

22 January 2014

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

**10 new exploration licences awarded in Norway**

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 that it has been awarded 10 new prospective exploration licences, including two operatorships, under the 2013 Norwegian APA (Awards in Pre-defined Areas) Licence Round on the Norwegian Continental Shelf. These 10 licences equate to the largest number awarded in this APA round, equal with Centrica and Statoil.

**Northern North Sea**

The Company has been awarded one licence in the northern North Sea. This licence offers exciting exploration opportunities in an area with established nearby production infrastructure in the Brage Field:

**Licence PL740 Brasse – Blocks 30/9 and 31/7:** Faroe (50% and operator) and Core Energy AS (“Core”) (50%). The Brasse Prospect in the Upper Jurassic Sognefjord formation is located south of the Brage field on the possible migration route into Brage. The prospect holds significant upside potential in stacked reservoirs in Upper and Middle Jurassic. The work programme will be focused on reducing risk by improving the existing 3D seismic dataset through re-processing.

**North Sea**

The Company has been awarded four licences in the North Sea, where the Company already holds a number of licences, including the Butch oil field, discovered in 2011:

**Licence PL731 Freya – Block 8/10:** Faroe (30%), Centrica Resources (Norge) AS (“Centrica”) (40% and operator) and Tullow Oil Norge AS (“Tullow”) (30%). This North Sea licence is located immediately east of the PL405 licence which contains the Butch Discovery (Faroe Petroleum 15%). This licence extension contains the Upper Jurassic Freya Prospect, which extends into the PL666 Percy licence and which is held by the same licence group. The work commitment is to perform and complete technical studies already initiated in the PL668 Etta licence.

**Licence PL729 Katie – Block 2/1:** Faroe (30%), Centrica (40% and operator) and Tullow (30%). The Katie Prospect is an Ula sandstone prospect that extends over the PL668 Etta licence and into the new awarded acreage in PL729. The partnership and work programme are aligned with the PL668 licence, and a future well on the Katie Prospect has potential to be placed in either of the two licences.

**Licence PL670 B Betula extension – Block 7/11:** Faroe (25%), Tullow (30% and operator), Centrica (25%) and Concedo ASA (20%). The Betula Prospect is an exciting opportunity in a mature and prolific area in the vicinity of the Jurassic Ula oil field in the Central North Sea. This new licence covers the southern extent of the Betula Prospect. The work programme is aligned with the PL670 Betula licence, and has no additional work commitments.

**Licence PL733 Adonia – Blocks 9/5, 9/8 and 9/9:** Faroe (50% and operator) and Explora Petroleum AS (50%). Two Middle Jurassic leads have been identified on a salt ridge west of the Faroe Petroleum-operated PL620 Lola licence located in the Egersund basin. The licence contains Adonia, a down-thrown trap, and Stella, an up-thrown three-way closure. The work programme is to perform technical studies and consider carrying out a 3D seismic acquisition.



## Norwegian Sea

The Company has been awarded one new licence in a very exciting immature exploration area east of the giant Ormen Lange field in the North Sea.

**Licence PL749 Seychelles and Maldives– Blocks 6306/4 and 6306/5:** Faroe (20%), Centrica (40% and operator), VNG Norge AS (“VNG”) (20%) and Petoro AS (20%). The Seychelles and Maldives prospects are located on a structural nose on a down-faulted terrace from the Frøya High. Potential reservoirs are in the Upper and Middle Jurassic. The prospects have been defined based on limited seismic coverage with significant potential for de-risking using new seismic data. The work programme consists of 3D seismic acquisition to improve the understanding of the structural and sedimentological setting of the area.

## Norwegian Sea, Halten Terrace Area

The Company has been awarded four new licences in the prolific Halten Terrace hydrocarbon province of the Norwegian Sea. The main focus for all of these licences is the further exploration of the Cretaceous Lange Formation sandstones, as discovered in the Solberg/Rodriguez discovery, which Faroe announced in January 2013:

**Licence PL475 D Solberg South extension – Block 6407/1:** Faroe (30%), Wintershall Norge AS (“Wintershall”) (35% and operator), Centrica (20%) and Moeco Oil & Gas Norge AS (15%). This area represents part of the southern extension of the Solberg sandstone system and covers part of the potential down-dip extension of the Solberg accumulation, which was discovered in PL475 in early 2013, and which is the target of the Solberg appraisal well scheduled for drilling in Q1 2014. The work programme is aligned with the PL475 Solberg licence, with no additional work commitments.

**Licence PL590 B Solberg North extension – Block 6507/11:** Faroe (30%), North Energy ASA (30% and operator), Wintershall (30%) and Spike Exploration Holdings AS (10%). This area represents a northern extension of the Solberg sandstone system, which extends across PL590 and into the area of the new licence. The area covers part of the potential up dip part of the Solberg accumulation, discovered in PL475. The work programme is aligned with the PL590 Milagro licence, with no additional work commitments.

**Licence PL754 Aurora – Blocks 6407/2:** Faroe (30%), Rocksource ASA (40% and operator) and Centrica (30%). A Cretaceous Lange Formation anomaly has been mapped up dip of the southern extension of the Solberg sandstone system. This is a region where Faroe has a long history and experience through our continuing pursuit of Cretaceous sand systems on the Halten Terrace. The work programme will be focused on reducing risk by improving the existing 3D seismic data-set through re-processing.

