

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are in the UK or, if not, from another appropriately authorised stockbroker or adviser. If you have sold or transferred all of your ordinary shares in Faroe Petroleum plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.



(Incorporated and registered in England and Wales with registered number 04622251)

*Directors:*

John William Sharp Bentley (Non-executive Chairman)  
Graham Duncan Stewart (Chief Executive)  
Jonathan Robert Cooper (Chief Financial Officer)  
Helge Ansgar Hammer (Chief Operating Officer)  
Timothy Philip Read (Senior Independent Non-executive Director)  
Roger Charles Witts (Non-executive Director)  
Hanne Harlem (Non-executive Director)

*Registered Office:*

5 Old Bailey  
London  
EC4M 7BA

29 May 2014

**To Shareholders and, for information only, to option holders**

Dear Shareholder

**Faroe Petroleum plc (the "Company")  
Notice of Annual General Meeting**

I am writing to invite you to the Annual General Meeting ("AGM") of the Company to be held on Monday 30th June 2014 at 11.00 a.m. at the offices of FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD. The formal notice of AGM sets out the business to be considered at the AGM.

Each resolution will be proposed and voted on separately and there will be an opportunity during the AGM to ask questions of your directors on the issues involved and to raise other matters about the business of the Company. As chairman of the AGM, I will endeavour to ensure that discussions are kept relevant and that as many shareholders as possible have the opportunity to speak.

Following the annual evaluation of the Board's performance at the end of 2013, the Board is satisfied that each Director has the skills, experience and commitment necessary to contribute effectively to the deliberations of the Board. The Board therefore unanimously recommends the election or re-election of the Directors set out in Resolutions 5 to 7. Biographical details of each of the Directors standing for election or re-election appear in the notes to this notice.

Your directors believe each of the proposed resolutions to be in the best interests of the Company and its shareholders as a whole and unanimously recommend that you vote in favour of them, as they intend to do in the respect of their own beneficial holdings, which amount in aggregate to 770,152 ordinary shares of 10p each (representing approximately 0.36 per cent. of the current issued share capital of the Company).

I look forward to meeting you at the AGM.

Yours faithfully

A handwritten signature in black ink, appearing to read 'John Bentley', with a small flourish underneath.

**John Bentley**  
Chairman



## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "AGM") of Faroe Petroleum plc (the "Company") will be held at the offices of FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD on Monday 30 June 2014 at 11.00 a.m. for the following purposes:

### Ordinary Resolutions

1. To receive and adopt the annual accounts of the Company for the financial year ended 31 December 2013 together with the report of the Directors on those accounts, the Directors' Remuneration Report for that financial year and the Auditor's report on those accounts and the auditable part of the Directors' Remuneration Report.
2. To approve the Directors' Remuneration Report for the financial year ended 31 December 2013.
3. That Ernst & Young LLP be and they are reappointed as auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of the next Annual General Meeting of the Company.
4. To authorise the Directors to fix the remuneration of the auditors of the Company.
5. To reappoint Jonathan Robert Cooper as a Director of the Company.
6. To reappoint Helge Ansgar Hammer as a Director of the Company.
7. To reappoint Roger Charles Witts as a Director of the Company.
8. That the Directors be and they are authorised generally and unconditionally, in substitution for all subsisting authorities, pursuant to and in accordance with section 551 of the Companies Act 2006 (the "CA 2006"), to exercise all the powers of the Company to allot equity securities (as defined in section 560 of the CA 2006) and to grant rights to subscribe for or convert any security into shares in the Company and to list such shares or rights on any stock exchange:
  - (i) up to a nominal amount of 8,580,660;
  - (ii) up to a nominal amount of £15,675,226 (after deducting from such limit any relevant securities allotted under paragraph (i) above) in connection with an offer by way of a rights issue:
    - (a) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - (b) to holders of other equity securities as required by the rights of those securities or, as the Directors otherwise consider necessary,

but subject to such exclusions, limits, restrictions or other arrangements as the Directors may deem necessary, appropriate or expedient to deal with treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory, the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever,

and such authorities shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, until the close of business on 30 June 2015 (unless previously revoked or varied by the Company in general meeting) save that the Company may, in each case, before such expiry make an offer or enter into agreements which would, or might, require equity securities to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot equity securities or grant rights to subscribe for or convert securities into shares in pursuance of any such offer or agreement notwithstanding that the authority conferred by this resolution has expired. All authorities and powers previously conferred upon the Directors pursuant to section 80 of the Companies Act 1985 and section 551 of the CA 2006 shall be revoked but without prejudice to any exercise of such other authorities and powers prior to the date on which this resolution is passed, including offers or agreements already made or entered into which would, or might, require equity securities to be allotted or rights to subscribe for or convert securities into shares to be issued, in which case such authority or power shall remain valid.

