

24 August 2011

**Faroe Petroleum plc (“Faroe” or the “Company”)**

**Fulla Oil Discovery, West of Shetlands**

Faroe Petroleum plc, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in the Atlantic Margin, the North Sea and Norway, is pleased to announce an oil discovery in its first operated exploration well on the Fulla prospect in the west of Shetland (Faroe Petroleum 50% and operator).

Highlights

- ▶ The 206/5a-3 exploration well discovers oil in the Fulla prospect
- ▶ The well penetrated a gross oil column in the well of 133 feet and a net oil column of 45 ft. Reservoir quality is better than expected.
- ▶ The oil has been sampled and details of the oil quality will be confirmed by further analysis conducted in the onshore laboratory.
- ▶ Faroe’s first operated exploration well has been successfully drilled in accordance with UK’s HSE guidelines.

Well 206/5a-3 on the Fulla prospect was spudded on 6<sup>th</sup> July 2011 and was drilled to a total depth of 7,711 feet total vertical depth sub-sea (TVDS) in 407 feet water depth. This Atlantic Margin well, located 31 kilometres to the north east of the BP-operated Clair field platform, was targeting potentially oil-bearing Clair and Whiting reservoir sands with the primary objectives of confirming hydrocarbons within the structure and, if present, running a comprehensive suite of wireline logs and obtaining representative oil samples.

The targeted reservoirs were encountered close to prognosis. The well drilled through a gross oil column of 133 feet and a net oil column of 45 ft. The average porosity in the net interval has been estimated at 23%. Oil samples were successfully recovered to allow detailed fluid analysis to be conducted in the onshore laboratory. Detailed data analysis will now commence on interpreting the results of this well, and subsequently, we will work to identify development options that include the Freya discovery made in 1980, which is located immediately to the south in the adjoining Block 206/10a (Faroe 50% and operator).

The Awilco-owned WilPhoenix semi-submersible drilling rig, which was used for the drilling operation, is now actively engaged in operations to plug and abandon the well as planned, and is expected to move away from the location in the coming days.

In December 2010 Faroe farmed out a 50% interest in this licence to Canadian Overseas Petroleum Limited on promoted terms.

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

“We are very pleased with the positive outcome of this frontier West of Shetlands exploration well. To announce a discovery in our first operated well is a significant achievement for Faroe Petroleum and is a



realisation of the team's vision and ability. Further work will be conducted in the coming weeks to gain a deeper understanding of the structure and its contents. With better than expected reservoir quality and good indications of mobile oil, we believe there is potential for a commercial field development, most likely in combination with our nearby Freya discovery.

Faroe Petroleum applied for and won this licence, which also contains the Freya discovery to the south, in the 22nd UK Licensing Round in 2005, and has worked continuously to de-risk this opportunity. This important new Fulla discovery is a great testament to the diligence and skill of our technical team.

We look forward to three further exploration wells to be drilled in Norway this year. The Butch well with Centrica as operator is currently drilling, and we have two further wells, T-Rex and Kalvklumpen planned to commence in the coming months. ”

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Andrew Roberts, Exploration Manager of Faroe Petroleum and a Geophysicist (BSc. Joint Honours in Physics and Chemistry from Manchester University), who has been involved in the energy industry for more than 25 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 portfolio of exploration, appraisal, development and production assets across the Atlantic Margin, the UK and Norwegian North Sea and the Norwegian Sea. Faroe Petroleum has extensive experience working with major oil companies and its joint venture partners include BP, Chevron, DONG, ENI, E.ON Ruhrgas, GDF, OMV, RWE Dea, Statoil and Wintershall.

The Company's licence portfolio provides considerable spread of risk and reward, encompassing over 40 licences located in the West of Shetlands, offshore the Faroe Islands, the UK North Sea and Norway. In addition Faroe Petroleum currently has interests in six producing oil and gas fields in the UK and Norway, including the recently completed acquisition of an 18% equity interest in the Blane oil field in the UK. Faroe Petroleum announced in April 2011 the swap of its 30% interest in the Maria discovery in Norway for



interests in the producing Njord, Brage and Ringhorne East fields in Norway, in a transaction with state-owned Petoro.

The Company has delivered considerable exploration success in the past two years with five significant discoveries spanning the West of Shetlands and Norway.

Faroe Petroleum is quoted on the AIM Market of London Stock Exchange plc with offices in Aberdeen, Stavanger and Torshavn. The Company is well financed with a fully funded drilling programme extending into 2013 and has highly experienced technical teams at the leading edge of seismic and geological interpretation, reservoir engineering and field development, focused on creating exceptional value for its shareholders.



### Location Map of Fulla Well

