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## Atlantic Petroleum Acquires UK Development Assets

Newsletter. P/F Atlantic Petroleum (OMX - FO-ATLA) (Atlantic) is pleased to announce that it, through its fully owned subsidiary Volantis Exploration Limited, has entered into a definitive agreement to acquire a 25% non-operated working interest from Iona Energy Company (UK) Limited (Iona) in the Orlando and Kells fields. Atlantic Petroleum has agreed to pay Iona a USD\$3.4 million deposit immediately and a base payment of USD\$30.6 million upon closing. Consequent to completion of the transaction, Atlantic has informed Iona that Atlantic will commit to pro-rata funding of the Orlando and Kells developments commensurate with its 25% working interest and will provide the necessary financial assurances to the U.K.s Department of Energy and Climate Change (DECC) enabling the Joint Venture partners to obtain final Field Development Plan (FDP) approvals. In addition to the payments outlined above, pursuant to the agreement, Atlantic has committed to pay - USD\$1.25 million upon Kells FDP approval; Staged payments commencing six months after first production from Orlando of USD\$1.8 million, USD\$1.8 million, USD\$1.8 million, USD\$0.925million, and USD\$0.925 million made every six months thereafter respectively; and a proportionate share of royalties payable to the previous owner of the Kells field, Fairfield Energy. Completion of this transaction is subject to DECC approval, expected before the end of January, 2013. Atlantic Petroleum will fund the acquisition and capital expenditure required to bring first production from Orlando from cash reserves and its existing production base. The acquisition has no impact on the published guidance numbers for 2012. Iona commissioned Gaffney Cline and Associates Ltd. (GCA) to undertake independent reserve estimates of Orlando and Kells. Effective as of September 30, 2012 GCA reported Orlando's 100% gross proved reserves

(1P) of 7.83 million barrels of oil (MMbbls), gross proved plus probable (2P) reserves of 15.37 MMbbls, and gross proved plus probable plus possible ("3P") reserves of 21.56 MMbbls. Effective as of March 31, 2012, GCA reported Kells 100% gross 1P reserves of 3.4 million barrels of oil equivalent ("MMboe"), 2P reserves of 8.9 MMboe, and 3P reserves of 10.7 MMboe. Orlando and Kells will be developed as subsea tie backs to the Ninian Central platform. Orlando first oil is expected in the second half of 2014, and after Kells is sanctioned in 2013 first oil is expected in late 2015. Commenting on the acquisition Ben Arabo, CEO of Atlantic Petroleum, said - This is a major step for Atlantic Petroleum to increase the Companys short to mid- term oil production. We look forward to working with Iona to complete the transaction and secure the approval of the Field development plans in 2013. The acquisition significantly increases Atlantic Petroleums reserves and the companys oil production when the fields come on-stream. 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.petroleum.fo](http://www.petroleum.fo).