

6 October 2014

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

**Faroe awarded new Licensing Options in the Celtic Sea, Ireland**

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in Norway, the UK and Atlantic Margin, is pleased to announce the award of three new Licensing Options (LO 14/1, 14/2 and 14/3) by the Minister for Communications, Energy and Natural Resources in the Celtic Sea, Republic of Ireland.

**Highlights**

- Three Licensing Options awarded to Faroe in the Celtic Sea (Faroe 100% and Operator)
- Low cost work programme involving the reprocessing and interpretation of 2D seismic data for each licence and the preparation of supporting geological studies
- Faroe's technical team has significant experience in this area
- Located in the southern margin of the North Celtic Sea basin, targeting the substantially unexplored Triassic Play, similar to that of the Wytch Farm oil field onshore UK
- Initial interpretation of existing 2D seismic data has revealed the presence of a number of large structural traps within the Licensing Option areas
- Faroe will deploy recent advances in modern seismic reprocessing techniques to substantially improve the seismic imaging, which the Company has had considerable success with in Norway and UK

The two-year Licensing Options are located on the southern margin of the North Celtic Sea basin, in relatively shallow water depths of between 80 and 110 metres, which together cover an area of 3,458km<sup>2</sup> and are all situated within 75km of the south coast of Ireland.

The Licensing Options are targeting the under-explored Triassic Play, comprising Sherwood Sandstone reservoir juxtaposed against Lower Jurassic oil prone source rocks. The age and configuration of source and reservoir bear many similarities to the Wytch Farm oil field, onshore UK. Initial interpretation of existing 2D seismic data has revealed the presence of a number of large structural traps within the Licensing Options areas.

Key to realising the potential of this play is the deployment of recent advances in modern seismic reprocessing techniques. These techniques have been proven to substantially enhance seismic imaging and help to mature leads into drillable prospects. Faroe has successfully used these relatively low cost methods in Norway and the UK to good effect. If the results of the initial work programme are successful and prospectivity is established, the next steps would be to commit to the acquisition of new seismic data (either 2D or 3D) and bring in suitable partners ahead of potential exploration drilling.

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

"We are pleased to have won these Licensing Options offshore Ireland, where we see attractive optionality. We now have the opportunity at low cost to screen potentially significant exploration targets using our

knowledge and experience in seismic reprocessing and interpretation. This Triassic play differs from the traditional targets in the Celtic Sea and offers significant upside potential.

“Faroe has had considerable exploration success and aims to transfer these skills and knowledge to the Celtic Sea area of Ireland. We very much look forward to working with the Irish Authorities as we execute the work programme over the next two years.”

- Ends -

For further information please contact:

Faroe Petroleum plc  
Graham Stewart, CEO

Tel: +44 1224 650 920

Oriel Securities Limited  
Michael Shaw/Ashton Clanfield

Tel: +44 20 7710 7600

RBC Capital Markets  
Matthew Coakes/Jeremy Low

Tel: +44 20 7653 4000

FTI Consulting  
Edward Westropp/Tom Hufton

Tel: +44 20 3727 1000

Dr Ian Wilson, UK & International Exploration Manager of Faroe Petroleum and a Geologist (PhD in Earth Sciences from University of Leeds), who has been involved in the energy industry for over 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, Celtic 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 is targeting a very active drilling programme throughout 2015 and 2016 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. In July 2014 the Company announced the successful drilling of the Bue side-track well, and provided an update of the resource range for the Pil and Bue discoveries of between 80 and 200 mmmboe (gross).

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 2015 and 2016. 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.

### Celtic Sea Licence awards - October 2014

