold taxes on dividend according to article 15 in Taxation Act No. 164 of 21st December, 2001 regardless of whether the investor is resident in the Faroe Islands or not. However, the obligation to withhold tax does not apply for any part of the total dividend that is distributed to a corporation situated in the Faroe Islands. Inter-company dividends within corporations subject to full tax in the Faroe Islands are tax-exempted and no tax has to be withheld.

For dividend paid out to private investors the withholding tax is 35%. The withholding tax is a final tax. However, losses on disposal of shares/securities may be set off against the dividend when calculating the taxable income.

Disposal of shares

For Faroese resident investors, profit from disposal of shares in Atlantic Petroleum is liable to tax, and will be taxed at 18% (corporations) and 35% (individuals). Losses on disposal of shares/securities may be set off against profit from other shares/securities.

For private investors, interest accrued on debt obtained in connection with the acquisition of shares may also be set off against profit from other capital gains. However, if the private investor does not have any capital gain to set off against the interests, these interests may only be carried forward for five years for set-off purposes against other capital gains.

For corporations, profit from disposal of shares may be set off against losses from the ordinary activities

For private investors, commercially trading in shares, there is an exception from the main rule. Received dividend and profit/losses on disposal of shares are taxed as normal taxable income.

In August 2009 the minister for taxation presented a bill (L 8/2009) proposing to increase the taxation for individuals to 39% in 2010 and then in the following years decrease the taxation by 1 percentage point per year until 2014.

Allocation, exercise and sale of Pre-emptive Rights

The allocation or exercise of Pre-emptive Rights does not result in a tax liability for Existing Shareholders (neither individual nor corporations) or individuals and corporations who receive the Pre-emptive Rights. Proceeds on the sale of Pre-emptive Rights are calculated according to the share-for-share method as the difference between the purchase price and the selling price. For tax purposes, the Pre-emptive Rights are considered to have been acquired at DKK 0.

Gains realised on the sale of Pre-emptive Rights are taxed as share income at an effective rate of 35% for individuals and 18% for corporations.

Non-resident corporate and individual investors

Dividend

If the recipient is a foreign corporation, the dividend-paying corporation is required to withhold tax at a rate of 18%. If the corporation holding the shares is situated in a country with which a double tax treaty (for instance the Nordic countries) has been established, the withholding tax might be refunded/-exempted. The Nordic treaty stipulates, that a corporation whose shareholding in a Faroese subsidiary is at least 10% will have the total withholding tax refunded. Corporations from Nordic countries holding less than 10% may, according to the treaty, have to pay 15% to the Faroe Islands.

Qualifying recipient corporations situated in a "treaty country" have to apply for a refund of the withholding tax (18%) regarding dividends.

If the recipient is a foreign individual, the dividend-paying corporation is required to withhold tax at a rate of 35%. If the individual holding the shares is situated in a country where a double tax treaty (for instance the Nordic countries) has been established, the withholding tax might be refunded/-exempted. The Nordic treaty stipulates that individuals from Nordic countries must pay 15% tax to the Faroe Islands.

Individuals situated in a "treaty country" can apply for a refund of the withholding tax (the tax above 15% e.g. 20%) regarding dividends.

The Faroe Islands have tax treaties with a few countries.

Disposal of shares

For investors not resident in the Faroe Islands, capital gains and losses on disposals of shares in Atlantic Petroleum are not subject to Faroese taxation.

Investors living outside the Faroe Islands are advised to investigate the tax consequences within their home countries.

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Allocation, exercise and sale of Pre-emptive Rights

The allocation or exercise of Pre-emptive Rights does not result in a tax liability for Existing Shareholders (neither individual nor company) or individuals or company who receive the Pre-emptive Rights. Proceeds on the sale of Pre-emptive Rights are calculated according to the share-for-share method as the difference between the purchase price and the selling price. For tax purposes, the Pre-emptive Rights are considered to have been acquired at DKK 0.

Gains realised on the sale of Pre-emptive Rights are taxed as share income at an effective rate of 35% for individuals (the rate is the same as stated above in the part regarding dividends for individuals).

ICELAND

Individual investors

Dividends

Dividends received by an individual resident in Iceland are subject to 15% withholding tax in the Faroe Islands in accordance with the double taxation treaty between the Nordic countries.

An individual accounts for the dividends received and the withholding tax on a tax return in Iceland and will not be subject to capital gain tax on that income in Iceland.

According to Icelandic tax rules, individuals pay a 15% tax on dividends. However, according to the Nordic Treaty, tax paid in the Faroe Islands is subtracted from tax payable in Iceland, leaving 0% taxation in Iceland.

Disposal of shares

According to the double taxation treaty between the Nordic countries profits from the sale of shares in the Company

Corporate investors

Dividends

The withholding tax rate on dividends received by a corporate shareholder resident in Iceland is the same as mentioned above concerning individuals. A corporate shareholder resident in Iceland is subject to 15% withholding tax in the Faroe Islands in accordance with the double taxation treaty between the Nordic countries. If the company holds directly at least 10% of the capital of the company paying the dividends, it is exempt from the withholding tax obligation on dividends received from a Faroe Islands company.

Under Icelandic tax law, corporate investors are not subject to Icelandic taxation on dividends received from shares in the Company, since the income from dividends is deducted from the income base given that the Company's profits are subject to similar taxation as companies in Iceland and at a rate not below the rate generally applicable in OECD countries or in the EEA, but this also applies to companies registered in the Faroe Islands.

Disposal of shares

Profits from the sale of shares held by an Icelandic corporate shareholder may also be subject to taxation in Iceland based on the tax treaty between the Nordic countries. The profit is, however, exempted from income tax according to law, given that the Company's profits are subject to similar taxation as companies in Iceland and at a rate not below the rate generally applicable in OECD countries or in the EEA, but this also applies to companies registered in the Faroe Islands. The exemption is technically effected as a deduction from the income base and applies only when the company does not have any current year losses and/or loss carryforwards.

DENMARK

The following description of Danish tax rules applies solely to owners of Offer Shares who are tax residents of Denmark. Owners who are not tax residents of Denmark will generally not incur any Danish taxation in respect of the Offer Shares.

In the following, it is assumed that a shareholding in the Offer Shares will not give rise to control of foreign company ("CFC") taxation. This could be the case if a Danish shareholder together with related parties were to hold 25% or more of the shares in Atlantic Petroleum and if, at the same time the Faroese corporate income tax paid by the Company was to constitute less than three-quarters of the amount of Danish corporate income tax which the Company would have paid had it been tax resident of Denmark.

Individual investors

The following description applies to individuals who invest in the Offer Shares outside of their pension savings. The tax treatment of an investment through a pension saving follows the rules described below under "Pension Funds".

Dividends

Dividends received are included in so-called share income. An individual's total share income for the year is subject to tax at 28% on the first DKK 48,300 (DKK 96,600 for married couples) (2009-threshold) and at 43% for share income exceeding DKK 48,300 (DKK 96,600 for married couples), but not exceeding DKK 106,100 (DKK 212,200 for married couples) and 45% for share income in excess of DKK 106,100 (DKK 212,200 for married couples).

Certain transitional rules apply to the effect that taxation at the rate of 45% does not apply to distributions of retained earnings from 2006 and earlier years. The relevant thresholds are for the 2009 income year and are adjusted annually. The said amounts include all share income for the individual or couple in question.

THE OFFERING

The tax rate will be reduced to the effect that 28% will be reduced to 27% from 2012, whilst 43% and 45% will be reduced to 42% from 2010.

Faroese withholding tax at 15% can be credited against Danish tax, subject however to certain restrictions in respect of financing and other costs relating to the shareholding.

Disposal of shares

The rules of taxation on individuals' gains and losses on shares were changed effective 1st January 2006. Special transitional rules apply to the sale of shares on 1st January 2006 or later which had been acquired on or before 31st December 2005. The rules are not described below.

Gains realised are taxed as share income at an effective rate of 28%, 43% or 45% depending on the individual's share income. (The rates are the same as stated above in the part regarding dividends for individuals)

Losses may be offset against taxable gains and dividends on other listed shares. Gains and losses are calculated using the average method, under which the purchase price is made up as a proportionate share of the total purchase price of all shares in the relevant company held by the investor. Losses may be carried forward without time limits to be offset against taxable gains and dividends from other listed shares.

Allocation, exercise and sale of Pre-emptive Rights

The allocation or exercise of Pre-emptive Rights does not result in a tax liability for Existing Shareholders or individuals who receive the Pre-emptive Rights. Proceeds on the sale of Pre-emptive Rights are calculated according to the share-for-share method as the difference between the purchase price and the selling price. For tax purposes, the Pre-emptive Rights are considered to have been acquired at DKK 0.

Gains realised on the sale of Pre-emptive Rights are taxed as share income at an effective rate of 28%, 43% or 45% depending on the individual's share income. (The rates are the same as stated above in the part regarding dividends for individuals).

Corporate investors

Dividends

Companies holding less than 10% of the shares in the company paying dividends in 2009 must pay 25% dividend tax of 66% of the dividends received. This brings the effective tax rate to 16.5%.

With effect from the tax year 2010 dividends are fully taxable when the ownership interest is lower than 10%.

A company holding 10% or more of the share capital of the company for a consecutive period of 12 months, during which dividend distribution takes place, may receive such dividends free of tax.

Faroese withholding tax of 15% can be credited against Danish tax, subject however to certain restrictions in respect of financing and other costs relating to the shareholding.

Disposal of shares

Gains from the sale of shares held for less than three years are taxable and included in the taxable income. Net taxable corporate income is taxed at 25%. The gain is computed as the difference between the selling price and the original purchase price. Losses exceeding any tax exempt dividends received on the shares in question during the period of ownership may be offset against taxable gains from the sale of shares that have also been held for less than three years and are realised in the same year. Furthermore, losses on shares held for less than three years may be carried forward without time limit and offset against similar taxable gains.

If a company sells only part of its shares, the acquisition price of the shares sold is determined as the average acquisition price of all the shares (the "average method"). This applies even though the disposal of shares is tax exempt. The first in first out (FIFO) method is applied to determine the ownership period.

Gains realised on the sale of shares are tax exempt if the shares have been held for three years or more at the time of disposal. Losses on shares held for three years or more cannot be offset and are not tax deductible.

With effect from the tax year 2010 gains will be tax free if the investor holds 10% or more of the shares. Otherwise, gains will be taxable which taxation for listed shares will be based on the change in value during the income year.

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Allocation, exercise and sale of Pre-emptive Rights

The allocation or exercise of Pre-emptive Rights does not result in a tax liability for Existing Shareholders or a company that receives the Pre-emptive Rights.

For tax purposes, the Pre-emptive Rights are considered to have been acquired at DKK 0.

Proceeds from the sale of Pre-emptive Rights are calculated according to the share-for-share method as the difference between the purchase price and the selling price. Companies can sell Pre-emptive Rights tax free if the Pre-emptive Rights have been held for three years or more. If the Pre-emptive Rights have been held for less than three years, gains are taxable at the rate of 25%. Special rules apply if the Pre-emptive Rights confer a right to subscribe the underlying shares at a price below the market price of the underlying shares determined as of the date of allocation of the Pre-emptive Rights.

Pension Funds

Danish resident pension funds are generally exempt from Danish corporate income tax. Instead, they are subject to a 15% pension yield tax on their return on investments.

Dividends

Dividends are fully taxable when received.

Faroese withholding tax at 15% can be credited against Danish tax, subject however to certain restrictions in respect of financing and other costs relating to the shareholding.

Disposal of shares

Capital gains and losses are included in taxable income under an accrual principle. In the year of disposal, any gain or loss compared to the tax basis at the beginning of the year is included in taxable income.

Life assurance companies

Life assurance companies are subject to both ordinary corporate income tax and pension yield tax. Complex rules apply to ensure that double taxation is avoided.

05 / TERMS AND CONDITIONS OF THE OFFERING

TERMS OF THE OFFERING, SUBSCRIPTION RATIO AND ALLOCATION OF PRE-EMPTIVE RIGHTS

On 7th October 2009 at 11:30 a.m. Faroese time (corresponding to 12:30 p.m. CET and 10:30 a.m. Icelandic time), anyone who is registered with VP Securities Services as a shareholder of the Company will be entitled to and be allocated 4 Pre-emptive Rights for each Existing Share held.

See "Procedure for exercise of and dealings in Pre-emptive Rights and treatment of Pre-emptive Rights and procedure for subscription to Offer Shares not subscribed to through exercise of Pre-emptive Rights" for information about binding undertakings to subscribe for Offer Shares.

