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Faroe Petroleum plc ("Faroe", "Faroe Petroleum", the "Company")

Gas and Condensate Discovery at Solberg 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 gas and condensate discovery in the Solberg well in the Norwegian Sea (Faroe 20%).

Highlights

- Exploration well 6407/1-7 and the subsequent sidetrack 6407/1-7A have encountered gas and condensate in the main target lower Cretaceous Lange formation, both confirming hydrocarbons at the same reservoir level as in the Rodriguez discovery well
- In exploration well 6407/1-7, two hydrocarbon-bearing sandstone layers were encountered in a gross reservoir section estimated at 16 metres and with a total net interval of 12 metres. Reservoir properties were found to be better than expected
- In the down-dip sidetrack well 6407/1-7A, hydrocarbons were proven in two sandstone intervals with total net thickness of seven metres within a gross reservoir section estimated at 13 metres
- Extensive data gathering has been conducted including core, pressure and fluid samples
- Preliminary analysis of mobility of reservoir fluid suggests better than expected permeability in the reservoir intervals
- The preliminary resource estimate for the Solberg discovery within PL475 is in the range 6 to 25 mmboe gross (Net to Faroe 1 to 5 mmboe), which consists of 1 to 5 million barrels of condensate and 30 to 120 bscf of gas.
- In addition, the revised preliminary resource estimate for the Rodriguez discovery within PL475 is in the range 6 to 38 mmboe gross (Net to Faroe 1 to 8 mmboe). The gas condensate ratio is expected to be similar in both Rodriguez and Solberg
- Although Solberg and Rodriguez form part of one and the same reservoir channel system, a difference observed in the reservoir pressures between the two wells indicates that the two discoveries may not be in communication and the volumes for the two discoveries are therefore provided separately
- The Rodriguez and Solberg gas and condensate discoveries have been made in channel systems which are likely to extend across several licences and northwards into the Milagro licence (PL590) in which Faroe holds a 30% interest; the possible extension of the discoveries beyond licence PL475 has not been included in the above resource range estimates

The Solberg well 6407/1-7 commenced in February 2014 to assess the lateral extent and size of the Lower Cretaceous Rodriguez discovery announced by Faroe in January 2013. The Solberg well targeted strong 3D seismic amplitudes which were assessed to be associated with lateral improvement in reservoir quality and thickness. The well was drilled to a total depth of 3,345 metres below sea level. The well encountered a 12

metre net pay interval of similar fluids to those encountered in the Rodriguez well, in two sandstone intervals and in better reservoir quality than expected. The gross interval encountered was 16 metres. The subsequent down-dip sidetrack 6407/1-7A was drilled to the northeast to a total depth of 3,311 metres below sea level, and encountered two sandstone intervals with total net vertical thickness of seven metres in a gross reservoir section of 13 metres.

The well has confirmed the play model and that 3D seismic amplitude can be used to identify pay in lower Cretaceous sands in this area, in which Faroe holds a number of licences, containing several Cretaceous targets. While the reservoir thicknesses encountered both in the main well and in the sidetrack were somewhat thinner than the pre-drill expectation, the reservoir quality was better than expected.

Although Solberg and Rodriguez form part of one and the same reservoir channel system, pressure measurements from the gas- and condensate-filled channels in Rodriguez and Solberg show a small pressure difference, indicating that the wells may not be in communication. The reservoir channel systems encountered in both wells are however likely to extend northwards into the Milagro licence (Faroe 30%). Following the Solberg results, the total volumetric potential across the licences will be evaluated to assess the commercial potential of the discovery prior to committing to any further appraisal drilling.

In August 2013, the Company announced a farm-down of its equity interest in the Solberg licence whereby Faroe retains 20% equity in exchange for a carry on costs.

The Solberg licence drilling activities were operated by Wintershall Norge AS (35%) using the Borgland Dolphin drilling rig with partners Centrica Resources Norge AS (20%), Moeco Oil & Gas Norge AS (15%) and Spike Exploration Holdings AS (10%). The well has now been plugged and abandoned as planned.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

“We are very pleased to announce the successful gas and condensate discovery on the Solberg prospect which has confirmed our exploration team’s play model and de-risked the potential for further Cretaceous fields in this area, identified through 3D seismic amplitude anomalies. We will now work together with our licence partners to assess the total volumetric potential across Rodriguez, Solberg and Milagro to assess their combined commercial potential.

“Together with our notable recent discoveries on Snilehorn and Pil, 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 November 2013 and March 2014 Faroe announced the Snilehorn and Pil discoveries 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
“Bscf”	billions of standard cubic feet of gas
“preliminary resource estimate”	preliminary quantification of hydrocarbons estimated to be potentially recoverable from a known accumulation
"mmboe"	millions of barrels of oil equivalent
“scf”	standard cubic foot of gas