

11 July 2014

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

Bue oil discovery and Pil resources range update, 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 the completion of a successful side-track well and an oil discovery on the Bue prospect (Faroe 25%) in the Norwegian Sea.

Bue oil discovery

The Bue side-track well (6406/12-3 A) was drilled to a depth of 3,656.5 metres below sea level, 2.1 kilometres north east of the Pil discovery well 6406/12-3 S. The objective was to investigate the extent, thickness and reservoir properties in the Middle and Upper Jurassic reservoirs in the Bue prospect and to establish the pressure regime and hydrocarbon/water contact. The well encountered an 18 metre hydrocarbon column in reservoir rocks of variable quality. Pressure data indicates no communication between the Pil and Bue discoveries and Bue has therefore proven a separate accumulation of hydrocarbons.

An extensive data acquisition programme was carried out including a fluid sample and the operator's preliminary estimate of the gross size of the Bue discovery is between 6 and 25 million barrels of recoverable oil equivalent ("mmboe").

Pil updated resource range

In addition, following the Pil side-track, which encountered a gross hydrocarbon-bearing reservoir section with approximately 80 metres of oil in the Upper Jurassic reservoir of the Rogn Formation, the operator of the licence, VNG, has advised the partners of an updated gross recoverable resources range estimate for the Pil discovery of 72 to 172 mmboe (18 to 43 mmboe net to Faroe), up from a previous gross recoverable resource range estimate of 50 to 170 mmboe.

The Pil and Bue discoveries are located approximately 33 kilometres to the south east of the Njord platform (in which the Company holds a 7.5% equity interest) and are therefore expected to be within tie-back distance of the platform. VNG Norge AS (30%) managed drilling operations using the Transocean Arctic drilling rig, with partners Spike Exploration Holdings AS (30%) and Rocksource Exploration Norway AS (15%). The Pil and Bue wells will now be permanently plugged and abandoned as planned.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

"We are very pleased to announce the results of this successful exploration side-track well on the Bue prospect, which proves further resource potential to add to the already significant Pil oil and gas discovery. The current resource range for the Pil and Bue discoveries together is now estimated to be between approximately 80 and 200 million barrels of oil equivalents (mmboe) (20 to 50 mmboe net to Faroe), of which around 80% is estimated to be oil and condensate.

"The partners are now preparing next year's exciting exploration and appraisal programme to assess the further upside potential in the licence and evaluating different development alternatives."

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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. 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.

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.

"preliminary resource estimate"	preliminary quantification of hydrocarbons estimated to be potentially recoverable from a known accumulation
"mmboe"	millions of barrels of oil equivalent
"net"	the portion that are attributed to the equity interests of Faroe