**Licence PL753 Zircon – Blocks 6407/7 and 6407/8:** Faroe (30%), VNG (40% and operator) and Core (30%). This licence is located in close proximity to the Njord Field and the PL348 licence (Hyme Field and Snilehorn Discovery). An anomaly on 2D seismic in the Cretaceous Lange Formation similar to what has been observed in the Solberg Discovery (PL475) has been identified, covering a large area close to the Njord Field. The work programme consists of 3D seismic acquisition.

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

“We are delighted with these licence awards, which add considerable new potential to our forward drilling programme. Faroe has again been very successful in its licence application strategy, and this award is the



largest to date for the Company, and indeed in the entire APA round, alongside Statoil and Centrica. This demonstrates the strength of our reputation in Norway and further positions us as having one of the largest licence portfolios on the Norwegian Continental Shelf.

“Faroe Petroleum has built a strong and sustainable exploration company, with Norway at centre stage. Our significant Norwegian portfolio has a diversified mix of both near-field and frontier opportunities, from which we can high-grade the best prospects for drilling. The combined advantages of Norway’s progressive and highly successful fiscal incentivisation for exploration and our own cash generating production ensure we can continue to make Norway a key part of our value creating business strategy.”

- 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 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.

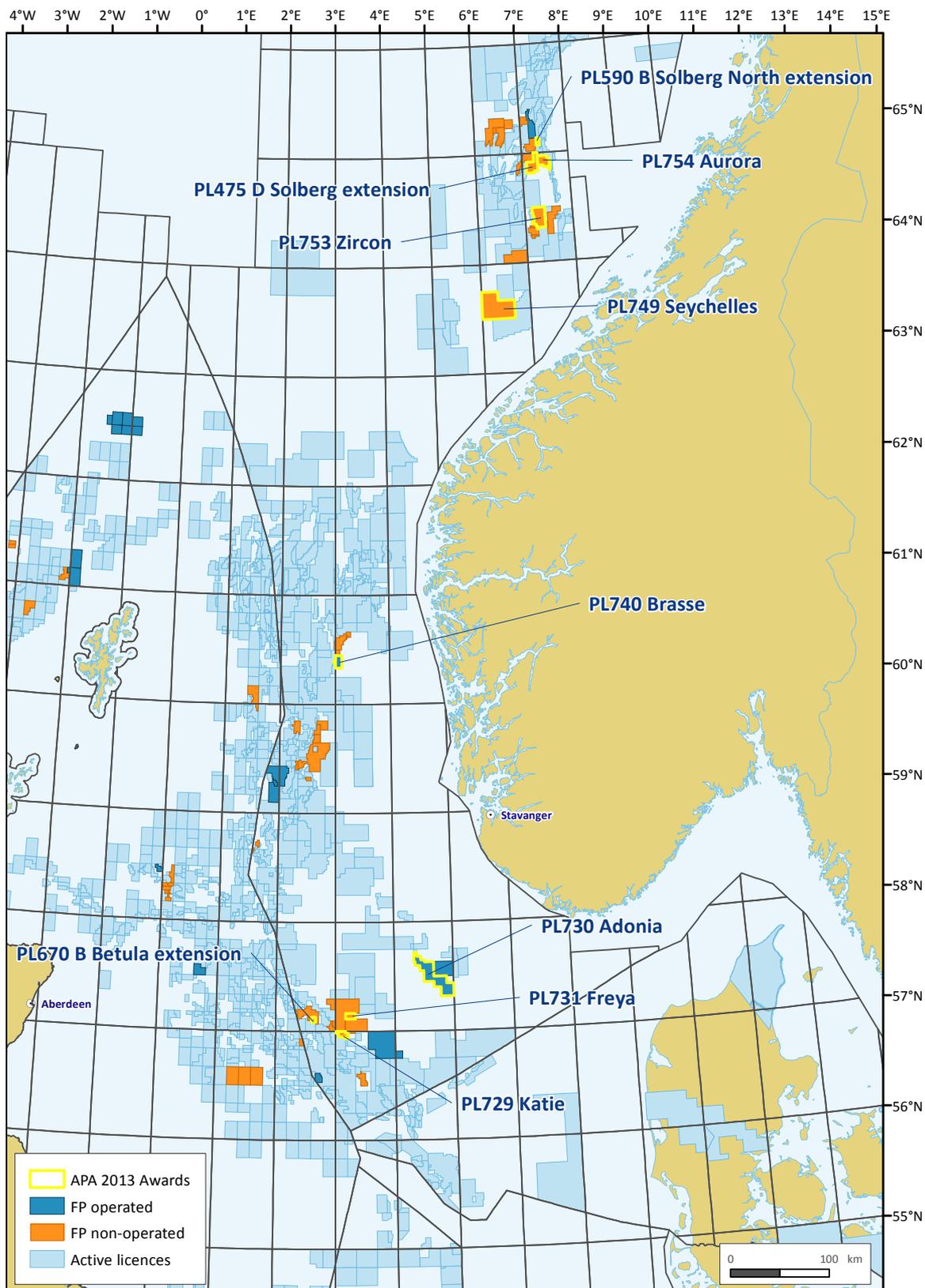
The Company’s licence portfolio provides considerable spread of risk and reward, encompassing some 70 licences. Faroe has a very active drilling programme ahead and it currently has interests in four principal producing oil and gas fields in the UK and Norway, including interests in the Blane oil field 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 mmboe 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.



Map Showing APA2013 Awards