

27 January 2014

Faroe Petroleum plc (“Faroe”, “Faroe Petroleum”, the “Company”)

### Result of the Novus well in the Norwegian Sea

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in the Atlantic margin, the UK and Norway, announces the results of the Novus exploration well (Faroe 30%).

#### Highlights:

- The Faroe-operated Novus exploration well 6507/10-2S in the Norwegian Sea is an oil and gas discovery
- The preliminary volumetric gross estimate of the size of the discovery is 6 - 15 million barrels of oil equivalent (“mboe”) recoverable, net to Faroe 1.8 – 4.5 mboe
- Due to the presence of a large gas cap in the reservoir, Novus is unlikely to be of commercial size on its own; nearby de-risked prospects and leads offer potential for a future commercial combination
- The well encountered a 12 metre net gas column and a 12.5 metre net oil column in a high quality, thicker than expected Garn formation
- The well confirmed the play model, with excellent quality reservoirs in the area, and that 3D seismic anomalies are diagnostic as a direct hydrocarbon indicator in these types of reservoirs
- The well result will be used to refine the geological model and de-risk additional prospects and leads on the licence for potential future drilling
- Well cost significantly mitigated through August 2013 farm down from 50% to 30%, on a cost carried basis, together with the Norwegian tax rebate

Operated successfully by Faroe, the exploration well 6507/10-2S, which spudded on 11 November 2013, was targeting the Jurassic reservoirs of the Garn, Ile, and Tilje formations on the Novus prospect. Strong AVO (amplitude versus offset) and 3D seismic amplitude anomalies at the target level were observed and analogous to discoveries in nearby fields.

The main well bore targeting the Novus West horst block encountered a 12 metre net gas column and a 12.5 metre net oil column in a high quality, thicker than expected Garn formation. The Ile and Tilje formations were encountered in line with expectations but were found to be water wet. Extensive data gathering has been undertaken including pressure and fluid samples from the main reservoir zones, and the preliminary volumetric estimate of the size of the discovery is between 6 and 15 mboe recoverable gross, net to Faroe 1.8 to 4.5 mboe.

The well has confirmed the play model, with excellent quality reservoirs in the area, and that 3D seismic anomalies are diagnostic as a direct hydrocarbon indicator in these types of reservoirs. The Novus well results will now be integrated into the exploration model for this area and used to refine the analysis and de-risk the remaining prospects and leads in the licence.



The Novus prospect is located some nine kilometres to the south of the Statoil-operated, producing Heidrun oil field in the prolific Halten Terrace hydrocarbon province of the Norwegian Sea. This is an area in which Faroe has built a strong position over several years, and has had considerable exploration success, including the significant Maria, Fogelberg and Rodriguez discoveries.

The drilling operations were undertaken by Faroe as operator using the West Navigator drillship and the well, which was drilled to a total vertical depth of 2,957 metres, will now be plugged and abandoned.

In order to manage the cost exposure associated with the well, Faroe farmed down its interest in the Novus licence from 50% to 30%, as announced in August 2013, on a cost carried basis, thereby, in combination with the Norwegian tax rebate, reducing Faroe's costs significantly. The other partners in this licence are Centrica Resources Norge AS, Skagen 44 AS, Spike Exploration Holdings AS and Concedo AS.

**Graham Stewart, Chief Executive of Faroe Petroleum, commented:**

“We are pleased to announce a small discovery of oil in the Novus prospect and the de-risking of the identified structures and prospects which remain in the licence, through the successfully calibrated seismic data. The well confirms the robustness of our geophysical model and the team's ability, and there is real potential for Novus to have future commercial value in combination with a discovery from one of the identified and de-risked prospects and leads in the immediate vicinity.

“Elsewhere in Norway, the exploration campaign continues, following the significant Snilehorn discovery announced in November 2013, with the current drilling of the Butch East well (Faroe 15%), located close to the producing Ula, Tambar and Gyda oil fields. Also drilling currently is the Pil exploration well which is in close proximity to the Njord hub facilities. We look forward to the commencement of drilling on the Solberg (Faroe 20%) and Butch South West (Faroe 15%) prospects, both in Norway in the near future.”

- Ends -

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Jan-Tore Paulsen, Exploration Manager Norway of Faroe Petroleum and a Geophysicist (MSc. in Geophysics from University of Bergen), who has been involved in the energy industry for 15 years, has read and approved the technical disclosure in this regulatory announcement

#### **Notes to Editors**

The Company has, through successive licence applications and acquisitions, built a substantial, diversified portfolio of exploration, appraisal, development and production assets across the Atlantic margin, the UK and Norwegian North Sea, Norwegian Sea, Barents Sea and offshore Iceland. Faroe Petroleum benefits from a good reputation and has extensive experience working with major and independent oil companies, all relevant authorities and its joint venture partners, which include BP, Centrica, DONG, E.ON Ruhrgas, GDF, OMV, Repsol, RWE Dea, Statoil and Wintershall.

The Company's licence portfolio provides considerable spread of risk and reward, encompassing some 70 licences. Faroe has a very active drilling programme ahead and it currently has interests in four principal producing oil and gas fields in the UK and Norway, including interests in the Blane oil field in the UK, and interests in the producing Njord, Brage and Ringhorne East fields in Norway, which collectively produced on average 7,200 boepd (economic production) in 2012. Full year production for 2013 is estimated to be between 5,500 boepd and 6,500 boepd, accounting for the temporary shut in of the Njord facilities.

In January 2013 Faroe announced a significant discovery in the Rodriguez/Solberg prospect located on the Halten Terrace, in the Norwegian Sea. The discovery was made in the Lower Cretaceous, and led to the decision to fast-track drilling of the forthcoming Solberg appraisal well. In November 2013 Faroe announced the Snilehorn oil discovery, with resource potential stated as between 57 and 101 mboe gross, in the Norwegian Sea in close proximity to the Hyme and Njord fields.

Norway operates a tax efficient system which incentivises exploration, through reimbursement of 78% of costs in the subsequent year. Faroe has in place a revolving credit facility with a group of banks to fund the majority of the 78% reimbursement on a cash flow basis, which provides excellent capital efficiency to the Company.

Faroe Petroleum is quoted on the AIM Market of London Stock Exchange plc with offices in Aberdeen, Stavanger, London and Torshavn. The Company is funded from cash reserves and cash flow, and has access to an undrawn \$250m borrowing base facility, with a fully funded drilling programme through 2014. Faroe has highly experienced technical teams who are leaders in the areas of seismic and geological interpretation, reservoir engineering and field development, focused on creating exceptional value for its shareholders.