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Faroe Petroleum turnover nearly doubles

Audited Preliminary Results for the Year Ended 31 December 2012 Faroe Petroleum, the independent oil and gas group focused on oil and gas exploration and production in the Atlantic margin, Norway and the North Sea, announces its audited Preliminary Results for the year ended 31 December 2012. HIGHLIGHTS Activity ? Maximising our potential through a balanced northern seas portfolio of outstanding exploration and appraisal opportunities, underpinned by high quality non-operated Norwegian and UK production ? 2P reserves of 20.1 mmbob at 31 December 2012 (including East Foinaven1), 95% of which is associated with fields on production ? 2012 total average production of approximately 6,900 boepd (2011: 2,500 boepd average production). Including East Foinaven 2012 average production was approximately 7,200 boepd ? Exploration successes with discoveries in Butch and Rodriguez (post year-end) in Norway mitigating an otherwise mixed year for exploration results ? Portfolio increased substantially to over 60 licences with 16 awards, with high equity stakes o UK: seven new licences, including three operatorships o Norway: eight new licences, including three operatorships (post year-end) o Iceland: frontier licence as operator Financial ? Investment of £161.4 million (2011: £96.2 million) in development and exploration capital expenditure during the year funded from cash, cash flow and Norwegian tax rebate o £111.8 million pre-tax (£35.5 million post-tax) on exploration o £49.3 million development expenditure on producing fields ? Cash of £72.9 million (2011: £111.6 million) excluding restricted cash of £2.7 million (2011: £0.7 million) ? Doubling and extension of committed credit facilities (Reserve Based Lending and Norwegian Exploration) to US\$425 million completed in year both facilities substantially available at year end ? Turnover nearly doubled to £158.8 million (2011: £80.2 million) ? EBITDAX

increased 135% to £96.0 million (2011: £40.9 million) ? Expensed exploration expenditure of £79.7 million (2011: £42.3 million) includes pre-licence expenditure of £8.6million and write offs of £71.1 million ? Loss after tax of £5.2 million (2011: £47.4 million profit which included £40.0 million exceptional gain on disposal of Maria interest) 1 In 2012 the Company commenced reporting its own reserves estimates (as explained more fully on Page 12) and had no asset related impairments in the year. The Groups 2P reserves at 31 December 2012 have been estimated at 18.9 mmboe. When including the reserves in East Foinaven (this transaction has an effective date of 1 January 2012 and is expected to complete in H1 2013) 2P reserves stand at 20.1 mmboe. Faroe Petroleum plc Audited 2012 Preliminary Results Page 2 of 22 Outlook ? 2013 capital expenditure of approximately £170 million, including around £120 million on exploration (pre-tax rebate in Norway) and approximately £50 million on developments and producing fields all fully funded o Provides shareholders with multiple opportunities for step-change in value growth o Exciting exploration and appraisal programme continues, targeting substantial upside potential with five firm wells planned for 2013: four in Norway (Darwin, Snilehorn, Novus and Butch East), and one in UK (Perth appraisal) o Preparing to operate the Novus exploration well on the Halten Terrace, Norway in H2 2013 o Production to benefit from newly developed Hyme satellite field tied-back sub-sea to Njord, East Foinaven, when transaction completes, plus several further planned in-fill wells ? Assessing opportunities to extend our exploration model into new areas over the medium term ? Active preparations to secure further licences in near-term licensing rounds ? 2013 production guidance 7,000-9,000 boepd ? Assessing potential to acquire further production to enhance tax efficient cash flow Graham Stewart, Chief Executive, commented: This has been a particularly active year for the Company, with a dramatic boost to production, and cash flow, together with a steady, fully funded exploration programme. We have increased our portfolio significantly through a large number of licence awards, including our first award in Iceland, and outstanding results in the 2012 APA round in Norway and UK 27th Round. This success demonstrates Faroes ability to continue to deliver solid value for shareholders through the drill-bit, licence awards and transactions; further differentiating ourselves and securing our position as one of the most active UK listed explorers. The considerable increase in cash flow from our production base, combined with healthy cash balances and debt facilities ensures we are well financed going forward. 2013 kicked off with a significant discovery at Rodriquez, and our portfolio of exploration licences ensures Faroe has an exciting and material drilling programme ahead with five firm high impact exploration and appraisal wells planned; including the Darwin prospect in the Barents Sea and a continuing programme of production in-fill wells. We look forward to an exciting period ahead. For further information please contact: Faroe Petroleum plc Graham Stewart Tel: +44 1224 650 920 Panmure Gordon (UK) Limited Callum Stewart/Adam James Tel: +44 20 7886 2500 Oriel Securities Limited Michael Shaw/Ashton Clanfield Tel: +44 20 7710 7000 FTI Consulting LLP, Callum Stewart/Adam James Tel: +44 20 7886 2500

