



ATLANTIC PETROLEUM

Announcement from P/F Atlantic Petroleum (FO-ATLA)

Operating profit (EBIT) was DKK 35.6MM in 3Q and DKK 93.6MM for the nine first months of 2010. Expected production for the 2010 increased to 930,000 – 980,000 barrels of oil equivalents (boe) and expected EBIT increased to the range DKK 110MM – 130MM.

Tórshavn, Faroe Islands 3rd November 2010 – Atlantic Petroleum (OMX: FO-ATLA) today announced its results for the first nine months 2010. This company announcement should be read in conjunction with Atlantic Petroleum's Interim Consolidated Financial Statement attached to this announcement.

Ben Arabo, Atlantic Petroleum's CEO, stated:

"Atlantic Petroleum has had another strong quarterly performance, taking the operating profit for the first 9 months of 2010 to DKK 93.6MM and the profit before tax to DKK 109.2MM. The equity ratio is 55.2% compared to 14.0% at the end of Q3 2009.

With the substantial base provided by a good cash flow and a prudent debt position, Atlantic Petroleum will focus on re-populating its exploration portfolio and building its production potential by organic growth and selective acquisitions.

One step in building the exploration portfolio to provide potential upside for the company was the award on 27th October of two new licenses in the UK 26th Round. One of these two licenses contains the Anglesey prospect which lies in Blocks 14/9 & 14/14 and Atlantic Petroleum has 30% equity. The Anglesey prospect has an unrisks potential in the range of 7 MMBbls to 190 MMBbls.

In order to improve potential near term production Atlantic Petroleum has exercised its pre-emption rights in the proposed Petro Canada divestment to Dana and expect to get at least the proportionate share of the equity to be sold which would take the Atlantic Petroleum equity in the Perth discovery from 3.75% to 6.62%. This will make the Perth discovery more material to Atlantic Petroleum and we look forward to be working with the Perth partners in moving the asset forward.

The continued good performance of Atlantic Petroleum's producing assets and the potential short term production from Blackbird will enable Atlantic Petroleum to develop and grow the company organically from investing in the company's growing exploration portfolio in the Faroes, UK and Ireland and to grow the company through selective acquisitions."

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Highlights

Operational

Total production in 3Q 2010 was 268,370 boe corresponding to an average production of 2,917 boepd (barrels of oil equivalents per day). The total production for the first 9 months of the year amounts to 687,970 boe (2,520 boepd). Production in 3Q 2010 was associated with stable production from the Chestnut field and continued good operational performance of the Ettrick production facilities and the addition of two new producers, the 20/2a-E3Z and the 20/2a-E7Z wells

- Evaluation of the Blackbird field potential is nearing completion and the final decision for developing Blackbird over Ettrick is expected later this year
- Seismic interpretation of the new data over Faroes L016 is ongoing. The sea bed sampling programme has been successfully completed
- A site survey has been initiated on Faroes L006 in preparation for a potential well in 2011
- Various projects have been initiated in Irish Licence SEL 2/07 to evaluate whether it is possible to develop the Helvick and Hook Head fields via an unmanned production buoy facility and whether the low API oil accumulation at Nemo (Ardmore) can be commercialised. An agreement has been made with Nautical Petroleum to receive 25% equity in the Nemo field in return for carrying out feasibility studies looking into developing the heavy oil accumulation. On Hook Head it has been agreed that Sosina will carry out and fund a study investigating developing the oil accumulation in return for an increased share of equity
- The Perth Licence has been granted a one year extension to end 3Q 2011 for the partnership to file a Field Development Plan. Nexen has recently divested 42.08% of equity in Perth to DEO Petroleum plc. The aim of the partnership is to develop Perth either as a subsea tie back to Tartan production platform or alternatively as a standalone project utilising a leased FPSO

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Financial

- Revenues of DKK 106.2MM in 3Q 2010 (3Q 2009: DKK 60.7MM) and DKK 287.3MM in the first nine months of 2010 (first nine months of 2009: DKK 137.3MM). Average realised oil price increased to 77.79 USD/bbl in 3Q 2010 from 76.81 USD/bbl in 2Q 2010. The average realised oil price for the first nine months of 2010 was 77.20 USD/bbl
- Gross profit of DKK 40.6MM in 3Q 2010 (3Q 2009: DKK 13.1MM) and DKK 106.2MM in the first nine months of 2010 (The first nine months of 2009: DKK 24.1MM)
- Operating profit (EBIT) of DKK 35.6MM in 3Q 2010 (3Q 2009: DKK 10.0MM) and DKK 93.6MM in the first nine months of 2010 (The first nine months of 2009: DKK -102.9MM)
- Profit before taxation of DKK 4.1MM in 3Q 2010 (3Q 2009: DKK -36.8MM) and DKK 109.2MM in the first nine months of 2010 (The first nine months of 2009: DKK -85.0MM)
- Net cash flow from operating activities in the first nine months of 2010 of DKK 176.7MM (The first nine months of 2009: DKK 35.8MM)
- Total assets of DKK 631.2MM (At year end 2009: 646.8MM)
- Total shareholder's equity of DKK 348.6MM (at year end 2009: 279.0MM)
- In 3Q General and administration costs were DKK 4.2MM reduced from DKK 4.5MM in 3Q 2009. In the first nine months of 2010 General and administration costs were DKK 11.4MM reduced from DKK 14.2MM in the first nine months of 2009
- In order to secure a more stable revenue, the Company has engaged in oil price hedging during 2010. In 3Q the Company hedged 5,000 barrels a month, equivalent to 6% of 3Q average monthly production, and realised a gain of DKK 1.0MM. In the first nine months of 2010 the Company has realised a gain on oil price hedging of DKK 1.5MM by hedging 4% of average monthly production
- On 30th September 2010 the Company's bank debt was DKK 163.0MM of which DKK 130.0MM was long term. In the first nine months of 2010 a total of DKK 120.7MM of bank debt has been repaid

