

27 June 2013

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

Operational Update

Faroe Petroleum, the independent oil and gas company focussing principally on exploration, appraisal and production opportunities in the Atlantic margin, the North Sea and Norway, is pleased to provide an operational update. The Company has a material and active investment programme ahead, which is fully funded from existing cash flow, cash reserves and debt facilities.

Highlights

Exploration - high impact, near term, six well exploration drilling programme commencing in H2 2013:

- Snilehorn (Faroe 7.5%)
- Novus (Faroe 50% and operator)
- Butch East and Butch South West (Faroe 15%)
- Solberg (Faroe 30%)
- Pil (Faroe 25%)

Production and development – strong and stable

- Total average economic production for the year to 31 May 2013 was approximately 8,100* boepd
- Faroe to acquire further equity in Brage Sognefjord
- Development of Orca gas field underway (Faroe 3.24%)
- Infill wells on Schooner (Faroe 6.9%), Brage (Faroe 14.26%) and Njord (Faroe 7.5%)

**includes East Foinaven, the acquisition of which is expected to complete in Q3-13*

Exploration Programme Updates

Snilehorn (Faroe 7.5%) - this is a satellite to the Statoil-operated Njord field in the Norwegian Sea and, using the Songa Trym drilling rig, the well will target oil and gas in the Lower Jurassic Tilje and Åre formations similar to those in the Njord reservoirs. This well and side-track, to be operated by Statoil AS, is located four kilometres from the Njord producing field in the Norwegian Sea and, if successful, the plan is to fast-track a development by tying Snilehorn in to the successful Hyme oil field development (Faroe 7.5% and brought on stream earlier this year), with potential first oil in 2015/16.

Novus (Faroe 50% and operator) - this Norwegian Sea well to be operated by Faroe will utilise the West Navigator drillship. The well is located in the prolific Halten Terrace hydrocarbon province of the Norwegian Sea, some 10 kilometres south west of the Statoil-operated Heidrun oil field. The main targets for the well are the Jurassic reservoirs of the Garn, Ile, and Tilje formations.

Butch East and Butch South West (Faroe 15%) - these are Norwegian North Sea follow-up wells to the significant Butch oil discovery (announced in October 2011) and which opened a new oil play, to be drilled back to back using the Maersk Giant drilling rig. The wells, to be operated by Centrica Norge AS, are located close to significant existing infrastructure with the producing fields Ula, Tambar and Gyda, approximately seven kilometres to the west, 10 kilometres to the south west and 20 kilometres to the south respectively.



Solberg (Faroe 30%) - this is a Norwegian Sea well located on the Halten Terrace using the Borgland Dolphin drilling rig to appraise the Cretaceous Solberg discovery announced in January this year. The well, to be operated by Wintershall, will appraise the lateral extent and size of the Lower Cretaceous Rodriguez discovery where moveable hydrocarbons were discovered in sandstone layers in the Lange formation. Wintershall's preliminary volumetric estimates of the size of the discovery remain unchanged from the press release issued in January.

Pil (Faroe 25%) - this Norwegian Sea well located on the Halten Terrace will test an upper Jurassic prospect south of the Njord and Draugen fields using the Trancocean Arctic drilling rig. The well, to be operated by VNG, will target a combined structural and stratigraphic closure and the primary target is at the shallower upper Jurassic Rogn formation sandstone which has proved to be an effective reservoir in the producing Draugen field located 60 kilometres to the north east. The Pil prospect is located within tie-back distance (33 kilometres) to the producing Njord field in which the Company holds a 7.5% interest.

Caramello licence (Faroe 40%) and Lola licence (Faroe 50%) - the Company is operating two 3D seismic surveys back to back on these exploration licences. The surveys commenced in early June and are scheduled to be completed by the beginning of September covering 1,692 square kilometres in total.

Production and Development Updates

Njord Field (Faroe 7.5%) - a new infill drilling campaign has started on this field after a break in drilling to allow for various upgrades and maintenance on the field. Drilling operations are currently ongoing on the A-20 multi-lateral well which should contribute new production from the Central Area Ile and Tilje reservoirs.

Brage Field (Faroe 14.26%) - the parties have agreed to harmonise interests across both the Brage Unit and the Brage Sognefjord formation (Faroe 13.4%). Agreement has been reached for Faroe to acquire an additional 0.85% equity in Brage Sognefjord, representing an additional 0.14 mmboc of 2P reserves, effective 1 January 2013 for an amount equivalent to approximately \$13/boe as adjusted for tax balances assigned. Drilling operations are ongoing on the A-23C long reach well which should contribute new production from the Sognefjord reservoir in the northern part of the field.

Hyme field (Faroe 7.5%) - this field, which is a satellite to Njord, was brought on stream in February 2013 and is producing oil at stable rates in accordance with expectations. Work is ongoing to commence water injection in the field which should enhance field performance in the coming months.

Schooner Field (Faroe 6.9%) - drilling has commenced on the in-fill well 44/26a-SAM on this UK gas field. This infill opportunity was identified following re-interpretation of the subsurface data and analysis of production performance and it is expected that the new well will be brought on production in the final quarter of 2013.

Orca Field (Faroe 3.24%) - development operations continue on this field which is expected to produce first gas in 2014. The normally unattended minimum facilities installation has been fabricated and is scheduled to be installed during the summer months after which development well drilling will commence.

Graham Stewart, Chief Executive, Faroe Petroleum said:

"We are pleased to provide an update on current operations and look forward to the start of our multi-well drilling programme in the second half of the year. Production in the year to date of 8,100 boepd is in line



with expectations and continues to generate significant cash flow, funding our exploration programme. This, together with our existing cash balances, considerable UK tax loss carried forward position and a substantially undrawn debt facility, underpins the strength of the business.

“We look forward to one of our most exciting periods ahead with a large number of high impact exploration and appraisal wells planned, and the potential to generate considerable shareholder value.”

- Ends -

For further information please contact:

Faroe Petroleum plc
Graham Stewart, CEO

Tel: +44 1224 650 920

Panmure Gordon (UK) Limited
Callum Stewart/Adam James

Tel: +44 20 7886 2500

Oriel Securities Limited
Michael Shaw/Ashton Clanfield

Tel: +44 20 7710 7600

FTI Consulting
Edward Westropp/ Georgia Mann

Tel: +44 20 7831 3113



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 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 has extensive experience working with major and independent oil companies and its joint venture partners 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 60 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.

Faroe announced in January 2013 a significant discovery in the Rodriguez prospect located on the Halten Terrace, in the Norwegian Sea. The discovery was made in the Lower Cretaceous.

Norway operates a tax efficient system which encourages exploration, through reimbursement of 78% of costs in the subsequent year.

Faroe Petroleum is quoted on the AIM Market of London Stock Exchange plc with offices in Aberdeen, Stavanger, London and Torshavn. The Company is well financed from a strong cash reserve, excellent cash flow and largely undrawn \$250m borrowing base facility, with a fully funded drilling programme in 2013 and beyond. 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.