

10 April 2014

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

**Successful Drill Stem Test on the 6406/12-3S Pil Discovery 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 a successful Drill Stem Test (DST) on the 6406/12-3S Pil exploration well (Faroe 25%), drilled 33 kilometres from the Njord production facility (Faroe 7.5%) in the Norwegian Sea.

**Highlights**

- The well flowed at a stable rate of 6,710 bopd of 37° API oil from a 56/64” choke providing clear evidence of a prolific reservoir
- The preliminary estimated range of recoverable resource, from the results of the initial exploration well, is between 50 and 170 million barrels of oil equivalent (mmboe) - significantly greater than expected
- A sidetrack well is to be drilled immediately following completion of the DST to appraise the lateral extent of the Pil discovery
- A second sidetrack well to test further prospectivity in the neighbouring Bue target is also being planned in immediate succession

An extensive data acquisition programme was carried out in the 6406/12-3S well, including the gathering of core together with a full suite of wireline logs and a DST. During the recently completed DST the measured main period stable flow rate was 6,710 bopd from a 56/64” choke. Pressure measurements indicate a prolific reservoir capable of sustainably higher flow rates from future development wells than were achieved in the constrained DST.

The site sampling of the fluid produced during the DST indicates the presence of 37° API oil with a gas/oil ratio of 853 scf/stb, to be confirmed by onshore laboratory testing. A preliminary estimate of recoverable resource for the gross size of the discovery, from the results of the initial exploration well, is between 50 and 170 mmboe (Net to Faroe 13 to 42 mmboe), of which between gross 8 and 20 mmboe (45 to 114 Bscf) is contained in the gas cap (Net to Faroe 11 to 29 Bscf).

VNG Norge AS, operator of Production Licence P586, will now commence a sidetrack to prove the lateral extent of the Pil discovery. This will be immediately followed by a further sidetrack to assess the potential of the neighbouring Bue target. Both sidetracks have the potential to increase the preliminary estimate of recoverable resource of the discovery.

The Pil licence drilling operations are being operated by VNG Norge AS (30%) using the Transocean Arctic drilling rig with partners Spike Exploration Holding AS (30%) and Rocksource Exploration Norway AS (15%).

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

“We are very pleased to announce the results of this highly successful drill stem test on the Pil discovery, which considerably exceed expectations and significantly de-risk further prospectivity for this reservoir package in the licence. The Pil well builds substantially on Faroe’s discovered volumes located within tie-back distance of our Njord infrastructure. We

look forward to the results of the two sidetracks and proving up further potential on this licence.

“This is an outstanding result for Faroe’s world class exploration team. Together with our notable recent discoveries on Snilehorn and Solberg, Faroe’s exploration successes provide clear vindication of our long-standing strategy to take material stakes in high-impact exploration prospects offering significant value to our shareholders.

“Elsewhere, drilling activities continue in our exploration and appraisal programme with the ongoing drilling of the Butch East exploration well (Faroe 15%), located adjacent to the Butch Main discovery (Faroe 15%) in the Norwegian North Sea, with results expected in the coming weeks.”

- Ends -

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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 substantial licence portfolio provides considerable spread of risk and reward. 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 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.

#### **Notes and glossary of abbreviations**

The above preliminary resource estimates have been estimated in accordance with the Petroleum Resource Management System guidelines endorsed by the Society of Petroleum Engineers.

"API oil"	American Petroleum Institute gravity, a measure of how heavy or light a petroleum liquid is compared to water
"bopd"	barrels of oil per day
"Bscf"	billions of standard cubic feet of gas
"choke"	a valve used to restrict the flow of fluid under pressure
"DST"	drill stem test
"preliminary resource estimate"	preliminary quantification of hydrocarbons estimated to be potentially recoverable from a known accumulation
"mmbo"	millions of barrels of oil
"mmboe"	millions of barrels of oil equivalent
"mmstb"	millions of barrels of stock tank oil
"scf"	standard cubic foot of gas
"stb"	barrel of stock tank oil