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13 June 2014

Faroe Petroleum plc

Results of placing

Faroe Petroleum plc ("Faroe", "Faroe Petroleum" or the "Company"), 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 the successful completion of the proposed placing, as announced yesterday, 12 June 2014 (the "Placing").

A total of 54,170,000 new ordinary shares of 10 pence each in Faroe (the "Placing Shares") have been placed by Panmure Gordon, Oriel, RBC and Pareto at a price of 120 pence per Placing Share, raising gross proceeds of approximately £65 million.

Owing to a very strong response by institutional investors, the size of the Placing has been increased from the base size of approximately £45 million to £65 million. The further funds will be used to pursue additional production acquisitions and to accelerate the conversion of the Company's 2C resources into 2P reserves.

The Placing Shares being issued represent approximately 25.45 per cent. of the Company's existing issued ordinary share capital. The Placing Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares of the Company, including the right to receive all dividends or other distributions made, paid or declared in respect of such shares after the date of issue of the Placing Shares.

Application will be made to the London Stock Exchange for admission to trading of the Placing Shares on AIM ("Admission"). It is expected that Admission will take place at 8:00 a.m. on 18 June 2014 (at which time the Placing will become unconditional) and that dealings in the Placing Shares on AIM will commence at the same time.

Faroe's enlarged issued ordinary share capital immediately following the issue of the Placing Shares will be 267,006,992 Ordinary Shares. This figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in interest in, the share capital of the Company under the Disclosure and Transparency Rules.

Panmure Gordon, Oriel, RBC are acting as Joint Bookrunners and Pareto are acting as Joint Bookrunner (Nordic) in respect of the Placing.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

"Faroe is delighted to announce the result of the successful and oversubscribed placing. We would like to thank our existing shareholders for their continued commitment to the Company and welcome our new long-term shareholders to the Company. This placing will strengthen the Company's financial position, whilst safeguarding our core value, and will allow us to

accelerate our exploration, appraisal and development activities. The increased fundraise will also allow us the flexibility and financial strength to target further production acquisition opportunities.

“We are continuing our exciting exploration campaign, with two wells currently being drilled at the Butch South West prospect and the Bue prospect, both in Norway and the results of which we expect in Q3 2014.”

Directors' Participation

The Company has today been notified that certain directors of Faroe have agreed to acquire Placing Shares pursuant to the terms of the Placing. Following Admission, the beneficial interests of the participating directors will be as follows:

<i>Director</i>	<i>Number of Placing Shares acquired pursuant to the terms of the Placing</i>	<i>Resulting holding post Admission</i>	<i>% of enlarged issued share capital</i>
John Bentley	16,666	100,841	0.04%
Graham Stewart	50,022	363,287	0.14%
Jonathan Cooper	23,686	33,644	0.01%
Helge Hammer	30,604	245,027	0.09%
Timothy Read	10,000	90,000	0.03%

Such Placing Shares subscribed for by the Executive Directors will be treated as "Investment Shares" as these Executive Directors are eligible to participate in the Company's Co-Incentive Plan and an award of matching Ordinary Shares will be announced separately.

Defined terms used in this announcement have the same meaning as set out in the placing announcement issued by the Company on 12 June 2014.

For further information please contact:

Faroe Petroleum plc

Graham Stewart, CEO
Jon Cooper, CFO

Tel: +44 1224 650 920

Panmure Gordon (UK) Limited

Callum Stewart
Adam James
Tom Salvesen

Tel: +44 20 7886 2500

Oriel Securities Limited

Michael Shaw
Ashton Clanfield

Tel: +44 20 7710 7600

RBC Capital Markets

Matthew Coakes

Tim Chapman

Jeremy Low

Tel: +44 20 7653 4000

Pareto Securities Limited

Hans Jacob Holden

Tel: +47 22 87 87 00

FTI Consulting

Edward Westropp

Tom Hufton

Tel: +44 20 3727 1521

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The distribution of this announcement and the Placing of the Placing Shares as set out in this announcement in certain jurisdictions may be restricted by law. No action has been taken that would permit an offering of such shares or possession or distribution of this announcement or any other offering or publicity material relating to such shares in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required by the Company to inform themselves about, and to observe, such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This communication does not constitute an offer of securities to the public in the United States, the United Kingdom or in any other jurisdiction. There will be no public offer of securities in the United States, United Kingdom or in any other jurisdiction. This communication is directed only at persons (i) having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (ii) who are high net worth companies, unincorporated associations and other persons to whom it may lawfully be communicated in accordance with Article 49(2)(a) to (d) of the Order, or (iii) other persons to whom it may lawfully be communicated (all such persons together being referred to as "**relevant persons**"). Any investment activity in connection with the Placing will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this announcement or any of its contents.

In member states of the European Economic Area, this announcement is only addressed to and directed at persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State).

This announcement includes statements that are, or may be deemed to be, "forward-looking statements", including within the meaning of Section 27A of the US Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934. These forward-looking statements are based on the Company's current expectations and projections about future events and can be identified by the use of a date in the future or forward-looking terminology, including, but not

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This announcement has been issued by, and is the sole responsibility of, the Company. This announcement is for information only and does not constitute an offer or invitation to underwrite, subscribe for or otherwise acquire or dispose of any securities or investment advice in any jurisdiction in which such an offer or solicitation is unlawful, including without limitation, the United States, Australia, Canada, Japan, Jersey or South Africa. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions. Persons needing advice should consult an independent financial adviser.

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Any indication in this announcement of the price at which Placing Shares have been bought or sold in the past cannot be relied upon as a guide to future performance. No statement in this announcement is intended to be a profit forecast and no statement in this announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company. The price of Placing Shares and the income from them may go down as well as up and investors may not get back the full amount invested on disposal of the Placing Shares.

The Placing Shares will not be admitted to trading on any stock exchange other than the London Stock Exchange.

Neither the content of the Company's website (or any other website) nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, this announcement.