Three Pre-emptive Rights will entitle the holder to subscribe for 1 Offer Share. Accordingly, the holder will have the right, upon payment of the Offer Price, to subscribe for 1 Offer Share for every 3 Pre-emptive Rights held. No fractional Offer Shares will be issued.

Shares traded on Nasdaq OMX Iceland after 2nd October 2009 and Shares traded on Nasdaq OMX Copenhagen after 2nd October 2009 will be traded ex Pre-emptive Rights.

The Pre-emptive Rights and the Offer Shares will be delivered by allocation to accounts through the book-entry facilities of VP Securities.

The Offer Shares will not be issued or admitted to official listing on Nasdaq OMX Iceland or Nasdaq OMX Copenhagen until registration of the capital increase has taken place with the Faroese Company Registration Authority. Accordingly, shareholders and investors should note that the Offer Shares will not be admitted to official listing on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen under a temporary securities code. The Offer Shares will be listed on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen directly under the securities code of the Existing Shares (FO000A0DN9X4) following registration of the capital increase with the Faroese Company Registration, which is expected to take place on 2nd November 2009.

Upon official listing of the Offer Shares, the Offer Shares will be accepted for clearance through Euroclear and Clearstream.

The Pre-emptive Rights will be admitted to official listing on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen under the securities code FO0000000161. The Existing Shares are listed on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen under the securities code FO000A0DN9X4.

THE OFFERING

OFFERING AND PROCEEDS

The Offering comprises a maximum of 1,500,973 Offer Shares with a nominal value of DKK 100 each.

The gross proceeds of the Offering will amount to a maximum of DKK 188 million.

COMPLETION OF THE OFFERING

The Offering will only be completed if and when the Offer Shares subscribed are issued by the Company upon registration of the capital increase with the Faroese Company Registration Authority, which is expected to take place on 2nd November 2009.

An announcement concerning the result of the Offering is expected to be made public on 29th October 2009. See section 5 “Terms and conditions of the Offering - Publication of the results of the Offering”.

SUBSCRIPTION PERIOD

The Subscription Period for the Offer Shares commences on 8th October 2009 and closes on 27th October 2009 at 6:00 p.m. Faroese time (corresponding to 7:00 p.m. CET and 5:00 p.m. Icelandic time).

See section 5 “Terms and conditions of the Offering - Procedure for exercise of and dealings in Pre-emptive Rights and treatment of Pre-emptive Rights and procedure for subscription to Offer Shares not subscribed to through exercise of Pre-emptive Rights” below for a description of the procedure of exercise and subscription.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

- > Last day of trading of Existing Shares incl. Pre-emptive Rights: 2nd October 2009
- > First day of trading of Existing Shares excl. Pre-emptive Rights: 5th October 2009
- > Trading period for Pre-emptive Rights commences on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen: 5th October 2009.
- > Allocation Time: 7th October 2009 at 11:30 a.m. Faroese time (corresponding to 12:30 p.m. CET and 10:30 a.m. Icelandic time) through the computer system of VP Securities Services.
- > Subscription Period for Offer Shares begins: 8th October 2009 (the day after the Allocation Time).
- > Trading period for Pre-emptive Rights ends: 22nd October 2009 at 03:23 p.m. Icelandic time on Nasdaq OMX Iceland and 5:00 p.m. CET on Nasdaq OMX Copenhagen.
- > Subscription Period for Offer Shares ends: 27th October 2009 at 6:00 p.m. Faroese time (corresponding to 07:00 p.m. CET and 5:00 p.m. Icelandic time).
- > Publication of the results of the Offering: Not later than two Business Days after the end the Subscription Period (expected to be on 29th October 2009).
- > Completion of the Offering: The Offering will only be completed if and when the Offer Shares subscribed are issued by the Company upon registration of the capital increase with the Faroese Company Registration which is expected to take place on 2nd November 2009.
- > Official listing of Offer Shares under existing securities code expected to take place: 3rd November 2009.

WITHDRAWAL OF THE OFFERING

In the period until registration of the capital increase with the Faroese Company Registration, the Offering may be withdrawn. In connection with the Offering the Company and the Global Coordinator have entered into a Rights Issue Agreement. Pursuant to this agreement, the Global Coordinator may require the Company to withdraw the Offering at any time prior to the registration of the capital increase relating to the Offer Shares upon notification of termination of the Rights Issue Agreement. The Global Coordinator is entitled to terminate the Rights Issue Agreement upon the occurrence of certain exceptional and unpredictable circumstances such as force majeure. The Rights Issue Agreement also contains closing conditions which are believed to be customary for offerings such as the Offering and the closing of the Offering is subject to compliance with all of the closing conditions set forth in the Rights Issue Agreement. If one or more closing conditions are not met, the Global Coordinator may, in its discretion, also terminate the Rights Issue Agreement and thereby require the Company to withdraw the Offering.

If the Offering is not completed, any exercise of Pre-emptive Rights that may already have taken place will automatically be cancelled, the subscription price for Offer Shares will be refunded (excluding any brokerage fees as applied by the investors' own custodian institutions and brokers; consequently, such fees may vary), all Pre-emptive Rights will be null and void, and no Offer Shares will be issued, potentially causing investors who may have acquired Pre-emptive Rights and or rights to Offer Shares (in an off-market transaction) to incur a loss. For information on a possible withdrawal of the Offering, see “Risk Factors - Risks associated with the Offering, the Pre-emptive Rights and the Offer Shares”. However, trades of Pre-emptive Rights executed during the trading period for the Pre-emptive Rights will not be affected.

REDUCTION OF SUBSCRIPTION

The Company's Supervisory Board will have full freedom and discretion in determining the acceptance and allocation of all Offer Shares that are not subscribed to on the basis of the exercise of Pre-emptive Rights.

MINIMUM AND/OR MAXIMUM SUBSCRIPTION AMOUNTS

The minimum number of Offer Shares that a holder of Pre-emptive Rights may subscribe will be one Offer Share, requiring

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the exercise of 3 Pre-emptive Rights and the payment of the Offer Price. The number of Offer Shares that a holder of Pre-emptive Rights and others may subscribe is capped, as no shareholder is allowed to hold more than 20% of the shares issued by the Company, cf. Clause 2, sub-clause 2 of the Company's Articles of Association. Assuming full exercise of the Pre-emptive Rights, this would imply that the maximum number of shares which an investor, not being a shareholder in the Company prior to the Offering, can subscribe to is 525,340.

Shareholders or other investors who do not hold any Pre-emptive Rights may, prior to the expiry of the Subscription Period, submit binding undertakings to the Global Co-ordinator to subscribe one or more Offer Shares at the Offer Price. However, there can be no assurance that investors or shareholders who so wish to subscribe Offer Shares will be allocated Offer Shares.

REVOCATION OF SUBSCRIPTION ORDERS

Instructions to exercise Pre-emptive Rights are irrevocable and undertakings to subscribe Offer Shares are irrevocable.

PAYMENT

Upon exercise of the Pre-emptive Rights, the holder must pay 125 DKK per Offer Share for which he or she subscribes, which is below the officially quoted price of the Existing Shares on 30th September 2009 of DKK 315 per Share on Nasdaq Copenhagen.

Payment for the Offer Shares shall be made in Danish kroner at the time of subscription, however, not later than 29th October 2009, against registration of the Offer Shares in the transferee's account with VP Securities. Holders of Pre-emptive Rights are required to adhere to the account agreement with their own custodian or other financial intermediaries through which they hold Shares. Financial intermediaries through whom a holder may hold Pre-emptive Rights may require payment by an earlier date in accordance with the rules of such institution.

PUBLICATION OF THE RESULTS OF THE OFFERING

The results of the Offering will be communicated in a company announcement which is expected to be made public through Nasdaq OMX Iceland and Nasdaq OMX Copenhagen not later than two Business Days after the end of the Subscription Period (expected to be on 29th October 2009).

PROCEDURE FOR EXERCISE OF AND DEALINGS IN PRE-EMPTIVE RIGHTS AND TREATMENT OF PRE-EMPTIVE RIGHTS

The Pre-emptive Rights will be traded on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen.

Holders of Pre-emptive Rights wishing to subscribe for Offer Shares must do so through their own custodian institution, in accordance with the rules of such institution and by using the subscription form enclosed with this Prospectus. The time until which notification of exercise may be given will depend upon the holder's agreement with, and the rules and procedures of, the relevant custodian institution or other financial intermediary and may be earlier than the end of the Subscription Period. Once a holder has exercised his Pre-emptive Rights, the exercise may not be revoked or modified.

Shareholders with non-dematerialised shares (see Part I, section 21 "Additional information - Share capital - Share characteristics") should contact Eik Banki P/F, Yviri við Strond 2, FO-110 Tórshavn, Faroe Islands in order to dispose of or exercise Pre-emptive Rights. If share certificates are lost, they must be cancelled and the Offer Shares subscribed will be held in custody by P/F Eik Banki until the notification period in connection with the cancellation expires and the cancellation is finally fulfilled.

Upon payment of the Offer Price and exercise of Pre-emptive Rights during the Subscription Period, the Offer Shares will be allocated through VP Securities at the close of any Business Day. The Offer Shares will not be issued or admitted to official listing on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen until registration of the capital increase has taken place with the Faroese Company Registration Authority. The admission to official listing of the Offer Shares under the existing securities code on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen is expected to take place on 3rd November 2009.

Exercise instructions, without the required supporting documentation, sent from a person located in the U.S. or such other jurisdiction in which it would not be permissible to subscribe for the Offer Shares will be deemed to be invalid, and no Offer Shares will be credited to institutions with addresses inside the U.S. or such other jurisdictions in which it would not be permissible to subscribe for the Offer Shares without the required supporting documentation. The Company, the Global Coordinator and the Co-manager will reject any exercise of Pre-emptive Rights in the name of any person who, without providing required supporting documentation, (i) provides for acceptance or delivery of Offer Shares an address in the U.S. or such other jurisdiction in which it would not be permissible to subscribe for the Offer Shares, (ii) is unable to represent or warrant that such person is not in the U.S. or such other jurisdiction in which it would not be permissible to subscribe for the Offer Shares, (iii) is acting for persons in the U.S. or such other jurisdiction in which it would not be permissible to subscribe for the Offer Shares other than on a discretionary basis, or (iv) appears to the Company or its agents to have executed its exercise instructions or certifications in, or dispatched them from, the U.S. or such other jurisdiction in which it would not be permissible to make an offer of the Offer Shares. See "Jurisdictions in which the Offering will be made and restrictions applicable to the Offering".

Accountholders who exercise their Pre-emptive Rights shall be deemed to have represented that no Pre-emptive Rights are being exercised by or for the account or benefit of persons located in the U.S. or such other jurisdictions in which it would not be permissible to make an offer of the Offer Shares.

THE OFFERING

Any holder who exercises his Pre-emptive Right and any investor who wish to subscribe Offer Shares not subscribed to through exercise of Pre-emptive Rights shall be deemed to have represented that he has complied with all applicable laws. Custodian banks exercising Pre-emptive Rights on behalf of beneficial holders shall be deemed to have represented that they have complied with the offering procedures set forth in this Prospectus. Neither the Pre-emptive Rights nor the Offer Shares have been registered under the Securities Act.

Upon expiry of the Subscription Period, the Pre-emptive Rights will lapse without value and the holders will not be entitled to any compensation. Holders of Pre-emptive Rights who do not wish to exercise their Pre-emptive Rights to subscribe for Offer Shares may sell their Pre-emptive Rights during the trading period of the Pre-emptive Rights, and the transferee may use the acquired Pre-emptive Rights to subscribe for Offer Shares. Holders wishing to sell their Pre-emptive Rights should instruct their custodian banks accordingly.

PROCEDURE FOR SUBSCRIPTION TO OFFER SHARES NOT SUBSCRIBED TO THROUGH EXERCISE OF PRE-EMPTIVE RIGHTS

Investors wishing to subscribe for Offer Shares not subscribed to through exercise of Pre-emptive Rights must do so through their own custodian institution or through the Global Co-ordinator or the Co-manager and by using the subscription form enclosed with this Prospectus.

Offer Shares which have not been subscribed for by the Company's shareholders according to their Pre-emptive Rights through the exercise of Pre-emptive Rights or by investors according to acquired Pre-emptive Rights on expiry of the Subscription Period ("Remaining Shares") may without compensation to the holders of Pre-emptive Rights on a discretionary basis be allocated by the Supervisory Board to shareholders and investors who do not hold any Pre-emptive Rights if, prior to the expiry of the Subscription Period, they have made binding undertakings to the Global Co-ordinator to subscribe for Offer Shares at the Offer Price.

