

30 December 2013

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

Butch East exploration well commences in the Norwegian North Sea

Faroe Petroleum, 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 the spudding of the Centrica operated Butch East exploration well 8/10-5S (Faroe 15%), the first of two back-to-back-wells in Licence PL405/PL405B.

Butch East, which is adjacent to the Company’s 2011 Butch discovery, is situated in approximately 65 metres water depth in the Norwegian North Sea, close to significant existing infrastructure with the giant Ula field approximately seven kilometres to the north-west, Tambar approximately 10 kilometres to the south-west and Gyda approximately 20 kilometres to the south.

The Centrica operated Butch Main discovery (Faroe 15%) was made in late 2011 and contains a significant presence of light crude oil in the Upper Jurassic reservoir of the Ula formation. Since the main Butch discovery was made, licence operator Centrica Energy Norway has acquired new high quality seismic data, which has been applied in the planning of two further exploration wells on the untested eastern and south-western sides of the large central Butch salt structure.

The operator is currently working on a development plan for the Butch Main discovery, in parallel with drilling the Butch East and Butch South West wells.

The Butch licence drilling operations are operated by Centrica (40%) using the Maersk Giant jack-up drilling rig, together with the other joint venture partners Suncor Norge AS 30% and Tullow Oil Norge AS 15%.

Graham Stewart, Chief Executive of Faroe Petroleum commented:

“We are pleased to announce the spudding of the Butch East exploration well, which is the first of two back-to-back wells following on from the 2011 discovery on the Butch licence. If successful, Butch East offers the potential to substantially add to the value of the Butch field.

“Butch East is the third well to spud in our near-term six well exploration programme. This exciting exploration campaign commenced with the significant Snilehorn discovery announced last month, and continues with the Novus well, currently drilling, close to the producing Heidrun oil field. Following these wells, we also look forward to the drilling of the Solberg and Pil prospects, both in the Norwegian Sea.

“With material equity stakes held in a portfolio of excellent quality licences across the prolific North Sea, Norwegian Sea and Norwegian Barents Sea, Faroe Petroleum has the real potential to generate considerable shareholder value through our sustained programme of exploration and appraisal drilling.”

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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 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. Full year production for 2013 is estimated to be between 5,500 boepd and 6,500 boepd following the current production shut-in of the Njord facility.

In January 2013 Faroe announced 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 well. In November 2013 Faroe announced the Snilehorn oil discovery 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 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 substantially 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.



Faroe Petroleum

PL405 Butch