**BY ORDER OF THE BOARD**  
**Julian Galloway Money Riddick**  
Company Secretary  
29 May 2014

Registered Office:  
5 Old Bailey  
London  
EC4M 7BA

## DIRECTORS' BIOGRAPHIES

### **Resolution 5: Jonathan Robert Cooper**, Chief Financial Officer

Jonathan Cooper joined the board as an executive director on 1 July 2013. He holds a PhD in Mechanical Engineering and is a chartered accountant by training having qualified with KPMG before joining Dresdner Kleinwort Benson (later Wasserstein) in their Oil & Gas Corporate Finance and Advisory Team. In 2006 he was appointed as an Executive Director of Gulf Keystone Petroleum, followed by Sterling Energy plc in 2008, where he was Finance Director. He subsequently joined Lamprell plc as Chief Financial Officer in 2011.

### **Resolution 6: Helge Ansgar Hammer**, Chief Operating Officer

Helge Hammer was appointed to the Board as an executive director in 2007. He is Norwegian and holds a degree in Petroleum Engineering from NTH University of Trondheim and in Economics from Institut Français du Pétrole in Paris. He joined the Company in 2006 from Paladin Resources, where he was Asset Manager and deputy Managing Director. Previously he worked for Shell for 13 years as a Reservoir Engineer, Team Leader and Business Manager in Norway, Oman, Australia and Holland.

### **Resolution 7: Roger Charles Witts**, Non-Executive Director

Roger Witts was appointed to the Board in May 2007 as part-time finance director, became a non-executive director in May 2009 and was deemed independent in December 2010 and was appointed as Chairman of the Audit Committee in 2011. He is a qualified accountant with over 30 years' experience in the oil and gas industry. He has broad senior management experience with specific expertise in financial and tax planning, economic appraisal, debt finance and risk management. Roger was Finance Director of Thomson North Sea from 1984 to 1989 and of Seafield Resources from 1990 to 1997 when acquired by Dana Petroleum.

## EXPLANATORY NOTES

1. A member who is unable to be present at the AGM is entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote on his/her behalf. A proxy need not be a member of the Company. In the case of an individual, the proxy form must be signed by the appointer or by his attorney duly authorised in writing. In the case of a corporation this proxy must be under its common seal or executed in the manner permitted by section 44 of the CA 2006 or under the hand of an officer or attorney duly authorised in writing. To be effective this proxy and any power of attorney or other authority under which it is signed must be sent to reach the Company's Registrars, Capita Asset Services, no later than 11.00 a.m. on 26 June 2014 or not less than 48 hours before the time of any adjourned AGM.
2. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other registered holders of the share. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company.
3. To be valid, a form of proxy (together with any power of attorney or other authority under which it is executed or a notarially certified or board approved copy of such power or other authority) must be completed in accordance with the notes on the enclosed form and should arrive at Capita Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham BR3 4ZF no later than 11.00 a.m. on 26 June 2014 or not less than 48 hours before the time appointed for any adjourned AGM. Completing and returning a form of proxy will not prevent a member of the Company from attending and voting in person at the AGM in respect of which the proxy is appointed or at any adjournment thereof. If a member has appointed a proxy and attends the AGM in person, their proxy appointment will automatically be terminated.
4. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members entered on the register of members of the Company not later than 6.00 p.m. on 26 June 2014 (or, if the AGM is adjourned, members entered on the register of members of the Company not later than 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend, speak and vote at the AGM in respect of the number of shares registered in their name at that time. Changes to the entries on the register of members of the Company after that time shall be disregarded in determining the rights of any person to attend, speak or vote at the AGM.
5. Copies of Directors' service contracts (or a memorandum of the terms thereof) are available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and bank or public holidays in England excepted) from the date of this notice of AGM up to and including the date of the AGM and also shall be available for inspection (together with the register of interests of the Directors and their families in the securities of the Company) at the place of the AGM from at least 15 minutes prior to the AGM until its conclusion.
6. Resolution 8 renews the Directors' authority to allot relevant securities (as defined in section 560 of the CA 2006) as follows:
  - (i) The total of £8,580,660 in Resolution 8 (i) is made up from:
    - £1,486,094 representing 14,860,936 ordinary shares of 10p each in connection with various employee share option and incentive schemes; and
    - £7,094,566 representing 70,945,664 ordinary shares of 10p each, equivalent to approximately one third of the current issued share capital of the Company (the latter being 212,836,992 ordinary shares of 10p each);
  - (ii) The total of £15,675,226 in Resolution 8 (ii) represents the values given above in Resolution 8 (i) together with a further £7,094,566 representing 70,945,664 ordinary shares of 10p each, equivalent to approximately a further third of the current issued share capital of the Company, provided that such authority may only be used pursuant to a rights issue.