Neither the Company nor the Global Co-ordinator can guarantee that investors or shareholders who want to subscribe for Offer Shares will be allocated Remaining Shares. Only shareholders and investors who acquire and exercise Pre-emptive Rights are guaranteed allocation of Offer Shares in the Company and only in the event that the Offering is completed. Accordingly, Remaining Shares will only be available for allocation if the Offer Shares have not been subscribed by the Company's shareholders according to their pre-emptive rights through the exercise of Pre-emptive Rights or by investors according to acquired Pre-emptive Rights.

Following the expiry of the Subscription Period, the Supervisory Board will at its sole discretion allocate any Remaining Shares on a case by case assessment (discretionary allocation) and investors will receive a statement indicating the number of Offer Shares allocated and the equivalent value at the Offer Price.

Undertakings to subscribe Remaining Shares obtained by the Company prior to publication of this Prospectus are binding and irrevocable.

JURISDICTIONS IN WHICH THE OFFERING WILL BE MADE AND RESTRICTIONS APPLICABLE TO THE OFFERING

The Offering consists of a public offering in the Faroe Islands, Iceland and Denmark and a private placement in other jurisdictions.

Restrictions applicable to the Offering

General restrictions

The distribution of this Prospectus and the Offering may, in certain jurisdictions, be restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus does not constitute an offer of or an invitation to exercise or purchase any Pre-emptive Rights or subscribe Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. The Company, the Global Coordinator and the Co-manager require persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. Neither the Company nor the Global Coordinator and the Co-manager accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of Pre-emptive Rights or Offer Shares, of any such restrictions.

This Prospectus may not be distributed or otherwise made available, and the Offer Shares may not be directly or indirectly offered, sold or subscribed and the Pre-emptive Rights may not be directly or indirectly offered, sold, acquired or exercised in the U.S., Canada, Australia or Japan, unless such distribution, offering, sale, acquisition, exercise or subscription is permitted under applicable laws of the relevant jurisdiction, and the Company, the Global Coordinator and the Co-manager receive satisfactory documentation to that effect. The Prospectus may not be distributed or otherwise made available, the Offer Shares may not be directly or indirectly offered, sold or subscribed and the Pre-emptive Rights may not be directly or indirectly offered, sold, acquired or exercised in any other jurisdiction, unless such distribution, offering, sale, acquisition, exercise or subscription is permitted under applicable laws of the relevant jurisdiction. The Company, the Global Coordinator and the Co-manager may require receipt of satisfactory documentation to that effect.

Due to such restrictions under applicable legislations and regulations, the Company expects that certain investors residing in the U.S., Canada, Australia, Japan and other jurisdictions may not be able to receive this Prospectus and may not be able to exercise their Pre-emptive Rights or subscribe the Offer Shares.

THE OFFERING

Restriction on offers and sales in the U.S.

The Pre-emptive Rights and the Offer Shares have not been approved by the U.S. Securities and Exchange Commission, any state securities commission in the U.S. or any other U.S. regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the U.S.

The Pre-emptive Rights and the Offer Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws in the U.S.

Restrictions on sales in the European Economic Area

In relation to each Relevant Member State (not including Iceland and Denmark), an offer to the public of any Pre-emptive Rights or Offer Shares may not be made in any Relevant Member State prior to the publication of a prospectus which has been approved by the competent authority in such Relevant Member State or, where relevant, approved in another Relevant Member State and notified to the competent authority in such Relevant Member State, all pursuant to the Prospectus Directive, except that with effect from and including the date of implementation of the Prospectus Directive in such Relevant Member State, an offering of Pre-emptive Rights and Offer Shares may be made to the public at any time in such Relevant Member State:

- > to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- > to any legal entity fulfilling at least two of the following conditions (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 million and (3) an annual net turnover of more than €50 million, as shown in its last annual or consolidated accounts;
- > to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Global Coordinator, for any such offer; or
- > in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Offer Shares shall result in a requirement for the publication by the Company or any Global Coordinator or Co-manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an "offer of Pre-emptive Rights and Offer Shares to the public" in relation to Pre-emptive Rights and Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering, the Pre-emptive Rights and Offer Shares so as to enable an investor to decide to exercise or acquire Pre-emptive Rights or subscribe for Offer Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

Restrictions on sales in the United Kingdom

This communication is only being distributed to, and is only directed at, (i) persons who are outside the United Kingdom or (ii) investment professionals falling within article 19(5) of the Financial Services and Markets Act 2000 (financial promotion) order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within article 49(2)(a) to (d) of the Order (all such persons together being referred to as "Relevant Persons"). The Pre-emptive Rights and the Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Pre-emptive Rights or Offer Shares will be engaged in only with, Relevant Persons.

Restrictions on sales in Canada, Australia and Japan

The Pre-emptive Rights and the Offer Shares have not been approved, disapproved or recommended by any foreign securities and exchange commissions nor have any of such authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this Prospectus.

INTENTIONS OF MAJOR SHAREHOLDERS OF THE COMPANY, MANAGEMENT OR THE SUPERVISORY BOARD TO PARTICIPATE IN THE OFFERING

Existing Shareholders including Eik Banki, P/F TF Holding, SP/F 14, Bikubenfonden af 1989, Føroya Lívstrygging P/F have each made a binding undertaking to exercise Pre-emptive Rights to subscribe for, in aggregate, 325,940 Offer Shares corresponding to total gross proceeds of approximately DKK 41 million (approximately € 5 million).

The Company's Managing Director has undertaken to the Company to exercise the Pre-emptive Rights which he will be allocated in the Offering, implying that he will in aggregate subscribe for 1,142 Offer Shares corresponding to gross proceeds of DKK 142,750. In total Existing Shareholders including the Company's Managing Director have undertaken to exercise Pre-emptive Rights to subscribe for, in aggregate, 327,082 Offer Shares corresponding to total gross proceeds of approximately DKK 41 million (approximately € 5 million).

The Company's Technical Manager Sigurð í Jákupsstovu has indicated to the Company that he intends, if possible, to acquire Pre-emptive Rights and subscribe for Offer Shares for an aggregate amount of DKK 150,000.

The Company has received undertakings to subscribe to Offer Shares from the following, which each amounts to a subscription to more than 5% of the Offering: Føroya Banki, TF Holding, Eik Banki, SEB Asset Management and C. L. Davids Fond og Samling.

THE OFFERING

PLAN OF DISTRIBUTION

On 7th October 2009 at 11:30 a.m. Faroese time (corresponding to 12:30 p.m. CET and 10:30 a.m. Icelandic time) (the "Allocation Time") any person registered with VP Securities A/S as a shareholder of the Company ("Existing Shareholders") will be allocated 4 Pre-emptive Rights for each Existing Share held.

PRE-ALLOTMENT INFORMATION

There is no pre-allotment of Offer Shares.

The Company's Supervisory Board will have full freedom and discretion in determining the acceptance and allocation of all Offer Shares that are not subscribed to on the basis of the exercise of Pre-emptive Rights.

OVER-ALLOTMENT INFORMATION

There is no over-allotment of Offer Shares.

OFFER PRICE

The Offer Shares are offered at DKK 125 per Share with a nominal value of DKK 100 each, free of brokerage fees (less any brokerage fee as applied by the investors' own custodian institutions and brokers. Consequently, such fees may vary).

PRICE DISPARITY

No persons have been granted the right to subscribe Offer Shares at a preferential price, and consequently there is no price disparity. Investors who prior to the publication of this Prospectus have undertaken to the Company to subscribe for Offer Shares not subscribed to by exercise of Pre-emptive Rights, see section 5 "Terms and conditions of the Offering - Placing and underwriting" will receive a subscription commission equal to 2.5% of the undertaking.

GLOBAL COORDINATOR

Handelsbanken Capital Markets (a division of Svenska Handelsbanken AB (Publ.)) is Global Coordinator of the Offering and in this role acts as financial adviser to the Company, coordinating and arranging the Offering. The Global Coordinator places the Offer Shares in Iceland and Denmark and in the jurisdictions in which a private placement is effected. Further, the Global Coordinator manages the admission to trading of the Pre-emptive Rights and the Offer Shares on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen.

CO-MANAGER

EIK Banki is Co-manager in the Offering but has not acted as financial adviser to the Company. The Co-manager will only place the Offer Shares in the Faroe Islands.

PAYMENT INTERMEDIARIES

Euroclear Bank S.A./N.V.
1 Boulevard de Roi Albert II
B-1210 Brussels
Belgium

Clearstream Banking S.A.
42 Avenue JF Kennedy
L-1855 Luxembourg
Luxembourg

PLACING AND UNDERWRITING

Placing

The Offering consists of a public offering in the Faroe Islands, Iceland and Denmark and a private placement in other jurisdictions. Handelsbanken Capital Markets (a division of Svenska Handelsbanken AB (Publ.)) is Global Coordinator. Eik Bank P/F is Co-manager. The Global Coordinator will place the Offer Shares in Iceland and Denmark and in the jurisdictions in which a private placement is effected. The Co-manager will only place the Offer Shares in the Faroe Islands.

In connection with the Offering, the Global Coordinator and the Co-manager or their respective affiliates acting as investors for their own account, may sell, acquire or exercise Pre-emptive Rights and offer, sell and subscribe for Offer Shares in the Offering. They may in this capacity for their own account hold, buy or sell such securities and any other of the Company's securities and any investments related thereto, and they may offer or sell such securities or other investments in contexts other than in connection with the Offering. References in this Prospectus to the Pre-emptive Rights being allocated, acquired or sold and the Offer Shares being subscribed, offered, sold or acquired should therefore be considered to comprise such offers or placements of securities to the Global Coordinator and Co-manager or their respective affiliates. The Global Coordinator and Co-manager do not intend to disclose the extent of any such investments or transactions other than in compliance with legal or regulatory requirements to do so.

THE OFFERING

The Global Coordinator and the Co-manager will in their capacities receive fees from the Company. In connection with the Global Coordinator and the Co-manager's usual business activities, these and certain companies affiliated therewith may have provided and may in future provide investment banking advice and carry on normal banking business with the Company and its subsidiaries.

In the period until registration of the capital increase with the Faroese Company Registration, the Offering may be withdrawn. In connection with the Offering, the Company and the Global Coordinator have entered into a Rights Issue Agreement. Pursuant to this agreement, the Global Coordinator may require the Company to withdraw the Offering at any time prior to the registration of the capital increase relating to the Offer Shares upon notification of termination of the Rights Issue Agreement. The Global Coordinator is entitled to terminate the Rights Issue Agreement upon the occurrence of certain exceptional and unpredictable circumstances such as force majeure. The Rights Issue Agreement also contains closing conditions which are believed to be customary for offerings such as the Offering and the closing of the Offering is subject to compliance with all of the closing conditions set forth in the Rights Issue Agreement. If one or more closing conditions are not met, the Global Coordinator may, in its discretion, also terminate the Rights Issue Agreement and thereby require the Company to withdraw the Offering. If the Offering is withdrawn, any exercise of the Pre-emptive Rights that may already have taken place will automatically be cancelled, the subscription price for Offer Shares will be refunded (excluding any brokerage fees as applied by the investors' own custodian institutions and brokers; consequently, such fees may vary), all Pre-emptive Rights will be null and void, and no Offer Shares will be issued. However, trades of Pre-emptive Rights executed during the trading period for Pre-emptive Rights will not be affected. As a result, investors who have purchased Pre-emptive Rights will incur a loss corresponding to the purchase price of the Pre-emptive Rights and any brokerage fees (as applied by the investors' own custodian institutions and brokers. Consequently, such fees may vary).

Any withdrawal of the Offering will be notified immediately to Nasdaq OMX Iceland and Nasdaq OMX Copenhagen and be announced in the same daily newspapers in which the Offering was announced.

