

Atlantic
Petroleum



Webcast – Full year results 2008

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Presentation overview

- **Highlights 2008**
- **Company overview**
- **Financial results 2008**
- **Outlook 2009**

Highlights 2008

Operational highlights 2008

- Key milestone achieved with the initiation of oil production
- Average daily production of 1,570 barrels - total production of 160 thousand barrels since September
- South Chestnut appraisal well successfully drilled and prepared for production
- Discovery made on the Blackbird prospect adjacent to Ettrick field
- Material progress on the development of the Ettrick field
- Further development of the Jarvis discovery in the Ettrick area
- Drilling completed on Hook Head and Dunmore appraisal wells
- Large exploration license in the Faroese 3rd licensing round awarded in a partnership with Statoil, Dong and Faroe Petroleum

Financial highlights 2008

- 129 thousand barrels sold at an average oil price of USD 54.9 per barrel corresponding to DKK 43.3 MM
- Gross profit margin of 38%
- Operating profit of DKK -5.6 MM and net profit of DKK -89.7 MM
 - The operating profit ended lower than expected, due to the drop in oil prices
- 2008 figures affected by unrealised foreign exchange losses of DKK 142.1 MM, which have no cash flow effect
 - Loss relates to a year-end exchange rate adjustment of an inter-group loan to the UK subsidiary. The foreign exchange rate risk on inter-group loans is not hedged as these do not have cash flow effects
- Net debt increased to DKK 357.4 MM due to draw down on bridge loan facilities
 - Conversion of bridge loans to senior debt is progressing in accordance with plans

Key financials	2007	2008
Revenue	0.0	43.3
Gross profit	0.0	16.4
Operating profit	-50.3	-5.6
Profit/loss before tax	-76.1	-145.4
Net profit/loss	-76.1	-89.7
Total assets	410.9	642.9
Equity	227.2	166.8
Net debt	68.7	357.4

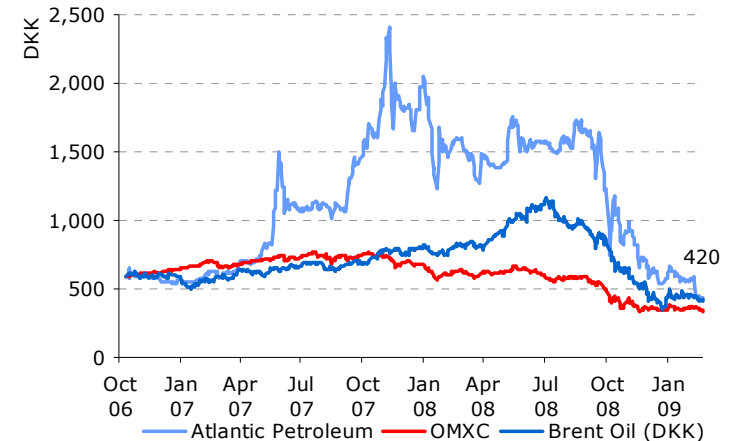
Company overview

Atlantic Petroleum in brief

- Upstream oil and gas company active on the Faroese, UK and Irish Continental Shelves
 - 16 licenses comprising 30 fields, discoveries, prospects or leads
 - 1 field in production – second field expected to begin production within the next few months
- Partnerships with more than 20 international oil companies
- Headquartered in Tórshavn, Faroe Islands
 - Office in London
- Virtual organisation with 10 full-time employees
- In addition more around 25 trusted consultants
- Listed on Nasdaq OMX Iceland and Copenhagen
 - Current market cap of DKK 482 MM (24 February 2009)



Share price development



Milestones

1998	Founded
2000	Award of Faroese Licence 001
2001	Announcement of the first discovery
2002	Establishment of UK subsidiary
2003	Acquisition of further UK licences including Chestnut & Ettrick
2005	Listing in Iceland
2006	Listing in Copenhagen
2007	Establishment of Irish subsidiary Farmed into and was awarded licences in Ireland
2008	Production of first oil (Chestnut)