Business Reply Plus

Licence Number

RLUB-TBUX-EGUC



PXS 1

34 Beckenham Road

BECKENHAM

BR3 4ZF



(the "Company")

**FORM OF PROXY**

for use at the Annual General Meeting (the "Meeting") on 30 June 2014

Please read carefully the Notice of Meeting and explanatory notes set out below before completing this form.

Please complete the form in **BLOCK CAPITALS**.

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member/members (Notes 1 and 2) of the above-named Company HEREBY APPOINT the Chairman of the Meeting (Note 3)

or \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to attend and vote for me/us and on my/our behalf as directed below at the Annual General Meeting of the Company to be held on 30 June 2014 at 11.00 a.m. and at any adjournment of the Meeting.

If you want your proxy to vote in a certain way on any of the resolutions specified, please place an "X" in the relevant box below. If you fail to select any of the given options, your proxy can vote as he or she chooses, or can decide not to vote at all. The proxy can also do so on any other business (including any proposal to adjourn the Meeting or amendments to the resolutions) that is put to the Meeting.

| <b>Ordinary Resolutions</b>  | For | Against | Abstain |
|--|-----|---------|---------|
| 1. To receive and adopt the report and accounts for the year to 31 December 2013 |     |         |         |
| 2. To approve the report on Directors' remuneration                              |     |         |         |
| 3. To reappoint Ernst & Young LLP as auditors                                    |     |         |         |
| 4. To authorise the Directors to fix the auditors' remuneration                  |     |         |         |
| 5. To reappoint Jonathan Robert Cooper as a Director of the Company              |     |         |         |
| 6. To reappoint Helge Ansgar Hammer as a Director of the Company                 |     |         |         |
| 7. To reappoint Roger Charles Witts as a Director of the Company                 |     |         |         |
| 8. To authorise the Directors to allot relevant securities up to £15,675,226     |     |         |         |

Signed (Note 4) \_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2014

**Notes:**

- A member entitled to attend and vote at the Meeting may appoint one or more proxies to attend, speak and vote instead of him/her. A member can only appoint a proxy using the procedures set out in these notes. Appointment of a proxy does not preclude a member from attending the Meeting and voting in person. If a member has appointed a proxy and attends the Meeting in person, the proxy appointment will automatically be terminated.
- In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
- If you wish to appoint a person other than the Chairman of the Meeting as your proxy, insert the name and address of that person in the space provided, delete the words "the Chairman of the Meeting (Note 3) or" and initial the alteration. If you sign and return this proxy form with no name inserted in the box, the Chairman of the AGM will be deemed to be your proxy. A proxy, who need not be a member of the Company, must attend the Meeting in person to represent you.
- In the case of an individual, this form must be signed by the appointor or by his attorney duly authorised in writing. In the case of a corporation, it must be given either under its Common Seal or executed in the manner permitted by section 44 of the Companies Act 2006 or be signed under hand by its attorney or officer duly authorised in writing.
- To be effective, the completed and signed proxy appointment (together with any power of attorney under which it is executed or a copy of any such authority certified notially or in some other way approved by the Board) must if contained in a written document, be lodged as directed on the proxy card or at the registered office of the Company no later than 11.00 a.m. on 26 June 2014 or not less than 48 hours before the time appointed for the holding of any adjourned Meeting.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, complete a separate form of proxy for each proxy indicating for which class of shares the proxy is appointed and contact Capita Asset Services by telephone no later than 11.00 a.m. on 26 June 2014 or not less than 48 hours before the time of any adjourned AGM to ensure Capita Asset Services are aware of the appointment of multiple proxies.
- If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.