Underwriting

The Offering is not underwritten, but certain of the Company's shareholders including Eik Banki, P/F TF Holding, SP/F 14, Bikubenfonden af 1989, Føroya Livstrygging P/F and the Managing Director of the Company Wilhelm E. Petersen have each entered into a binding undertaking to exercise Pre-emptive Rights to subscribe for, in aggregate 327,082 Offer Shares corresponding to total gross proceeds of approximately DKK 41 million (approximately € 5 million). Further, a number of investors have made binding undertakings to take effect if sufficient Pre-emptive Rights are not exercised in the Offering, to subscribe for, in aggregate, 218,180 Offer Shares corresponding to total gross proceeds of approximately DKK 27 million (approximately € 4 million). In addition the Technical Manager Sigurð í Jákupsstovu has indicated to the Company that he intends, if possible, to acquire Pre-emptive Rights and subscribe for Offer Shares for an aggregate amount of DKK 150,000. The undertakings ensure total minimum gross proceeds to the Company of DKK 68 million (approximately € 9 million). In addition Føroya Banki has undertaken to subscribe for DKK 20 million such undertaking to become effective once Offer Shares providing for gross proceeds equal to at least DKK 130 million have been subscribed for in the Offering, whether through exercise of Pre-emptive Rights or otherwise. The Company shall, however, only be entitled give effect to these undertakings by allocating Offer Shares to the investors if Offer Shares subscribed for in the Offering (disregarding Offer Shares subscribed for by investors through said undertakings to subscribe) do not give rise to gross proceeds to the Company in a minimum amount of DKK 187,621,625. If a situation arises where the Company is entitled and allowed to allocate Offer Shares to these investors pursuant to the undertakings, then when allocating such Offer Shares the Company shall make such allocation among the said investors on a pro rata basis of (i) the number of Offer Shares necessary to allocate to ensure gross proceeds to the Company in the Offering of DKK 187,621,625 (but not exceeding this amount); and (ii) the number of Offer Shares which these investors have each subscribed for. Following such allocation, any undertakings to subscribe by these investors in excess of the actual number of Offer Shares allocated will lapse immediately and have no further effect.

Out of the proceeds from the Offering the Company will use at least DKK 172 million for debt repayment (or such lesser amount as obtained in the Offering). See Part I, section 22 "Material Contracts" for a description of the loans.

06 / AGREEMENTS ON ADMISSION TO TRADING AND DEALING

The Pre-emptive Rights will be admitted to official listing on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen and the trading period for the Pre-emptive Rights will commence on 5th October 2009 and will close at 3:23 p.m. Icelandic time on Nasdaq OMX Iceland and 5:00 p.m. CET on Nasdaq OMX Copenhagen under the ISIN Code FO0000000161.

Upon registration of the capital increase relating to the Offer Shares with the Faroese Company Registration which is expected to take place on 2nd November 2009, the Offer Shares will be issued and admission to official listing of Offer Shares under the existing securities code is expected to commence. See section 5 "Terms and conditions of the Offering - Terms of the Offering, subscription ratio and allocation of Pre-emptive Rights".

The Existing Shares are listed on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen under the following ISIN Code FO000A0DN9X4. Shareholders and investors should note that the Offer Shares will not be admitted to official listing on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen under a temporary securities code.

THE OFFERING

ISIN Codes

Existing Shares	FO000A0DN9X4
Pre-emptive Rights	FO0000000161
Offer Shares (temporary ISIN code)	FO0000000153

MARKET MAKER AGREEMENT

The Company has not entered into any market maker agreement.

STABILISATION AND SHORT POSITIONS

In connection with the Offering, the Global Coordinator and the Co-manager may from the commencement of the trading period for Pre-emptive Rights and until 30 days after the first day of trading and official listing of the Offer Shares effect transactions on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen which stabilize or maintain the market price of the Pre-emptive Rights (stabilising actions regarding the Pre-emptive Rights will only take place during the trading period for Pre-emptive Rights), the Offer Shares and the Existing Shares at levels above those which might otherwise prevail in the open market. The Global Coordinator and the Co-manager are, however, not obliged to effect any such transactions. Such transactions, if commenced, may be discontinued at any time.

07 / SELLING SECURITIES HOLDERS AND LOCK-UP AGREEMENTS

SHAREHOLDERS THAT HAVE INDICATED THAT THEY EXPECT TO SELL THEIR SHARES OR PRE-EMPTIVE RIGHTS

None of the Company's Existing Shareholders sell any Shares in connection with the Offering.

LOCK-UP AGREEMENTS IN CONNECTION WITH THE OFFERING

The Company will not without the prior written consent of the Global Coordinator, for a period of 180 days from the Prospectus Date, directly or indirectly, issue, offer, sell or otherwise directly or indirectly sell or contract to sell Shares or securities convertible into, exercisable or exchangeable for Shares, or enter into any swap or other agreement or transaction that transfers, in whole or in part, directly or indirectly, any of the financial consequences of ownership in the Shares. The Company's lock-up commitments do not apply to warrants (and Shares issued on exercise thereof) issued or to be issued to members of the Company's Supervisory Board and Management and other employees under existing authorisations

The Company's Management and Senior Employee have undertaken a similar duty to the Global Coordinator for a period of 180 days from the Prospectus Date.

08 / EXPENSES RELATING TO THE OFFERING

The estimated costs payable by the Company in connection with the Offering are approximately DKK 8.2 million in connection with the minimum Offering of DKK 68 million and approximately DKK 12.8 million in connection with the maximum Offering of DKK 188 million. It is estimated that out of the total estimated costs, DKK 3-4 million will be payable by the Company even in a situation where the Offering is not completed.

	DKK million at minimum Offering	DKK millions at maximum Offering
Fee to the Global Coordinator	2.4	6.8
Subscription commission to investors	1.6	1.6
Printing of Prospectus and brochures and advertising expenses	0.5	0.5
Costs payable to OMX Nordic Exchanges	0.2	0.4
Fees to accountants and legal advisers	2.6	2.6
Other costs	0.6	0.6
Subscription commission to the Co-manager and custodian Institutions*	0.1	0.3
Total	8.2	12.8

*) 0.25% will be passed on in the form of subscription commission to custodian institutions on the subscription of the Offer Shares.

After deduction of the estimated costs, the net proceeds from the Offering are expected to be approximately DKK 60 million in connection with the minimum Offering of DKK 68 million and approximately DKK 175 million in connection with the maximum Offering of DKK 188 million.

THE OFFERING

09 / DILUTION

At 30th June 2009, Atlantic Petroleum had shareholders' equity of DKK 123 million, equal to equity per Share of DKK 110. The equity per share is determined by dividing the equity value by the total number of Shares issued and outstanding.

Assuming an issuance of 1,500,973 Offered Shares and deduction of commission and estimated costs, Atlantic Petroleum's pro forma equity at 30th June 2009 would have been DKK 298 million equivalent to DKK 113 per Share. The Offering would thus represent an immediate increase in equity per Share of DKK 4 or 4% to the Company's Shareholders, and an immediate dilution of equity per Share of DKK 12 or 9% to subscribers of the Offered Shares.

Dilution is determined by subtracting equity value per Share after the Offering from the Offer Price per Offered Share.

Further dilution will occur upon exercise of the Option and the issuance and exercise of warrants. See Part I, section 21 "Additional information".

10 / ADDITIONAL INFORMATION

ADVISERS

- > Legal adviser to the Company with respect to Faroese law: Advokatfelagið við Strond 4, Yviri við Strond 4, Postbox 359, FO-110 Tórshavn, Faroe Islands
- > Legal adviser to the Company with respect to Danish law: Lind Cadovius, Østergade 38, Postboks 2256, DK-1019 Copenhagen K, Denmark
- > Legal adviser to the Company with respect to English law: Howard Kennedy, 19 Cavendish Square, London, United Kingdom
- > Auditors to the Company: Sp/f Grannskoðaravirkið INPACT, R.C. Effersøesgøta 26, P.O. Box 191 FO-110 Tórshavn, Faroe Islands
- > Global Coordinator and manager in Iceland: Handelsbanken Capital Markets, Havneholmen 29, DK-1561 Copenhagen V, Denmark
- > Legal advisers to the Global Coordinator with respect to Danish law: Kromann Reumert, Sundkrogsgade 5, DK-2100 Copenhagen Ø, Denmark
- > Co-manager: Eik Banki, Postbox 34, Yviri við Strond 2, FO-100 Tórshavn, Faroe Islands

HOW TO ORDER THIS PROSPECTUS

Copies of this Prospectus are available on request from:

Handelsbanken Capital Markets

Havneholmen 29
DK-1561 Copenhagen V
Denmark
Tel: +45 3341 8200

P/F Eik Banki

Yviri við Strond 2
100 Tórshavn
Faroe Islands

Subject to certain exceptions for prospective investors resident outside Iceland, Denmark and the Faroe Islands, the Prospectus can be downloaded from the Company's website: www.petroleum.fo.

The distribution of this Prospectus and the Offer Shares is restricted by law in certain jurisdictions. This Prospectus does not constitute an offer to sell or a solicitation to subscribe or purchase any of the Offer Shares in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. Persons into whose possession this Prospectus may come are required to inform themselves about and to observe such restrictions.

ANNEXES

ANNEX 1 : ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION OF P/F Atlantic Petroleum

Resolved on the establishing general meeting the 11th Feb. 1998,
as latest amended at the extraordinary general meeting on 3rd July 2009.

I. NAME, REGISTERED OFFICE, AND OBJECTIVES

CLAUSE 1.

The name of the company is 'P/F Atlantic Petroleum', with the secondary name 'P/F Atlants Kolvetni (Atlantic Petroleum)'.

The Company's registered office is in the municipality of Tórshavn.
The Company's objective is to run business in the field of hydrocarbon production and other related business.

II. THE SHARE CAPITAL

CLAUSE 2.

Subclause 1.

The Company's share capital is DKK 112.573.000,00
The shares have nominal value of DKK 100,- each and multipla hereof.
No shares have special rights.
The shares shall be made out to a named holder and are negotiable.
The shareholders are not obliged to redeem their shares.

Subclause 2.

No shareholder can hold more than 20% of the Company's share capital, and no one can vote at the Company's general meeting with more than 20% of the votes. Legal persons, who are mutually so closely connected that one of them has decisive influence on the matters of the other, will be considered as one in connection with this limitation of ownership- and voting right, so that these legal persons together only can own and vote for not more than 20% of the share capital.

Examples of such close connection between legal persons, which fall under this clause, are:

- > internal relationships between limited companies which according to the regulations in section 2 of the Companies Act are regarded as belonging to the same group;
- > internal relationships between other legal persons and limited companies, in which these other legal persons own more than, or can vote for more than 50% of the limited company's share capital;
- > internal relationships between public institutions.

CLAUSE 3.

Sub clause 1.

Until the 31st December 2010 the Company's Board of Directors has authority - in one or several rounds - to increase the Company's share capital with up to DKK 175.000.000. The increase of the share capital can fully or partially be made in other values than cash, this including

that the company in connection with the increase of share capital against consideration in shares takes over other existing enterprise, activity or company or shares in other company (merger);

that the company in connection with the increase of share capital without consideration in shares accepts such other values.

Payment of increase in the share capital can further fully or partially be made by way of debt conversion.

Sub clause 2.

For subscription of new share capital based on authority in this clause the following conditions shall apply:

1. the share capital will have the same rights in the Company as the existing share capital;
1. the shares shall be made out to a named holder and are negotiable;
2. the shareholders are not obliged to redeem their shares;
- 4a. The new shares are also encompassed by the following restriction on ownership- and voting rights:
No shareholder can hold more than 20% of the company's share capital, and no one can vote at the general meeting with more than 20% of the votes. Legal persons, who are mutually so closely connected that one of them has deci-

ANNEX 1 : ARTICLES OF ASSOCIATION

sive influence on the matters of the other, will be considered as one in connection with this limitation of ownership and voting right, so that these legal persons together only can own and vote for not more than 20% of the share capital.

As examples of close connection between legal persons which fall under this clause are:

- > internal relationships between limited companies which according to the regulations in section 2 of the Companies Act are regarded as belonging to the same group;
 - > internal relationships between other legal persons and limited companies, in which these other legal persons own more than, or can vote for more than 50% of the limited company's share capital;
 - > internal relationships between public institutions.
- 5 Subscription of new share capital can be made without pre-emptive rights of subscription for existing shareholders. There are no limitations on the pre-emptive rights of subscription in the new share capital in future capital increases, with the exception of the provision stipulated in item 4a.
 6. The shares have a nominal value of DKK 100,00 and multipla hereof.
 7. If an invitation is made to subscribe to new share capital in the Company, without pre-emptive rights to the present shareholders, the subscription shall be made at market value.
 8. In case of an oversubscription the company's Board of Directors is free to decide how the share capital offered for subscription - which is not subscribed as of pre-emption rights of subscription - shall be divided among those, who have offered to subscribe.

