

7 July 2014

Faroe Petroleum plc

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

**Butch South West exploration well results**

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in the Atlantic margin, the North Sea and Norway, announces that drilling has reached target depth on the Centrica-operated Butch South West exploration well 8/10-6S which follows up the Butch East well and the Butch Main discovery (Faroe 15%).

The Butch South West exploration well 8/10-6S spudded in early June 2014 and reached total depth of 1,945 metres in the Permian Zechstein salt formation. The well targeted sandstones of the Upper Jurassic reservoir of the Ula formation and whilst a good quality reservoir was confirmed with a 55 metre gross section, no hydrocarbons were encountered.

The Butch South West drilling operations were undertaken by Centrica (40%) using the Maersk Giant jack-up drilling rig, together with the other joint venture partners Suncor Norge AS (30%) and Tullow Oil Norge AS (15%). Well 8/10-6S will now be plugged and abandoned.

The operator is currently working on a development plan for the significant Butch Main discovery, with concept selection expected in early 2015.

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

“Whilst it is disappointing that the eastern and south western flanks of the Butch salt structure have not added further resource, the focus of the joint venture is now turning to commercialising the Butch Main oil field. Plans to develop Butch Main are already advanced and we look forward to reporting further progress on this important oil field in the coming months.

“In the meantime, following a very busy period of exploration drilling for the Company, we expect to announce the results of the Bue side-track exploration well in Norway in the coming days.”

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Andrew Roberts, 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 technical 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. Subject to completion of the recently announced acquisition of operated interests in the Schooner and Ketch gas fields, full year average economic production for 2014 is estimated to be between 7,000 boepd and 10,000 boepd.

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 and in April 2014 the Company announced the Solberg discovery in the Norwegian Sea.

Norway operates a tax efficient system which incentivises exploration, through reimbursement of 78% of costs in the subsequent year. Faroe has built an extensive portfolio of high potential exploration licences in Norway which, together with its established UK west of Shetlands and North Sea positions provides the majority of prospects targeted by the Company's sustainable four to five well per annum drilling programme.

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 a \$250m borrowing base facility, with a fully funded drilling programme through 2014 and 2015. 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.