

21 November 2013

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

**Njord 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 provides an update on the status of the Njord production facility (Faroe 7.5%).

As previously announced on 26 September 2013, the Njord operator Statoil has been carrying out a detailed analysis of the platform’s structural integrity. The preliminary results from this numerical analysis led to the temporary shut down of both production and drilling to allow for the deck structure to be reinforced. The work on this project has commenced and the operator’s expectation is that this will be completed in Q2 2014, and the Njord facility will then be brought back on production.

Significant oil and gas resources remain in the Njord field and surrounding catchment area with potential for over 20 years of remaining production. These resources include the developed volumes which can be produced from the existing wells on Njord and Hyme, further infill drilling in the Njord field, development of the North West Flank gas and condensate accumulations and development of the newly announced Snilehorn oil discovery. There is also significant additional prospectivity that may be matured towards exploration drilling in the coming years along with undeveloped third party discoveries in the catchment area.

On this basis, the Njord partnership is evaluating a number of scenarios for the long term further development of Njord and the accumulations in the surrounding area, which range from:

- continuing production with the Njord A facility following the current deck reinforcement project and identifying alternative means of continuing development drilling on Njord
- bringing the Njord A facility to shore at an optimal time for further strengthening of the structure or replacing the hull
- potentially building a new Njord A platform or FPSO

The objective of this ongoing scenario evaluation work is to identify a robust plan for the long term development of the hydrocarbon resources in the Njord area in order to create maximum value and reserves exploitation. This scenario evaluation work is expected to reach its conclusion towards the end of 2014.

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

“Given the very significant remaining value potential in Njord and the surrounding area, we continue to work closely with the operator in order to identify the best long term plans for Njord. We also support Statoil in their efforts to ensure the Njord facility remains a safe work place for everyone involved. Conducting our operations in a safe manner is of paramount importance and remains the first priority in everything we do.



“While we await finalisation of the Njord structural integrity review and scenario analysis, we look forward to one of our most exciting periods ahead. Faroe has a significant programme of fully-funded high impact exploration and appraisal wells under way, with the Faroe-operated Novus well currently drilling and the Butch, Solberg and Pil wells soon to commence.”

- Ends -

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Bjørn Berntsen, Asset Manager Norway of Faroe Petroleum and a Petroleum Engineer (MSc. in Petroleum Engineering from University of Trondheim), who has been involved in the energy industry for 22 years, has read and approved the technical disclosure in this regulatory announcement

### **Notes to Editors**

The Njord oil and gas field is located about 30 kilometres west of Draugen in the Norwegian Sea. The water depth in the area is approximately 330 metres. The Njord field (Faroe 7.5%) has been developed with a semi-submersible drilling, accommodation and production facility, Njord A, and a storage vessel, Njord B. The Njord A facility is located over subsea completed wells connected through flexible risers. Njord came on stream in 1997. In 2005, the Field Development Plan for the Njord gas export project was approved with gas export starting in 2007. The Hyme oil field has been developed as a subsea satellite to Njord. The field came on stream in March this year.

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, and led to the decision to fast-track drilling of the forthcoming Solberg (Faroe 20%) well.

In November Faroe 2013 announced the Snilehorn oil discovery (Faroe 7.5%) in the Norwegian Sea in close proximity to the Hyme (Faroe 7.5%) and Njord (Faroe 7.5%) fields.

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 cash reserves, cash flow and a largely undrawn borrowing base debt facility, with a fully funded drilling programme in through 2014. Faroe has teams of highly experienced technical professionals who are leaders in the areas of seismic and geological interpretation, reservoir engineering and field development, focused on creating exceptional value for its shareholders.