CLAUSE 3A.

The Board of Directors is in the period from 1st July 2004 to 31st December 2005 authorised to buy own shares. The Company can buy own shares up to a maximum nominal value of DKK 4.000.000 at the rate of minimum 200 and maximum 400.

CLAUSE 3B.

Sub clause 1.

Referring to the authority to increase the share capital pursuant to clause 3 in the Articles of Association, the Board of Directors until the 31st of December 2009 has furthermore authority to - in one or several rounds - issue up to mostly 4.372 stk. share warrants. Issue can take place - but does not have to - in connection with the Company raises a non-convertible loan against bonds.

Subscription of share warrants shall be at marked value as estimated by the Board of Directors. The shareholders of the Company shall not have pre-emptive right to subscribe issued share warrants. Neither shall the shareholders have pre-emptive right to subscribe shares that are to be subscribed on basis of respective issued share warrants.

Each stk. subscribed share warrant gives the owner the right to subscribe share capital in the Company to a nominal value of DKK 100,- corresponding to that all the 4.372 stk. share warrants give rights to subscribe mostly a nominal amount of DKK. 437.200,00. Subscription of Share capital based on share warrants shall take place in a period to be decided by the Board of Directors in each individual case in the period from 1st May 2005 until 1st of May 2010. Subscription of share capital shall be to a price to be fixed when the respective share warrant is offered for subscription. The conditions for subscription shall give particulars on how to adjust the subscription price in the event of a capital increase, a capital decrease, convertible debt instruments or other bonds being issued, further share warrants being issued, unusual high dividend being distributed or if the Company is dissolved in the period between the issue of share warrants and the share capital being subscribed on the basis of the share warrants.

The subscription price for the shares to be subscribed on basis of the subscribed share warrants can not go under the price of DKK 100 for each share of the nominal value of DKK 100.

Otherwise for subscription of share capital to be subscribed on basis of subscribed share warrants the following conditions shall apply:

1. The share capital will have the same rights in the Company as the existing share capital;
2. the shares shall be made out to a named holder and are negotiable;
3. the shareholders are not obliged to redeem their shares;
4. The new shares are also encompassed by the following restriction on ownership- and voting rights:
 - No shareholder can hold more than 20% of the Company's share capital, and no one can vote at the general meeting with more than 20% of the votes. Legal persons, who are mutually so closely connected that one of them has decisive influence on the matters of the other, will be considered as one in connection with this limitation of ownership- and voting right, so that these legal persons together only can own and vote for not more than 20% of the share capital.

As examples of close connection between legal persons which fall under this clause are:

- > internal relationships between limited companies which according to the regulations in section 2 of the Companies Act are regarded as belonging to the same group;
- > internal relationships between other legal persons and limited companies, in which these other legal persons own more than, or can vote for more than 50% of the limited company's share capital;
- > internal relationships between public institutions.

ANNEX 1 : ARTICLES OF ASSOCIATION

5. There are no limitations on the pre-emptive rights of subscription in the new share capital in future capital increases, with the exception of the provision stipulated in item 4.
6. The shares have a nominal value of DKK 100.00 and multipla hereof.

CLAUSE 3C.

Sub clause 1.

Referring to authority in Clause 3 and Clause 3B in the Company's Articles of Association the Board of Directors of the Company has at a board meeting on the 22nd March 2007 decided to issue 5,628 warrants (rights to subscribe shares) at value DKK 100 each, according to which a maximum of DKK 562,800 nominal value of share capital can be subscribed (corresponding to 5,628 shares at DKK 100 each), and at the same time to carry through the capital increase belonging to the rights to subscribe shares with up to DKK 562,800 (minimum amount DKK 100, and maximum amount DKK 562,800), as specified in Appendix 1 to these Articles of Association. At the same time the Board of Directors decided to grant the issued warrants to named employees at the Company, also as specified in Appendix 1. The mentioned Appendix 1 is an integrated part of the Board of Directors' decision of 22nd March 2007 regarding the issuing of rights to subscribe shares and to grant these to employees and is a part of this Clause 3C in the Company's Articles of Association.

§ 3D

Sub clause 1.

Until the 31st of December 2010 the Board of Directors has authority - in one or several rounds - to issue convertible bond or other convertible debt instrument for loans of up to the amount of DKK 56,000,000 which gives the lender the right to convert his claim of repayment into share capital in the company. Convertible bonds or other convertible debt instruments can be issued without any pre-emptive rights for existing shareholders. Based on the decision of the Board of Directors the payment of convertible bond or other convertible debt instrument can be made either in cash, fully or partially by way of conversion of other debt of the Company into convertible bonds or other convertible debt instrument or in other values than cash, this including

that the Company in connection with the issue of convertible bonds or other convertible debt instruments against consideration in convertible bonds or other convertible debt instruments takes over existing enterprises, activity or company or shares in other company (merger);

that the company in connection with the issue of convertible bonds or other convertible debt instruments without consideration in convertible bonds or other convertible debt instruments accepts such other values.

Sub clause 2.

The Board of Directors is empowered to increase the share capital accordingly in case of conversion of the convertible bonds or other convertible debt instruments into share capital. The Board of Directors decides the terms of the convertible bond or other convertible debt instrument and the terms for subscription of shares by conversion of convertible bonds or other convertible debt instrument into share capital based on the authority delegated in this clause with the restriction that the following conditions shall apply to the subscription of said share capital:

1. The share capital will have the same rights in the Company as the existing share capital;
2. The shares shall be made out to a named holder and are negotiable;
3. The shareholders are not obliged to redeem their shares;
4. The new shares are also encompassed by the following restriction on ownership rights and voting rights:

No shareholder can hold more than 20% of the Company's share capital, and no one can vote at the general meeting with more than 20% of the votes. Legal persons who are mutually so closely connected that one of them has decisive influence on the matters of the other will be considered as one in connection with this limitation of ownership rights and voting rights so that these legal persons together only can own and vote for not more than 20% of the share capital.

As examples of close connections between legal persons falling under this clause are:

- > internal relationships between limited companies which according to the regulations in section 2 in the Companies act are regarded as belonging to the same group;
- > internal relationships between other legal persons and limited companies in which these other legal persons own more than or can vote for more than 50% of the limited company's share capital;
- > internal relationships between public institutions.

5. The shares have a nominal value of DKK 100.00 and multiples hereof.
6. The shares can be issued without pre-emptive rights of subscription for existing shareholders.

CLAUSE 4.

Notice from the limited company to the shareholders shall be forwarded to each shareholder in writing to the address, which latest is registered in the share register, or by announcing in a public Faroese announcementpaper. The shares can be cancelled without judgement according to the existing law at the time concerning negotiable shares.

ANNEX 1 : ARTICLES OF ASSOCIATION

III. THE GENERAL MEETING

CLAUSE 5.

The General Meeting is organised by the shareholders, who have 1 vote for every DKK 100, which they hold in shares.

In order to give voting right the shares must be registered in the Company's share register before the general meeting is held.

CLAUSE 6.

At the earliest 30 days and at the latest 14 days before the general meeting, the Board of Directors gives notice of the general meeting, to be held at the Company's domicile, with specification of time, place and agenda, by writing to each shareholder to the address which latest is registered in the share register, or by announcing in a public Faroese announcementpaper.

CLAUSE 7.

The Ordinary General Meetings is held each year before end of April, for treatment of

1. The Board of Directors statement of the Company's activity during the previous accounting year.
2. Presentation of audited annual accounts for approval.
3. Decision on how to use profit or cover loss according to the approved accounts and annual report.
4. Election of Board of Directors.
5. Election of accountant, who will sit until the next general meeting is held.
6. Items which the Board of Directors or the shareholders wish to treat.

CLAUSE 8.

At the general meeting every shareholder has authority to bring forward, in writing, proposals for treatment of a specific item, provided that he requests this towards the Board of Directors well in advance of the general meeting, so that the item can be included in the agenda for the general meeting.

CLAUSE 9.

Extraordinary General Meeting is to be held when the Board of Directors or the accountant or a general meeting decides it or when shareholders who together hold 1/10 of the share capital, in writing demand it, for treatment a specific item which is stated at the same time.

CLAUSE 10.

At the latest 8 days before every general meeting the agenda and complete proposals for the general meetings shall be available to the shareholders for inspection at the Company's office, and before an ordinary general meeting also the annual accounts.

CLAUSE 11.

Each shareholder can attend the general meeting, provided the shareholder has required an admission card from the Company not later than 5 days prior to the general meeting.

Right to vote at the general meeting have shareholders, who have required an admission card and a voting paper from the Company not later than 5 days prior to the general meeting.

A shareholder can give another person written authority to attend the general meeting, and vote by proxy. The press can also attend the general meeting.

CLAUSE 12.

The general meeting, on proposal from the Board of Directors, chooses a chairman.

CLAUSE 13.

At the general meeting, all items are decided by simple majority of votes, if not stipulated differently by the Companies Act.

CLAUSE 14.

Minutes shall be taken of the general meeting, and the chairman shall sign it.

CLAUSE 15.

The chairman of the general meeting decides the voting procedure, but every shareholder present on the general meeting and has voting right, can demand voting in writing of a specific item.

ANNEX 1 : ARTICLES OF ASSOCIATION

IV. THE BOARD OF DIRECTORS

CLAUSE 16.

The Company's Board of Directors has 5 members.

The Company's ordinary general meeting elects the Board of Directors, and the members are elected for 2 years at the time, 2 members every second year, and 3 members every second year. At the first ordinary general meeting after the foundation of the Company, two members are to be elected, and it will be decided by lot who they are. Re-election is allowed.

The Board of Directors constitutes itself, and it appoints a management board consisting of one or several members to manage the day-to-day business of the Company.

The board members receive remuneration for the work on the Board of Directors and its size is to be determined by the Board of Directors, but the total board remuneration to all the board members for one year cannot exceed DKK 1,000,000 without approval from the Company's general meeting.

CLAUSE 17.

The Board of Directors holds meetings when the chairman finds it necessary, or when one of the other board members or a Managing Director so wishes.

CLAUSE 18.

In order to form a quorum at least three board members must be present at the meeting. All decisions are made by simple majority of votes. If the votes are even, the vote of the chairman determines the outcome.

CLAUSE 19.

The Company is bound by the signature of two board members together, by one board member together with one Managing Director, or by the whole Board of Directors.

Minutes of the board meetings are kept, and are signed by all participants.

The board has authority to give power of attorney.

CLAUSE 20.

On every ordinary general meeting up to, two accountants are appointed to audit the Company's accounts and compare them to the figures from the accountancy. The accountants must be chartered.

CLAUSE 21.

The Company's accounting year is the calendar year. However, the first accounting year is from the foundation until 31/12-1998.

CLAUSE 22.

The account must be made in accordance with good accounting practice and in a manner so that all required and necessary depreciation and provisions are made.

ANNEX 1 : ARTICLES OF ASSOCIATION

Articles Of Association of P/F Atlantic Petroleum, resolved on the Establishing General Meeting the 11th Feb. 1998, as latest amended at the Annual General Meeting in the Company on 3. July 2009.

Tórshavn

Birgir Durhuus

Poul Mohr, Board member

Diana Leo, Board member

Mortan Johannesen, Board member

Jan Edin Evensen, Board member

ANNEX 1 : ARTICLES OF ASSOCIATION

APPENDIX 1

to the Articles of Association of P/F Atlantic Petroleum

ISSUE OF WARRANTS

1. WARRANTS.

The Company grants the following employees these warrants:

Wilhelm E. Petersen Traðarvegur 3, 100 Tórshavn	3.692 warrants at DKK 100 each, or a total of DKK 369,200
Teitur Samuelsen Brattalið 6, 100 Tórshavn	633 warrants at DKK 100 each, or a total of DKK 63,300
Fía Petersen Mýrisnípuvegur 10, 100 Tórshavn	319 warrants at DKK 100 each, or a total of DKK 31,900
Alyson Harding 3 Eliot Gardens SW15 5NB London, Putney, UK	492 warrants at DKK 100 each, or a total of DKK 49,200
Lucinda Slater 12 Elizabeth Cottages, Kew TW9 3NJ Surrey, UK	492 warrants at DKK 100 each, or a total of DKK 49,200

Total warrants 5,628 at DKK 100 each, to subscribe in share capital a total of DKK 562,800, (each mentioned employee is henceforth referred to as "Warrant-holder").

The total number of warrants is thus 5,628 and if these are subscribed in full DKK 562,800 in new share capital will be subscribed in the Company.

