

06 March 2014

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

**Oil and gas discovery at the Pil well in the Norwegian Sea**

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in Norway, the Atlantic margin and the North Sea, is pleased to announce an oil and gas discovery on the Pil exploration well in the Norwegian Sea (Faroe 25%).

**Highlights**

- A gross hydrocarbon-bearing reservoir section with approximately 135 metres of oil and 91 metres of gas has been penetrated
- Extensive coring, wireline logs and pressure data show oil and gas in reservoir sands with a very high net to gross ratio
- Drill stem testing will now be undertaken to acquire fluid samples and establish commercial flow rates
- Subject to positive test results, an immediate side track well is expected to be drilled to appraise the discovery

The Pil well (6406/12-3S) encountered a gross hydrocarbon-bearing reservoir section with approximately 135 metres of oil and 91 metres of gas in the Jurassic reservoir of the Rogn Formation, which has proved to be an effective reservoir at the Shell-operated Draugen oil field, located 60 kilometres to the north east. Preliminary results based on extensive coring, wireline logs and pressure data show that the well has encountered oil and gas in reservoir sands with a very high net to gross ratio.

Extensive data have been collected, including the coring of the hydrocarbon-bearing zone and the partners in the well have decided that a drill stem test will be undertaken once total vertical depth has been reached. Subject to positive test results, an immediate side-track well is expected to be drilled to confirm the lateral extent of the Rogn reservoir on this discovery.

The Pil discovery has de-risked further prospectivity within the licence (Licence PL 586) which is being assessed for possible fast-track drilling.

The Pil prospect is located within tie-back distance (33 kilometres) of the Njord platform in which the Company holds a 7.5% working interest. The vertical depth of the well is currently at 3,605 metres. The Pil licence drilling operations are operated by VNG Norge AS (30%) using the Transocean Arctic drilling rig with partners Spike Exploration Holdings AS (30%) and Rocksource Exploration Norway AS (15%).

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

“We are very pleased to announce the oil and gas discovery at the Pil prospect and await the results of the production test. This discovery builds on Faroe’s already significant position in this prolific part of the Norwegian Sea and we look forward to unlocking further potential on this licence.

“Pil is one of three exploration and appraisal wells we are drilling concurrently in our continuing high impact exploration and appraisal programme. The two other wells currently drilling are the Solberg well (Faroe 20%), on the Halten Terrace, and the Butch East well (Faroe 15%), adjacent to the Butch Main discovery (Faroe 15%) in the Norwegian North Sea. Results are expected on Solberg and Butch East in the coming weeks.”



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Andrew Roberts, Group 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 exploration and appraisal 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 over 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 6,059 boepd (economic production) in 2013. Full year production for 2014 is estimated to be between 4,000 boepd and 6,000 boepd following the extended shut in of the Njord platform.

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 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.