Strengths and competences

Oil fields in production

- One - soon two - producing oil fields with tie-back opportunities and potential near term upside
- Expected positive cash flow in the short term

Extensive geological knowledge of the North East Atlantic

- Strong technical staff and network of consultants with proven track record and substantial knowledge of the North West Europe
- Significant database with unique geological information of the UK and Faroese Continental Shelves

Attractive license portfolio

- Diversified portfolio in terms of development stage
- Portfolio located in politically stable jurisdictions
- Pipeline of development projects with 'short time to cash'
- Portfolio acknowledged by partners

Partnerships with "blue chip" oil companies

- Partnerships with more than 25 international quality partners including oil majors
- Unique opportunity to obtain further in-house knowledge

Business model and strategy



Development of existing licenses



Strategic focus

- Active involvement in the development and modelling of fields

Acquisition of new licenses

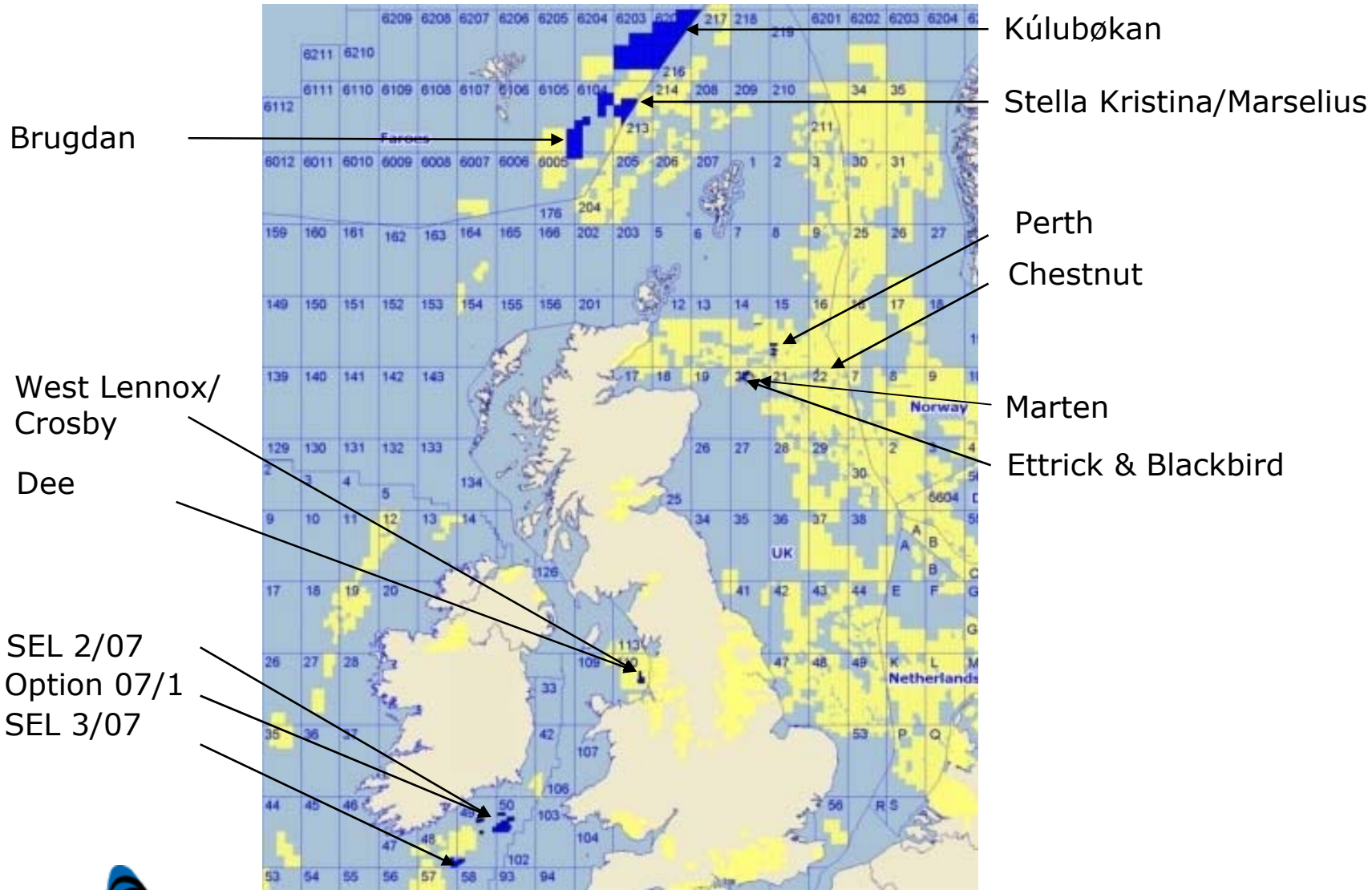
- Identifying new licenses
- Assessing the viability of the possible investments
- Securing place in partnerships at fair prices