The warrants are granted to the warrant-holder in consideration for him working for the Company, and it is thus a condition that the Warrant-holder, when he uses the warrants, is working for the Company. With this in mind, the Warrant-holder will not pay any other remuneration for the warrants, and the Board of Directors considers this in such case to represent the market value for receiving the warrant.

The warrants are granted without pre-emption rights of subscription for the current shareholders of the Company and without pre-emption rights to shareholders to be granted the warrants.

2. CAPITAL INCREASE AND USE OF WARRANTS

For each warrant of DKK 100 the Warrant-holder can subscribe new share capital of nominally DKK 100. Warrant-holders can subscribe up to a total of 5,628 shares at nominal value DKK 100 each, or a total nominal value of DKK 562,800 in new share capital.

Warrant-holder can only exercise his warrants personally. A warrant can thus not in any ways be transferred to a third person. A warrant cannot be made available for execution or in other ways disposed of, hereunder in connection with division of property, neither for possession nor security.

A Warrant-holder can exercise his warrants following the registration of this Appendix 1 as a part of the Articles of Association of the Company.

Warrants can - provided that this Appendix 1 has been registered as part of the Company's Articles of Associations - be exercised in the period from the announcement of the annual accounts or the quarterly accounts of the Company and four weeks onwards ("the subscription-period"), first time when the Company's accounts for the 1st quarter of 2007 have been publicly announced, and notice of a wish to exercise the warrant must be forwarded to the Company within this period. One accounting year thus has four subscription-periods.

A Warrant-holder can exercise 1/12 of his warrants in each subscription-period, but warrants not exercised in a subscription-period will automatically be carried forward to the next subscription-period and added to the current warrants.

Warrants can only be exercised if the Warrant-holder, when he exercises the warrants,

- > is employed with/connected to the Company and
- > complies with all the Company's conditions and the conditions of the general law and stock regulation applying to "insiders" trading in the Company's shares.

ANNEX 1 : ARTICLES OF ASSOCIATION

If a Warrant-holder wishes to exercise a warrant/warrants, the Warrant-holder must put forward a written claim of this to the Company, by sending to the Company a dated and signed subscription list, which contents will be determined by the Company. The Company shall supply a Warrant-holder with a subscription list, as mentioned, at the latest 7 days after the Warrant-holder has forwarded a written request for this.

3. CHANGES IN THE COMPANY'S CONDITIONS

Except from what has been determined in this item 3, the issued and provided warrants and the rights according to them change with capital increase, capital decrease, with issue of convertible bonds, with issue of more warrants, or with liquidation of the Company, including merger or demerger.

3.1 Liquidation and Splitting.

If a decision is made to liquidate or split up the Company, a Warrant-holder can - regardless of the under item 2 determined subscription-period - immediately after the decision has been made to liquidate or to sign a split up plan, use his warrants.

The Company must in a registered letter, in a fax, or in another satisfactory manner give notice of the mentioned decisions to the Warrant-holder, so that the Warrant-holder on such occasions with the existing restrictions, can participate on equal terms with the Company's shareholders.

If the Company, at the latest 30 days after the written letter has been sent to the Warrant-holder, has not received a signed subscription list from the Warrant-holder according to item 2 above, this is to the Company a formal sign that the Warrant-holder does not wish to exercise his warrants, now that the Company carries out its announced plan. The Warrant-holder cannot hold any claims against the Company because of this, neither if the Company's announced plan makes it impossible nor partly impossible for the Warrant-holder to use his warrants, hereunder causes the warrants to decrease in value or become worthless.

3.2 Regulation of subscription price if the Company's capital conditions are changed

If the Company's capital conditions are changed, the subscription price, which is determined under item 4, must be adjusted according to the circumstances. However, no adjustment will be made when capital matters change because of use of warrants.

3.2.1 If

- > the Company's share capital is increased with a share price below market value;
- > the Company issues warrants, convertible bonds or the like, by which shares can be subscribed at a price below market value, when issued;
- > the Company issues bonus shares to the current shareholders or
- > the Company's share capital is decreased by payment to the shareholders at a higher share price than the market value,

then the subscription price of the warrants must be reduced to the extent necessary in order to compensate the Warrant-holder for these conditions.

3.2.2 If

- > the Company's share capital is increased with a share price above market value, or
- > the Company's share capital is decreased because of payment to the shareholders to a lower share price than the market value,

then the subscription price of the warrants must be increased to the extent necessary in order to meet the Warrant-holder's advantages caused by this.

3.2.3 If the Company decides to merge with another company as the discontinuing company, the warrants shall be transferred, so that the Warrant-holder is entitled to subscribe for shares in the continuing company, however so that the subscription price will be regulated if the payment for the shares in the discontinuing company, as determined in the merger plan (in relation to the value of the shares in the continuing company), forms a basis for this.

3.2.4 If the Company's share capital is decreased to cover a loss, the number of warrants which are held by Warrant-holders must be decreased in proportion to this, so that the Warrant-holder after the decrease is in the same position as if he had used all his warrants before the decrease. The subscription price will not be changed.

3.2.5 If one of the conditions mentioned under item 3.2.1 to 3.2.4 occur before a subscription period, the Company's Board must request the Company's auditor to calculate the adjustment, so that the result at the latest 7 days prior to the start of the subscription period can be presented to the warrant-holder in writing. If the conditions mentioned under item 3.1 and 3.2 occur simultaneously, the mentioned notice of the result of the adjustment shall be sent together with the notice according to item 3.1.

The auditor's calculations must be carried out in accordance with acknowledged regulations regarding this. The auditor's calculations are final and binding for the Company and the Warrant-holder.

ANNEX 1 : ARTICLES OF ASSOCIATION

3.2.6 If a regulation of the share price as set out in the regulations under item 3.2 results in a fall of the subscription price below 100, the warrants cannot be used, unless the Warrant-holder approves that the price will be increased to par without compensation.

4. SUBSCRIPTION PRICE

The Warrant-holder must pay a subscription price of 625 in connection with use of warrants, which was the price for the Company's shares on ICEX at closing time of the day the warrants were issued, and which the Board of Directors estimates to be the market value of dealing in such a quantity of Company shares on this day.

5. PAYMENT OF SHARE CAPITAL

At the latest 14 days after that the Company from the Warrant-holder has received a subscription list as set out under item 2 above, the Warrant-holder must pay the subscribed amount to the Company. If the subscribed amount has not been paid in before the final date for payment, the subscription will automatically lapse.

6. OTHER PROVISIONS FOR SHARES SUBSCRIBED BASED ON WARRANTS.

- 1 The smallest subscription amount is DKK 100 nominal value, and the highest DKK 562,800 nominal value.
- 2 The shares must be ordinary shares, and they will have the same rights in the Company as the current shares;
- 3 The current shareholders do not have pre-emptive subscription right to this share capital;
- 4 The new shares are also encompassed by the following restriction on ownership- and voting rights:

No shareholder can hold more than 20% of the Company's share capital, and no one can vote at the General Meeting with more than 20% of the votes. Legal persons, who are mutually so closely connected that one of them has decisive influence on the matters of the other, will be considered as one in connection with this limitation of ownership- and voting right, so that these legal persons together only can own and vote for not more than 20% of the share capital.

As examples of close connection between legal persons which fall under this clause are:

- > internal relationships between limited companies which according to the regulations in section 2 of the Public Limited Companies Act are regarded as belonging to the same group;
 - > internal relationships between other legal persons and public limited companies, in which these other legal persons own more than, or can vote for more than 50% of the public limited company's share capital;
 - > internal relationships between public institutions.
- 5 Regarding the subscription period and the deadlines for subscription of shares, we refer to item 2 above and item 8 below.
 - 6 Regarding the time limit for paying the share capital, we refer to item 5 above;
 - 7 The shares have a nominal value of DKK 100,00 and multipla hereof. With regards to subscription price, we refer to item 4 above;
 - 8 The shares shall be made out to a named holder and are negotiable;
 - 9 The shareholders are not obliged to redeem their shares;
 - 10 The cost in connection with the share increase shall be held by the Company;
 - 11 The shares give the rights to full dividends for the financial year in which the subscription is made. In addition to this the new shares have the same rights in the Company as the current shares, when they are subscribed, hereunder that the shares shall have the same pre-emptive subscription right as the current shares in future increase of the share capital, see however the restrictions under item 6.4.

7. REGISTRATION OF SHARE CAPITAL

The Company's management must ensure that notice of the increase of the share capital in the Company is given to the Faroese Company Registrar at the latest 14 days after that the Warrant-holder has paid the subscription amount to the Company. The shares shall then be issued and given to the Warrant-holder immediately following the registration, and the shares shall be entered into the register of shareholders of the Company in the name of the Warrant-holder.

8. LAPSE OF WARRANTS

If the General Meeting of the Company has not beforehand decided to extend the time limit, the warrants which have not been exercised will automatically lapse and the Warrant-holder cannot for this reason hold any claims towards the Company, if the Company has not at the latest 1st May 2010 from the Warrant-holder received the subscription list as set out under clause 2 above with the notice, that the Warrant-holder wishes to exercise his warrants, including the amount of share capital the Warrant-holder subscribes according to the subscription list.

If the Warrant-holder ceases to work for the Company, irrespective of the reason, all unused warrants will automatically lapse the day the Warrant-holder ceases his employment (when a possible term of notice has passed). The Warrant-holder cannot hold any claims against the Company because of this.

9. CHANGES IN THE ARTICLES OF ASSOCIATION

When all warrants covered by this Appendix 1 have been used or have lapsed, the Board of Directors can on its own initiative delete this Appendix 1 and § 3 C, from the Company's Articles of Association.

ANNEX 2: TECHNICAL TERMS

2D seismic	A vertical section of seismic data consisting of numerous adjacent traces acquired sequentially.
3D seismic	A set of numerous closely-spaced seismic lines that provide a high spatially sampled measure of subsurface reflectivity. In a properly migrated 3D seismic data set, events are placed in their proper vertical and horizontal positions, providing more accurate subsurface maps than can be constructed on the basis of more widely spaced 2D seismic lines, between which significant interpolation might be necessary. In particular, 3D seismic data provide detailed information about fault distribution and subsurface structures. Computer-based interpretation and display of 3D seismic data allow for more thorough analysis than 2D seismic data.
Appraisal well	A well drilled to determine the extent and size of a petroleum deposit that has already been discovered by an exploration well.
Bbl	Barrel(s) which is equivalent to 42 U.S. gallons.
Bscf	Billion (10 ⁹) standard cubic feet.
Boe	Barrel of oil equivalent, with gas converted at 1 boe approximates 6,000 scf; 1 boe = 1 bbl.
Boepd	Barrels of oil equivalent per day.
Bopd	Barrels of oil per day.
Btu	British thermal unit.
CO ₂	Carbon dioxide.
Degrees API	Oil gravity in American Petroleum Institute (API) units.
Discovery	A hydrocarbon pool or pools discovered by the same well, and for which testing, sampling or logging has shown it probably contains mobile hydrocarbons. The definition covers both commercial and technical discoveries. The discovery generally receives status of a field, or becomes part of an existing field when a Plan for Development and Operation (PDO) is approved by the authorities.
Drill stem test	A method of determining the potential productivity of a subsurface formation.
E&P	Exploration and production.
Early Cretaceous Wealden Sandstones	A reservoir bearing stratigraphic interval in the Celtic Sea and other areas in North West Europe.
Extended well test	A flow test conducted on a hydrocarbon reservoir for an extended duration, normally at the exploration and appraisal stages, aimed at determining characteristics and properties of the reservoir.
Farm-in	To acquire.

ANNEX 2: TECHNICAL TERMS

Farm-out	To dispose.
Faroese Continental Shelf	The part of the continental margin which is between the shoreline and the shelf break or, where there is no noticeable slope, between the shoreline and the point where the water depth is approximately 200 metres surrounding the Faroe Islands
FSU	Floating storage unit.
FPS	Floating production system.
FPSO	Floating production storage and offloading vessel.
GIIP	Gas initially in place.
GOR	Gas to oil ratio.
Hydrocarbons	Compounds containing only the elements hydrogen and carbon. They may exist as solids, liquids or gases.
H ₂ S	Hydrogen sulphide.
Irish Continental Shelf	The part of the continental margin which is between the shoreline and the shelf break or, where there is no noticeable slope, between the shoreline and the point where the water depth is approximately 200 metres surrounding Ireland.
Judd Basin	Geological basin between the Faroes and Shetland Islands containing discoveries and fields such as Foinaven and Schiehallion.
Lead	A potential structure that requires further geophysical or geological understanding before being considered a drillable prospect.
Lower Cretaceous Sandstones	A stratigraphic interval in North West Europe containing sandstones
mD	Millidarcies, unit of permeability, which quantifies the ability of the reservoir rock to allow flow of reservoir fluids
MMscfpd	Million standard cubic feet per day.
MMboe	Million barrel of oil equivalent.
NGL	Natural Gas Liquids, which are portions of natural gas that are liquefied at the surface in separators, field facilities, or gas processing plants, leaving dry natural gas. They include, but are not limited to, ethane, propane, butane, natural gasoline, and condensate.
NPV	Net Present Value (sum of the discounted cash flow).
NPV10	Net Present Value assuming a nominal 10% discount rate using a mid-year discounting.

