



7 November 2014

Faroe Petroleum plc

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

Faroe Petroleum Awarded Two New Exploration Licences on the UK Continental Shelf

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 that it has provisionally been awarded two new exploration licences on the UK Continental Shelf in the UK's 28th Offshore Licensing Round.

Fynn - Blocks 15/11 & 15/16d - Faroe 25%

Located in the Central North Sea, approximately six kilometres from the Faroe operated Lowlander Field, Fynn is a down-thrown prospect comprising Jurassic-aged Piper sandstones. The work programme comprises a contingent well and pre-stack-depth-migration (“PDSM”) processing. Well contingency is dependent on the successful outcome of the seismic processing.

The licence joint venture partners are Parkmead E&P Limited (25% and operator), with co-venturers Verus Petroleum SNS Limited (25%) and CalEnergy Gas Limited (25%).

Perth Field Extension - Block 14/25 - Faroe 34.62%

Block 14/25 is located immediately to the west of the undeveloped Perth Field into which the western edge of the Perth Field extends. The work programme comprises a drill or drop well and PSDM seismic processing.

The licence joint venture partners are DEO Petroleum U.K. Limited, a subsidiary of Parkmead (52.03% and operator) and Atlantic Petroleum UK Limited (13.35%).

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

“I am pleased to report these new licence awards within the Central North Sea area of the UK. Securing these two promising licences further extends our acreage position around the strategically important Perth/Dolphin/Lowlander development opportunity, in which Faroe holds a majority stake, and further diversifies our extensive exploration portfolio.”

- Ends -

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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. Faroe acquired controlling interests and operatorship in the Schooner and Ketch gas fields in the southern North Sea of the UK in 2014. 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). Faroe has an exceptional exploration and appraisal programme scheduled for 2015 with five wells planned, all in Norway, including two Pil follow up wells.

Norway operates a highly 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 drilling programme of up to five well per annum.

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.

Faroe's average operating cost per barrel in its production portfolio ranges from \$10-\$35 per barrel. The majority of Faroe's oil production is hedged at \$90 per barrel with put options until October 2015 and around one third of its gas production is protected with 50 pence per therm put options for the same period.

Faroe

Provisional Awards in the UK 28th Round