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Comparison Figures

Summary of figures for 3Q 2010 and comparison figures for the preceding four quarters:

	3 months 30 th September 2010 DKKK	3 months 30 th June 2010 DKKK	3 months 31 st March 2010 DKKK	3 months 31 st December 2009 DKKK	3 months 30 th September 2009 DKKK
Revenue	106,240	104,236	76,855	81,924	60,698
Gross profit	40,625	39,494	26,045	30,509	13,136
Operating profit	35,573	35,754	22,319	27,366	9,902
Profit before taxation	4,084	76,685	28,402	24,547	-36,825
Profit after taxation	-8,775	60,427	20,492	10,959	-33,403
Non-current assets	553,134	598,598	573,074	565,057	592,355
Current assets	78,017	110,148	85,933	81,791	62,925
Total assets	631,152	708,745	659,007	646,848	655,279
Current liabilities	93,277	121,991	142,976	154,729	327,884
Non-current liabilities	189,266	224,196	217,617	213,159	235,559
Total liabilities	282,543	346,187	360,593	367,888	563,443
Net assets	348,609	362,558	298,414	278,960	91,836
Equity	348,609	362,558	298,414	278,960	91,836
Net cash provided from operating activities	176,702	132,761	47,575	18,216	7,706
Net cash used in investing activities	-66,933	-55,885	-16,084	4,008	-1,398
Net cash used in financing activities (Dec.)/increase in cash and cash equivalents	-96,220	-45,878	-23,692	-19,113	8,720
Cash and cash equivalents	31,911	48,907	26,465	18,802	15,291
Equity ratio	55.2%	51.2%	45.3%	43.1%	14.0%
Full time equivalent positions	8	7	7	9	9
Earnings per share	-3.34	23.00	7.80	-48.39	-29.67
Share price at end of period (OMX IS) DKK/Share	161	134	160	160	355
Share price at end of period (OMX CPH) DKK/Share	156	150	159	162	198
Operations:					
Production (working interest) (boepd)	2,914	2,699	1,933	2,488	2,025
Drilled exploration/appraisal wells	0	1	1	0	0

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2010 Outlook

Operational

- Production in the first 9 months of 2010 amounted to 687,970 barrels of oil equivalents (boe). The total production for the year is now expected to be between 930,000 – 980,000 boe compared to the previously quoted range of 850,000-930,000 boe. Production in October 2010 was 98,000 boe
- The Blackbird evaluation work is nearing completion and a decision is expected to be taken later in the year whether to develop the field over the Ettrick production facilities located 6 km to the north of Blackbird
- A Pre-FEED study (Pre-Front End Engineering and Design) has been completed on the Perth field to determine the feasibility of developing Perth as a subsea tieback to the Tartan field. A previous study has investigated a standalone development of Perth utilising a leased FPSO. Nexen has recently divested 42.08% to DEO Petroleum plc who is likely to become operator of the license going forward. The Perth Licence has been granted a one year extension to end 3Q 2011 during which time the partnership will file a Field Development Plan based on the best development concept

Financial

- EBIT is expected to increase to DKK 110 – 130MM for the year 2010 compared to DKK 90 – 110MM previously announced. The guidance is based on an oil price of 77 USD/bbl in 2010 and an average currency exchange rate of DKK/USD of 5.6
- Investments in exploration and appraisal activities are estimated to be around DKK 37MM for 2010
- Investments in field developments are estimated to be around DKK 61MM for 2010
- The Company has engaged in oil price hedging to secure a more stable revenue stream. On average 9 per cent of current production has been hedged 12 months ahead. Average oil price hedged at is 86 USD/bbl

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Audio cast/Conference call

In connection with the publication of the 3Q 2010 interim report Atlantic Petroleum will host a conference call for analysts and investors.

The conference call will take place on Wednesday 3rd November, at 12.00 (CET). If you would like to participate in the conference call, please dial the relevant number below a few minutes before the conference starts:

- Danish +45 32 71 47 67
- Other international +44 207 509 5139

More details about the conference call can be found on the Company's website www.petroileum.fo.

Further Details:

Further details can be obtained from Ben Arabo, CEO, tel +298 350100 (ben.arabo@petroleum.fo). This announcement will be available, together with other information about Atlantic Petroleum, on the Company's website: www.petroileum.fo.

On the website, it is also possible to sign up for the Company's e-mail newsletter.