ANNEX 2: TECHNICAL TERMS

ppm	Parts per million.
PPP	Proved, probable and possible reserve estimates.
Prospect	An undrilled possible hydrocarbon trap with a mapped, delimited volume of potential reservoir rock and potential for migration from a source rock.
P90	Reserve estimate where there is at least a 90% probability that the quantities recovered will equal or exceed the estimate.
P50	Reserve estimate where there is at least a 50% probability that the quantities recovered will equal or exceed the estimate.
P10	Reserve estimate where there is at least a 10% probability that the quantities recovered will equal or exceed the estimate.
Stb	Stock tank barrels, 42 U.S. gallons liquid volume of crude oil or other liquid hydrocarbons at standard surface temperature and pressure conditions.
Scf	Standard cubic feet, measured at 14.7 pounds per square inch and 60 degrees Fahrenheit.
Seismic	Waves of elastic energy, such as that transmitted by P-waves and S-waves, in the frequency range of approximately 1 to 100 Hz.
Spud	To start drilling a well (taken as the time when the drill bit first makes contact with the seabed)
STOIIP	Stock tank oil initially in place.
STOOIP	Stock tank oil originally in place.
Therm	105 Btu.
TVDSS	True vertical depth subsea.
UK Continental Shelf	The part of the continental margin which is between the shoreline and the shelf break or, where there is no noticeable slope, between the shoreline and the point where the water depth is approximately 200 metres surrounding the UK.

ANNEX 3: DEFINITIONS

Articles of Association	The current articles of association of P/F Atlantic Petroleum dated 3rd July 2009.
Atlantic Petroleum	P/F Atlantic Petroleum, reg. no. P/F 2695, including its wholly owned subsidiaries Atlantic Petroleum UK Limited and Atlantic Petroleum (Ireland) Limited.
BERR	UK Department of Business, Enterprise & Regulatory Reform
Business Day	A day on which banks are open for business in Denmark, Iceland and the Faroe Islands.
Clearstream	Clearstream Banking S.A. 42 Avenue JF Kennedy L-1855 Luxembourg Luxembourg
Company	P/F Atlantic Petroleum, reg. no. P/F 2695
DKK or Danish kroner	The official currency of Denmark.
Euroclear	Euroclear Bank S.A./N.V. 1 Boulevard du Roi Albert II B - 1210 Brussels Belgium
Euro or €	The single currency of the member states participating in the third stage of the European Economic and Monetary Union pursuant to the Treaty Establishing the European Community as amended from time to time.
Shares	Shares in P/F Atlantic Petroleum, including the Offered Shares. The shares are issued with a nominal value of DKK 100 each.
Existing Shares	1,125,730 Shares with a nominal value of DKK 100 each or multiples hereof before the Offering.
Faroese Company Accounts Act	Decree no. 1355 of 9 December 2007 on effecting for the Faroe Islands the Act on Accounting as changed by Act no. 18 from 8 May 2008.
Faroese Companies Act	Decree no. 1356 of 9 December 2007 on effecting for the Faroe Islands the Act on Public Companies as changed by Act no. 52 from 11 May 2009.
Faroese Securities Trading Act	Decree no. 87 of 10 February 2006 on effecting for the Faroe Islands the Act on Securities Trading etc. as changed by Act no. 1003 from 10 October 2008.
Financial Manager	Teitur Samuelsen.
Global Coordinator	Handelsbanken Capital Markets (division of Svenska Handelsbanken AB (Publ)), organisation no. 202007-7862.
Handelsbanken Capital Markets	Handelsbanken Capital Markets (division of Svenska Handelsbanken AB (Publ)), organisation no. 202007-7862.

ANNEX 3: DEFINITIONS

International Offering	Private placement to institutional investors in certain jurisdictions other than Denmark, Iceland and the Faroe Islands.
Major Shareholders	SP/F 14, P/F T/F Holding and P/F Eik Banki.
Management	Managing Director and CEO Wilhelm E. Petersen and Technical Manager and COO Sigurð í Jákupsstovu.
Managing Director	Wilhelm E. Petersen
Nasdaq OMX Copenhagen	Nasdaq OMX Copenhagen A/S, CVR no. 19042677.
Nasdaq OMX Iceland	Nasdaq OMX Iceland hf.
Offering	Offering of the Offered Shares
Offer Price	DKK 125.
Offered Shares	Offering of up to 1,500,973 new Shares with a nominal value of DKK 100 each.
PAD	Petroleum Affairs Division
Prospectus	This prospectus dated 1st October 2009 drawn up and published by the Company in compliance with the prospectus regulation, Commission Regulation 809/2004.
Prospectus Date	The date of this Prospectus.
Prospectus Order	Executive order on prospectuses for securities admitted for trading on a regulated market and for the public offerings of securities of more than EUR 2,500,000, executive order no. 1232 of 22nd October 2007 issued by the Danish Financial Supervisory Authority.
Prospectus Regulation	Commission Regulation (EC) no. 809/2004 of 29th April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and advertisements as amended.
Public Offering	Public offering to private and institutional investors in the Faroe Islands, Iceland and Denmark.
Remaining shares	Offer Shares which have not been subscribed for by the Company's shareholders according to their Pre-emptive Rights through the exercise of Pre-emptive Rights or by investors according to acquired Pre-emptive Rights on expiry of the Subscription Period.
Rights Issue Agreement	Rights issue agreement regarding the Offering expected to be made between the Global Coordinator and Atlantic Petroleum.
Senior Employee	Financial Manager Teitur Samuelsen.

ANNEX 3: DEFINITIONS

Shareholders	The shareholders of P/F Atlantic Petroleum.
Supervisory Board	The supervisory board P/F Atlantic Petroleum consisting of Birgir Durhuus, Mortan Johannesen, Diana Leo, Poul R. Mohr and Jan Edin Evensen.
Technical Manager	Sigurð í Jákupsstovu.
U.S. Securities Act	The United States Securities Act of 1933, as amended.
USA	The United States of America, including all territories and possessions, any state of the United States, the District of Columbia and all other jurisdictions.
USD	The official currency of the United States of America.

TO THE BOARD OF DIRECTORS OF P/F ATLANTIC PETROLEUM

In accordance with the Committee of European Securities Regulators (CESR) recommendations for the consistent application of EU Regulation No 809/2004, we report on the prospective unaudited Cash flow (Prospective unaudited cash flow information) of the P/F Atlantic Petroleum group ("the Group") consisting of the unaudited prospective cash flow from sale of oil and gas, exploration and evaluation projects and unaudited cash flows from general administrative expenses, financing activities and taxes of the Group for the period 1st July 2009 to 31st December 2011.

The Prospective cash flow information has been compiled on the basis described in section 10 "Capital resources - Additional disclosure requirements for mineral companies" page 57-58 in the Prospectus and is based on the budgets and cash flow estimates prepared by management and approved by the Supervisory Board on 19th September 2009.

There will usually be differences between the forecasted and actual cash flows because events and circumstances frequently do not occur as expected, and those differences may be material.

SUPERVISORY BOARD'S AND MANAGEMENT'S RESPONSIBILITY

It is the Supervisory Board's and Management's responsibility to prepare the Prospective cash flow information in accordance with the CESR recommendations for the consistent application of EU Regulation No 809/2004.

REPORTING RESPONSIBILITY

Our responsibility is to issue a report on the Prospective cash flow information base on a limited assurance engagement as required by Nasdaq OMX Iceland and Nasdaq OMX Copenhagen in accordance with CESR recommendations for the consistent application of EU Regulation No 809/2004 paragraph 133b quotation:

"Confirmation by an independent auditor that it is satisfied that the estimated cash flow has been stated by the issuer after due care and enquiry"

WORK PERFORMED

We conducted our work in accordance with International Standard on Assurance Engagements 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information".

A limited assurance engagement is limited primarily to inquiries of company personnel and analytical procedures applied to the Prospective cash flow information and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Our work did not include evaluating the support for the assumptions underlying the Prospective cash flow. Our work primarily consisted of:

- a) Reading the Prospective cash flow information described above
- b) Comparing the Prospective cash flow information with budgets prepared by management approved by the Supervisory Board on 19th September 2009
- c) Recalculating the arithmetic accuracy of the Prospective unaudited cash flows
- d) Making enquires to the Management of P/F Atlantic Petroleum
- e) Reading the minutes from the Board of Directors available up to 19th September 2009.

OPINION

As noted in section 10 "Capital resources - Additional disclosure requirements for mineral companies" page 57-58 in the Prospectus, the Prospective unaudited cash flows for the period 30th June 2009 - 31st December 2011 are based on assumptions regarding existence of oil and gas resources, sufficient financing, the ability to produce and sell oil and gas resources and production and development expenses that are base on management representation only.

Based on our work described in this report, we are satisfied that the estimated cash flow has been stated by the issuer after due care and enquiry.

"This report is issued for the sole purpose of the prospectus in connection with a capital increase comprising an Offering of up to a maximum of 1,500,973 Offer Shares of nominal DKK 100 each of P/F Atlantic Petroleum with Pre-emptive Rights to subscribe for Offer Shares to the Existing Shareholders at the ratio 4:3. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Offering of up to a maximum of 1,500,973 Offer Shares on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen placed with Pre-emptive Rights to subscribes for Offer Shares to the Existing Shareholders with maximum gross proceeds of DKK 188 million and the listing of up to 1,500,973 Offer Shares issued at a Subscription Price of DKK 125 per Share."

Tórshavn, 1st October 2009

Sp/f Grannskoðaravirkkið INPACT

State Authorized Public Accountants

Jógvan Amonsson
State Authorized Public Accountant

Fróði Sivertsen
State Authorized Public Accountant

ANNEX 5: SUBSCRIPTION FORM

SUBSCRIPTION FORM

The Supervisory Board of P/F Atlantic Petroleum has according to clause 3 in the Articles of Association of P/F Atlantic Petroleum (which provision in full length is quoted below in the subscription form) decided to increase the share capital with an amount of minimum nominal value of DKK 54,526,200 and a maximum nominal value of DKK 150,097,300 (the board resolution is quoted below in the subscription form).

Existing shareholders have pre-emptive rights to subscribe for this increase.

ISIN code: FO0000000161
Name: Atlantic Petroleum
Nominal value/share: DKK 100
Price: DKK 125
Subscription period: 8th October 2009 - 27th October 2009
Anticipated settlement date: 2nd November 2009

Supervisory Board of P/F Atlantic Petroleum

Birgir Durhuus Poul R Mohr Mortan Johannesen Diana Leo Jan Edin Evensen

The undersigned hereby offers to subscribe for shares in P/F Atlantic Petroleum

Nominal value in total (Shares*100)	
Name	
Date of birth/Company No.	
Address	
Zip code and City	
Telephone no.	

Payment and registration:

The total amount shall be drawn from the account and the shares (FO0000000153) shall be registered on a custody account with VP Securities A/S:

Name of Bank			
Reg. no.		Account no.	
Bank no. (CD-ident)		Custody acct. no.	

I, the undersigned, declare:

- > that all relevant documents have been made known to me before submitting this offer, including the Prospectus.
- > that I accept that this offer for subscription is binding.
- > that the shares may be registered under the name set out above.

_____ the _____ 2009 _____

ANNEX 5

The authorisation for the Supervisory Board to increase the share capital in the Company is laid down in Clause 3 in the Articles of the Company and has the following content:

Until the 31st December 2010 the Company's Board of Directors has authority - in one or several rounds - to increase the Company's share capital with up to DKK 175,000,000. The increase of the share capital can fully or partially be made in other values than cash, this including

that the company in connection with the increase of share capital against consideration in shares takes over other existing enterprise, activity or company or shares in other company (merger);

that the company in connection with the increase of share capital without consideration in shares accepts such other values.

