

24 June 2015

**Faroe Petroleum plc**

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

**Operational and Drilling Update**

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in Norway and the UK, is pleased to provide an operational update as follows:

- drilling operations have commenced on the follow-up drilling programme to the significant Pil/Bue 2014 discoveries in the PL586 licence in the Norwegian Sea with the spudding of exploration well 6406/12-4S (Faroe 25%) on the Boomerang prospect;
- Shell-operated exploration well to test the Portrush prospect in the PL793 licence (Faroe 20%) has been added to the expected programme for Q3 2015. The prospect is in the Norwegian Sea, close to the producing Njord field (and Pil discovery);
- production for the five months period from 1<sup>st</sup> January to 31<sup>st</sup> May 2015 averaged 11,324 boepd;
- average operating cost per barrel of oil equivalent of approximately US\$22 was achieved for the same five month period, reflecting increased throughput and lower production costs;
- cash and net cash (unaudited) increased by £14 million from 31 December 2014 to £107 million and £84 million respectively at 31<sup>st</sup> May 2015.

**Boomerang exploration well commences Pil follow-up drilling campaign in Norwegian Sea**

The Boomerang prospect is located in the Norwegian Sea in licence PL586, which also contains the significant Pil and Bue discoveries announced in 2014. The Boomerang prospect is located approximately 30 km to the southwest of the producing Njord field (Faroe 7.5%).

The drilling programme will target prospective resources in the Upper Jurassic reservoirs analogous to the Pil, Bue and Draugen field reservoirs. After the drilling of the Boomerang exploration well bore (6406/12-4S) the campaign will continue with an updip side-track (6406/12-4A) and thereafter a further exploration well (6406/12-5S) on the on the Central Boomerang (Blink) prospect (Faroe 25%).

The Boomerang exploration well is located in water depth of approximately 320 metres and is operated by VNG Norge AS (30%) using the Transocean Arctic semi-submersible drilling rig with partners Spike Exploration Holdings AS (30%) and Rocksource Exploration Norway AS (15%). The Company will announce the results from the Boomerang well when drilling operations are complete.

**Portrush exploration well in Norwegian Sea added to programme, expected to be drilled in 2015**

The Portrush prospect is located in the Norwegian Sea in licence PL793 (Faroe 20%) and less than 10 kilometres south east of the producing Njord field (Faroe 7.5%). The exploration well will target prospective resources along the Vingleia fault in analogous Upper Jurassic reservoirs to Pil, Bue and Draugen.

The exploration licence PL793 was awarded to Faroe in January 2015 as part of the 2014 APA licensing round with joint ventures AS Norske Shell (40% and operator), VNG Norge AS (20%) and Petoro AS (20%). The well will benefit from reduced rig rates and the timing of the well will allow the results from a discovery

in the well to be included in forthcoming concept selection and development decisions in the greater Njord and Draugen areas.

**Group production performance exceeds forecast in the period January to May 2015**

Group production averaged approximately 11,324 boepd in the five month period from 1<sup>st</sup> January to 31<sup>st</sup> May 2015, reflecting better than forecast performance from the main producing fields in Faroe's portfolio. The average operating cost per barrel of oil equivalent for the same period was approximately US\$22, reflecting higher throughput and lower costs in general. The Company is expecting full year operating costs to be around \$30/boe.

Following a successful wireline campaign on the Schooner and Ketch fields (UK) production has continued at stable rates and better than forecast. In the Brage field (Norway), the first of two infill wells has been successfully completed and brought on stream very recently, with good initial performance. The second infill well has spudded and is expected to be brought on stream in Q4 2015.

Average production guidance for the year is under review but currently remains at 8,000 to 10,000 boepd. A review of this guidance will be undertaken following the summer maintenance period.

Work on the Njord future re-development project is progressing to plan. Concept selection for this significant and important project is scheduled for mid-2016; suspension of production and tow-to-shore of the Njord A facility are currently planned for Q2 2016.

On the Butch field development project, several attractive development scenarios are being matured in parallel, encompassing subsea tie-back solutions and a fixed jack-up facility. Concept selection is expected in the coming months and the field development plan is planned for submission in 2016.

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

"I am delighted to report that Faroe Petroleum is performing very well despite continuing low oil prices and sector instability. 2015 is proving to be Faroe's most active year to date, with several exceptional prospects to be drilled and production at an all-time high. Faroe's consistent strategic focus and prudent approach to financial management have ensured that we have a strong balance sheet and are well placed to take advantage of attractive opportunities.

"Kicking off our follow-up drilling programme on the significant 2014 Pil and Bue discoveries, I am very pleased to announce the spudding of the Boomerang exploration well, located in the same licence and within tie-back distance of the producing Njord field infrastructure. I am also delighted that we can look forward to a further near-term exploration well, on the Shell-operated Portrush prospect, again located close to the Njord and Draugen fields.

"The Greater Njord Area, which includes the Pil and Bue discoveries, the producing Njord and Hyme fields as well as the Snilehorn discovery announced in late 2013, represent a significant proven resource and a substantial position for Faroe. The Company's exciting 2015 exploration drilling campaign, focused entirely on this area, has the potential to add considerable additional value."

– Ends –

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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.

John Wood, UK Asset Manager of the Company with over fifteen years' experience of the oil and gas industry and who holds an M.Sc in Petroleum Engineering from Imperial College, has read and approved the production and development disclosure in this regulatory announcement.

## Glossary

"APA"	awards in pre-defined areas
"boe"	barrel of oil equivalent
"boepd"	barrels of oil equivalent per day
"mmboe"	millions of barrels of oil equivalent

## Notes to Editors

The Company has, through successive licence applications and acquisitions, built a substantial and diversified portfolio of exploration, appraisal, development and production assets across the Atlantic margin, the UK and Norwegian North Sea, Norwegian Sea, Barents Sea and the Celtic Sea. Faroe Petroleum has extensive experience working with major and independent oil companies and its joint venture partners include BP, Centrica, E.ON Ruhrgas, GDF, Maersk, OMV, Repsol, Shell, Statoil, Total, Tullow 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 six principal producing oil and gas fields in the UK and Norway, including interests in the Schooner and Ketch gas fields and Blane oil field in the UK, and interests in the producing Njord, Brage and Ringhorne East fields in Norway. Full year average economic production for 2015 is estimated to be between 8,000 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 producing Njord and Hyme 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 mmbob (gross). More recently, in April 2015, the Company announced the Shango discovery in the Norwegian North 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. 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. 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.

### Boomerang and Portrush Prospects