Strategic focus

- Small 'niche' fields outside the focus area of oil majors
- Primarily fields in advanced development stages and with short time-to-cash
- Participation in license rounds primarily in areas where specific advantages exist (eg. the Faroese Continental Shelf)
- Ideal ownership stake of 10-15%



Licence overview



Licence overview

Licence	Region	Field/Prospect	Operator	P50 Mmboe*	AP Ownership	Exploration	Appraisal	Development	Production	Bbl/day
●	UK	Chestnut Field	Venture	1.5	15.00%					1,665
●	UK	Ettrick Field	Nexen	2.5	8.27%				Exp. 2009	1,700
●	UK	Blackbird Discovery	Nexen	1.1	8.27%			Approval pending	Exp. 2010	900
●	UK	Perth Field	Nexen	1.0	3.75%			Approval pending	Exp. 2010	
●	UK	Marten Field	Nexen	1.1	17.50%			Approval pending		
●	IR	Hook Head Field	Providence	-	13.04%					
●	IR	Helvick Field	Providence	0.3	13.04%					
●	UK	West Lennox Appraisal	CMI	-	25.00%					
●	UK	North East Perth Appraisal	Nexen	0.1	3.75%					
●	UK	Dolphin Appraisal	Nexen	0.3	3.75%					
●	UK	Gamma Central Appraisal	Nexen	0.4	3.75%					
●	UK	Bright Appraisal	Nexen	0.5	8.27%					
●	UK	Sigma Terraces Appraisal	Nexen	-	3.75%					
●	IR	Ardmore Field	Providence	0.3	13.04%					
●	IR	Dunmore Appraisal	Providence	-	13.04%					
●	IR	SW Helvick	Providence	-	13.04%					
●	UK	North Perth Prospect	Nexen	0.2	3.75%					
●	UK	East Perth Prospect	Nexen	0.1	3.75%					
●	UK	Crosby Prospect	CMI	1.6	25.00%					
●	IR	NW Helvick	Providence	-	13.04%					
●	IR	NE Helvick	Providence	-	13.04%					
●	IR	W Helvick	Providence	-	13.04%					
●	IR	Blackrock Prospect	Providence	0.1	13.04%					
●	IR	Rushane Lead	Providence	-	13.04%					
●	IR	Hook Head South	Providence	-	13.04%					
●	IR	Hook Head South Far East	Providence	-	13.04%					
●	FO	Stella Kristina Lead	Geysir	-	40.00%					
●	FO	Marselius Lead	Geysir	-	40.00%					
●	FO	Brugdan Deep	Statoil	-	0.03%					

* Independent Petroleum Reserves & Resources report (Fugro Robertson Limited)

Note: Blackbird production is an estimate as development has not yet been approved

Licence number		
● P354	● P1047	● 013
● P273 & P317	● P99	● 014
● P218 & P588	● SEL 3/07	● 006
● SEL 2/07	● LO 7/01	