Payment of increase in the share capital can further fully or partially be made by way of debt conversion.

Sub clause 2.

For subscription of new share capital based on authority in this clause the following conditions shall apply:

2. the share capital will have the same rights in the Company as the existing share capital;
3. the shares shall be made out to a named holder and are negotiable;
4. the shareholders are not obliged to redeem their shares;
- 4a. The new shares are also encompassed by the following restriction on ownership- and voting rights:

No shareholder can hold more than 20% of the company's share capital, and no one can vote at the general meeting with more than 20% of the votes. Legal persons, who are mutually so closely connected that one of them has decisive influence on the matters of the other, will be considered as one in connection with this limitation of ownership- and voting right, so that these legal persons together only can own and vote for not more than 20% of the share capital

As examples of close connection between legal persons which fall under this clause are:

- > internal relationships between limited companies which according to the regulations in section 2 of the Companies Act are regarded as belonging to the same group;
 - > internal relationships between other legal persons and limited companies, in which these other legal persons own more than, or can vote for more than 50% of the limited company's share capital;
 - > internal relationships between public institutions.
5. Subscription of new share capital can be made without pre-emptive rights of subscription for existing shareholders. There are no limitations on the pre-emptive rights of subscription in the new share capital in future capital increases, with the exception of the provision stipulated in item 4a.
 6. The shares have a nominal value of DKK 100,00 and multipla hereof.
 7. If an invitation is made to subscribe to new share capital in the Company, without pre-emptive rights to the present shareholders, the subscription shall be made at market value.
 8. In case of an oversubscription the company's Board of Directors is free to decide how the share capital offered for subscription - which is not subscribed as of pre-emption rights of subscription - shall be divided among those, who have offered to subscribe.

The full wording of the resolution of the Supervisory Board of the Company to increase the share capital is set out below:

The Supervisory Board of P/F Atlantic Petroleum (P/F no. 2695) (hereinafter the Company) hereby decides that the share capital of the Company shall be increased with the amount of minimum DKK 54,526,200 nominal value and maximum DKK 150,097,300 nominal value by subscription of new shares. The Company has obtained binding undertaking from present shareholders and others for the subscription of at least the minimum amount of DKK 54,526,200 nominal value in new shares. Any and all subscription for new shares is binding upon the subscriber.

For this subscription of new share capital in the Company the following conditions shall apply:

1. The share capital of the Company is to be increased with an amount in new shares between the minimum amount of DKK 54,526,200 nominal value and the maximum amount of DKK 150,097,300 nominal value.
2. The new share capital will have the same rights in the Company as the existing share capital;
3. The shares shall be made out to a named holder and are negotiable;

ANNEX 5

4. The shareholders are not obliged to redeem their shares;

4a The new shares are also encompassed by the following restriction on ownership- and voting rights:

No shareholder can hold more than 20% of the company's share capital, and no one can vote at the general meeting with more than 20% of the votes. Legal persons, who are mutually so closely connected that one of them has decisive influence on the matters of the other, will be considered as one in connection with this limitation of ownership- and voting right, so that these legal persons together only can own and vote for not more than 20% of the share capital.

As examples of close connection between legal persons which fall under this clause are:

- > internal relationships between limited companies which according to the regulations in section 2 of the Companies Act are regarded as belonging to the same group;
- > internal relationships between other legal persons and limited companies, in which these other legal persons own more than, or can vote for more than 50% of the limited company's share capital;
- > internal relationships between public institutions.

5. The existing shareholders have pre-emptive rights to subscribe the new share capital at a ratio of 4:3 which means that the existing shareholders will be allocated 4 Pre-emptive Rights per Existing Share of DKK 100 nominal value and that 3 Pre-emptive Rights will be required to subscribe 1 new share in the amount of DKK 100 nominal value.

6. There are no limitations on the pre-emptive rights of subscription in the new share capital in connection with future capital increases, with the exception of the provision stipulated in item 4a.

7. Payment for subscribed new share capital falls due upon subscription and shall be paid immediately though payment for subscription of shares - which is not subscribed based on pre-emptive rights of subscription - falls due upon the Company's allocation of new shares to the subscriber at the latest two days after the subscription period is expired.

8. Payment for subscribed new share capital shall be made in cash. In this connection the Company has though decided that the following amounts subscribed for by the following subscribers:

Subscription by Eik Banki P/F in the amount of up to and not exceeding the nom. value	DKK	9,633,200
Subscription by TF Holding P/F in the amount of up to and not exceeding the nom. value	DKK	9,900,000
Subscription by P/F Føroya Lívstrygging in the amount of up to the nom value	DKK	1,549,200
Subscription by P/F Føroya Banki in the amount of up to and not exceeding the nom. value	DKK	16,000,000
<hr/>		
in total in nom value up to	DKK	37,082,400
giving a subscription provenue (based on the price of DKK 125 per share) of	DKK	46,353,000;

by the respective subscribers can be claimed to be used for an extraordinary down payment of debt the Company owes to the respective subscribers. Thus according to company law the payment from the subscribers mentioned is considered to be a subscription by conversion of debt and due to this the Company according to section 33 A of the Faroese Company Act as part of the decision to increase the share capital decides that subscribe of up to the mentioned amount of nom. value of DKK 37,082,400 as part of the total amount of nom. value DKK 150,097,300 offered for subscription by the subscribers mentioned can be made by debt conversion and the Supervisory Board of the Company issues a § 33 A - report i.a. describing the debt actual for such extraordinary down payment (debt conversion).

The § 33 A report issued in this connection forms part of this decision to increase the share capital of the Company.

9. The new shares have a nominal value of DKK 100 each and multiple hereof.

10. The subscription is at the price of DKK 125 for each share of DKK 100 nominal value.

In case shareholders are not using their Pre-emptive rights of subscription these shares can be subscribed by the capital offered for subscription without having any Pre-emptive rights of subscription. The board is free to decide whether such capital offered for subscription - which is not subscribed based on pre-emptive rights of subscription - shall be accepted and in case of oversubscription, the board is free to decide how the capital offered for subscription - which is not subscribed based on pre-emptive rights of subscription - shall be divided among those who have offered to subscribe.

11. On 7th October 2009 at 11:30 Faroese time (corresponding to 12:30 p.m. CET and 10:30 a.m. Icelandic time), any person who is registered with VP Securities A/S as shareholder of the Company will be allocated Pre-emptive rights. Shareholders holding non-dematerialized share certificates in the Company are to contact P/F Eik Banki, Yviri við Strond 2, 100 Tórshavn, Faroe Islands to obtain possession of their pre-emptive rights. The pre-emptive rights may be traded on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen during the period from 5th October 2009 to 22nd October 2009 at 3:23 p.m. Icelandic time on Nasdaq OMX Iceland and 05:00 CET p.m. Nasdaq OMX Copenhagen.

12. Pre-emptive rights are to be exercised within the subscription period commencing on 8th October 2009 and closing on 27th October 2009 at 6:00 p.m. Faroese time (corresponding to 7:00 p.m. CET and 5:00 p.m. Icelandic time).

ANNEX 5

13. The subscription period commences on 8th October 2009 and closes on 27th October 2009 at 6:00 p.m. Faroese time (corresponding to 7:00 p.m. CET and 5:00 p.m. Icelandic time).
14. The new share capital shall be eligible for any dividends payable and other rights relating to the Company when registration of the increase of the share capital has taken place at the Faroese Company Registry, "Skráseting Føroya", in respect of the financial year in which the registration of the increase of the share capital at the Faroese Company Registry, "Skráseting Føroya", has taken place.
15. The costs of the capital increase to be discharged by the Company is estimated not to exceed DKK 18 million, including payment to Global Coordinator and Co-manager for managing the increase of the share capital, including the preparation of the prospectus, registration of shares on VP, registration fees, costs for advertisements, fees to accountants and legal advisors and other costs.
16. The new shares will be issued through VP Securities A/S, and will be registered on Nasdaq OMX Iceland and Nasdaq OMX Copenhagen in the same manner as the existing share capital of the Company.
17. The Company reserves the right to withdraw the offer for subscription of new share capital until at the latest final registration of the share capital increase has taken place in the Faroese Company Registry "Skráseting Føroya", in which case the exercise of pre-emptive Rights and other subscription of share capital that has already taken place will automatically be cancelled, the subscription price for subscribed new shares will be refunded (less fees), all pre-emptive rights will be null and void, and no shares will be issued.
18. In connection with the increase of the share capital the Articles of Association of the Company are to be change as follows: the number "112,573,000" in § 2 sub-clause 1 in the Articles of Association will be increased with the amount the share capital of the Company is increased in this subscription of new share capital and the number "kr. 175,000,000" in § 3 sub-clause 1 is to decrease with the amount the share capital of the Company is increased in this subscription of new share capital.

The Prospectus to be issued in connection with this offer for subscription of new share capital in the Company forms part of this decision made of the Supervisory Board of the Company. In case of inconsistency between this decision and the Prospectus, this decision prevails.

REPORT

REPORT ISSUED
BY THE SUPERVISORY BOARD OF
P/F ATLANTIC PETORLEUM
ACCORDING TO SECTION 33 A AND SECTION 38 (2)
OF THE FAROESE COMPANY ACT.

REPORT

In connection with the Supervisory Board of P/F Atlantic Petroleum (hereinafter the Company) on a board meeting held on the 1st October 2009 decides to increase the share capital of the Company with an amount of up to the nominal value of DKK 150,097,300 by subscription of new shares to a price of DKK 125 for each share in the nominal value of DKK 100, parts of the subscribed amount can be paid by conversion of debt. Referring to this the Supervisory Board of the Company according to Section 33 A and 38 (2) of the Faroese Company Act issues this report on the reasons and time for the undertaking of the debt and the reason for the suggestion to convert.

I. DEBT OF WHICH A PART CAN BE CONVERTED.

The debt, of which a minor part can be used for conversion to share capital, is the following:

A. The 35 million loan

This is a loan granted by Eik Banki P/F in the amount of up to DKK 35 million according to loan agreement signed the 22nd May 2009 and the debt is made by draws on the Loan facility in the period from ultimo May 2009 until today. The loan facility is drawn by DKK 22 million, apart from added interests.

B. The 140 million loan

This loan is granted by a loan consortium consisting of P/F Eik Banki with up to DKK 37.5 million, P/F Føroya Banki with up to DKK 40 million, P/F Føroya Lívstrygging with up to DKK 6.5 million, P/F TF Holding with up to DKK 31 million and Mortan Johannesen with up to DKK 25 million or as a loan facility of up to DKK 140 million according to a loan document signed on the 15th and 16th October 2008. The debt under the loan is made by draws on the loan facility made in the period from October 2008 to May 2009. The loan facility is drawn in full by DKK 140 million to which amount interests shall be added.

C. The 100 million loan

This loan is granted by a loan consortium consisting of P/F Eik Banki with up to DKK 50 million and P/F Føroya Banki with up to DKK 50 million or as a loan facility of up to DKK 100 million according to loan document signed on the 25th July 2008. The debt under the loan is made by draws on the loan facility made in the period from July 2008 to September/October 2008. The loan facility is drawn in full by DKK 100 million to which amount interests shall be added.

D. The 171.75 million loan

This is a loan granted by Eik Banki P/F in the amount of up to DKK 171.750 million according to loan agreement signed the 8th November 2007 and the debt under the loan is made by draws on the Loan facility in the period from November 2007 until the summer 2008. The loan facility is drawn in full by DKK 171.750 million, apart from added interests.

E. Addendum to the Loans

By Addendum dated 22nd June 2009 to the above mentioned loan agreements, it is agreed between the Company and all the lenders to extend the repayment period for the loans mentioned until the 31st December 2010, though the loans can be terminated for payment with 14 days notice.

II. REASONS FOR THE OBTAIN OF THE LOANS

The above mentioned loans are obtained as short termed liquidity loans to finance the liquidity needs of the Company on short terms.

III. REASONS FOR THE PROPOSAL TO CONVERT.

The Company needs to get a long term refinancing of the debt and this will be made partly by the capital increase mentioned of which parts are used for downpayment of the abovementioned debt. To the extent the lenders themselves participate by subscription of sharecapital, their payment of subscribed amount can be made in the extent necessary by conversion to share capital of parts of the amount the Company owes to the lenders.

Tórshavn on the 1st October 2009

Birgir Durhuus

Poul R. Mohr

Jan Edin Evensen

Diana Leo

Mortan Johannesen