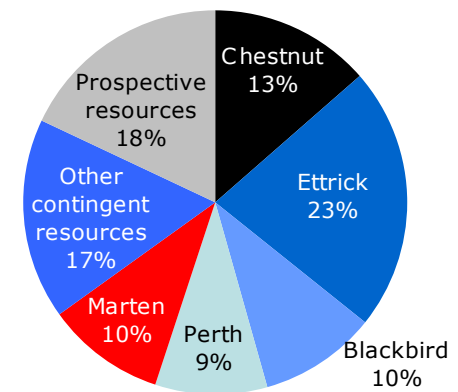
Reserves and resources

- Proven reserves → Upgrade of Chestnut proven reserves due to South Chestnut and downgrade of Ettrick proven reserves
- Contingent resources → net addition due to Blackbird discovery
- Prospective resources → downgrade due to South Chestnut, Blackbird and the relinquishment of Anglesey
- Hook Head discovery not included in reserves
- Faroese licences L006, L013, L014 and newly awarded L016 not included in the reserves

Status of reserves and resources in 2008

(MMboe)	Proven reserves	Contingent resources	Prospective resources
Start of 2008	5.1	4.0	4.7
Production	-0.16	-	-
Net additions and revisions	-0.94	1.1	-2.7
End of 2008	4.0	5.1	2.0

Split of reserves and resources



Fields with near term cash flow generation

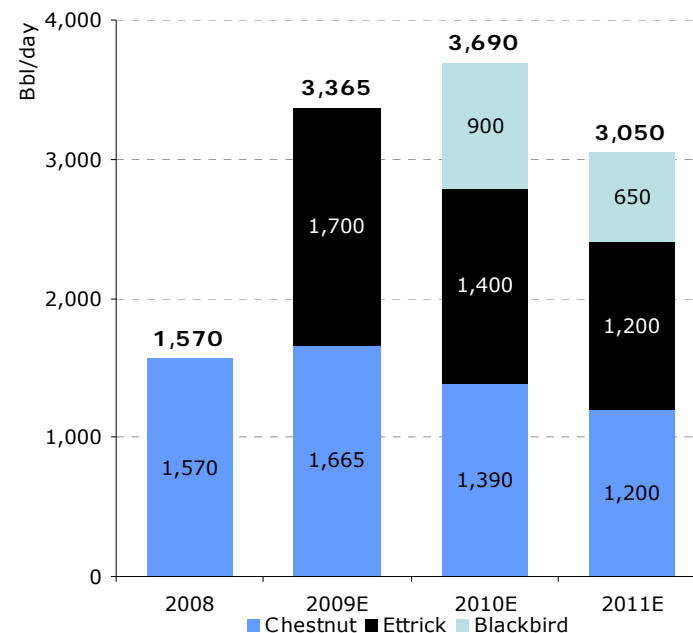
	Chestnut	Ettrick	Blackbird	Perth
Discovery	1986	1981	2008	1992
<i>Entry date by Atlantic Petroleum</i>	<i>2003</i>	<i>2003</i>	<i>2003</i>	<i>2003</i>
Atlantic Petroleum equity	15.00%	8.27%	8.27%	3.75%
Activity status	Production	Development	Appraisal	Appraisal
Reserves	1.5 MMboe	2.5 MMboe	1.1 MMboe	1.0 MMboe
Production start	2008	With in the next months	Expected 2010	Expected 2011
Net production per day	1,665 bbl	1,700 bbl	900 bbl	<i>n.a.</i>

- In addition, the following licenses and fields provide significant upsides to the reserves and production potential of Atlantic Petroleum:
 - The Faroese licenses
 - The North and East Perth Prospects

Production profile

- The Chestnut field came on stream 20 September 2008, with Chestnut South to follow shortly
 - Net production in Q4 2008 totalled 160 thousand barrels to Atlantic Petroleum
 - Average daily production was 1,570 barrels
 - Net total barrels sold from Chestnut in 2008 was 129 thousand barrels at an average price of USD 54.9 per barrel
- Ettrick anticipated to come on stream within the next few months
- The Blackbird and Perth fields will most likely come on stream in 2010 and 2011 respectively

Short term production profile



Note: The daily production volumes are average volume for the actual production period

Expected operational news flow in 2009

- Strong operational news flow expected in 2009 with, among other things, additional production coming on-stream
 - South Chestnut in Q1 2009
 - Ettrick and Jarvis within the next few months
- Further development of Blackbird and Perth
- Evaluate satellites around the Chestnut and Ettrick fields
- Drilling of exploration well on the Crosby prospect
- Potential adjustment of selected near-term exploration and appraisal activities to accommodate the current economic environment
 - It is, however, expected that obtaining new licences will not be a problem in the future, and the overall activities will therefore not be affected by this
- Additionally, news flow related to acquisitions/farm-ins is anticipated

Financials 2008

Key financials 2008 (MM DKK)

Profit / loss	Q4 2007	Q4 2008	2007	2008
Revenue	0	43.3	0	43.3
Gross profit	0	16.4	0	16.4
Operating profit	-6.1	8.3	-50.3	-5.6
Financials, net	-19.5	-118.6	-25.8	-139.8
Profit/loss before tax	-25.6	-110.3	-76.1	-145.4
Net profit/loss	-25.6	-54.5	-76.1	-89.7

Balance sheet	2007	2008
Total assets	410.9	642.9
Equity	227.2	166.8
Net interest bearing debt	68.7	357.4

Cash flow statement	2007	2008
Cash flow from operating activities	-12.5	-6.3
Cash flow from investing activities	-219.4	-278.5
Cash flow from financing activities	63.7	284.8

Financial highlights 2008

- Revenue DKK 43.3MM (DKK 0MM)
 - Production commenced in September, but was not treated as revenue until 4Q. In total 129 thousand barrels of oil was sold at oil prices between USD 35-85 per barrel corresponding to an average oil price of USD 54.9 per barrel
- Gross profit DKK 16.4MM (DKK 0MM)
 - Cost of sales of amounted to DKK 26.8MM and is primarily related to the operation of the Hummingbird FPSO on the Chestnut field, depreciations of the Chestnut field and sales costs for the oil sale
- Operating profit DKK -5.6MM (DKK -50.3MM)
 - Administration costs have increased slightly because of the establishment of office in the UK. On the other hand pre license costs have decreased due to lower farm-in activities than in 2007
- Profit after taxation DKK -89.7MM (DKK -76.1MM)
 - Profit largely affected by unrealised inter-group foreign exchange losses of DKK 142.1MM, which have no cash effect. The foreign exchange loss relates to a year-end exchange rate adjustment of an inter-group loan to a UK subsidiary. The foreign exchange rate risk on inter-group loans is not hedged as these do not have cash flow effects
- Capex DKK 278.5MM (DKK 219.4MM)
 - Increase is primarily due to investments in a total of four exploration/appraisal wells and the development of the Chestnut and Ettrick fields

Debt situation in 2008 and 2009

- Net debt at year-end 2008 was DKK 357.4MM (DKK 68.7MM)
 - Primarily used for financing exploration, appraisal and development investments
- The increase in net debt is due to draw down of bridge loan facilities
- Currently in the process of refinancing bridge loan with senior debt, according to plan
 - Financial advisor has been appointed and negotiations are underway
 - Announcement of refinancing expected shortly

- Significant positive cash flow from production expected with an estimated total production in the range of 800 to 900 thousand barrels for the year
 - Average operating expenditures of around USD 15-21 per barrel expected
- Expected operating profit of around DKK 20-25MM before deduction of unsuccessful exploration costs (based on an realized oil price of USD 45 per barrel and DKK/USD of 5.8)
 - Operating result expected to increase to DKK 45-50MM if average realized oil price increases to USD 50 per barrel
- Expected investments in field development of DKK 70MM
 - Exploration and appraisal costs expected at DKK 20MM