CHAIRMANS LETTER Dear shareholder, The year delivered another busy period for the business, beginning and ending on a high, first with the Butch discovery and finally with the Rodriguez discovery, both of which are significant and with substantial upside. The Group had hoped for a repeat of the high exploration hit rates we achieved in 2010 and 2011, but we had a number of disappointing wells in 2012. It is important to acknowledge however, that such is the uncertain nature of exploration. The ongoing programme will test a variety of exploration plays, with a spread of risk and reward; this should be assessed on a portfolio basis, and with one of the largest in the UK and Norway, we remain confident with an overall discovery rate well ahead of the industry average. Faroe has maintained a consistent strategy since inception, focused on creating exceptional shareholder value from portfolio exploration. Through prudent portfolio and financial management, the Company has at all times ensured that it has the necessary funding in place to participate with material stakes in a multi-well exploration programme on a consistent and sustainable basis. Indeed, for the past three years all of the Companys investments have been funded from cash, operational cash flow and Norwegian tax rebates. This largely self-funding approach to our business model is one of Faroes great strengths particularly in these times of equity capital markets uncertainty. Faroe Petroleum has, through its highly successful application process, increased its number of licences to approximately 60. The Group has steadily grown to become one of the most successful applicants in the UK, Norway and recently Iceland. During the last year we secured a total of 16 new licences, our greatest award success to date. It is notable that many of the new licences have been granted with Faroe as operator, and in partnership with some of the worlds leading industry players, such as Eon, Statoil and Total, as well as the Norwegian State-owned oil company Petoro AS. As Faroe grows in size, so must the materiality of our exploration drilling programme. In order to deliver a growing high impact exploration programme into the future, we have commenced a process of assessing the potential for participation in new positions beyond our current geographic footprint, where we may expect to drill attractive frontier exploration wells in the medium term. Such expansion, if executed, would be designed to capitalise on our technical strengths, experience and competitive edge and would target play types similar to our existing assets. In exploration we had an exciting programme in 2012 with a total of seven wells drilled, two of which were significant successes, Butch and Rodriguez (completed post year-end), both in Norway. Technical discoveries were also made on T-Rex and Cooper. Cooper is the subject of continuing work to assess the merits of a second well on the block. Although it did not find hydrocarbons, Clapton, the Groups first Norwegian well as operator, was drilled successfully, on budget and safely an important achievement for the Company. During 2012 Faroe matured its asset base, building on the low cost exclusive acquisitions and swaps from 2011 and earlier. By making significant investments in its existing development and

production assets the Company has further enhanced its high quality non-operated UK and Norwegian oil and gas production portfolio. These investments included the fast-track sub-sea development of Hyme and infill wells on Njord, Brage and Ringhorne East. Faroe now has a strong cash position, greatly enhanced cash flows from its production, boosted by currently high and stable oil prices, significantly increased committed debt facilities and access to Norway's unique and highly attractive exploration tax rebate system. Faroe can therefore confidently continue its programme of high impact exploration and in-fill wells while pursuing its aggressive growth plans. Iain Lanaghan is leaving the Board in 2013 after four years as Group Finance Director. He has overseen a significant strengthening of the Company's cash flow and balance sheet, including the formation of a strong international bank group to provide US\$425 million of committed bank facilities. I would like to take this opportunity to thank Iain for all his diligent and hard work in guiding the Company into its position of Faroe Petroleum plc Audited 2012 Preliminary Results Page 4 of 22 financial strength and sustainability and wish Iain all the best for his future. The search for a replacement is well advanced and an announcement of the new appointee will be made in the near future. Faroe's strong reputation and technical excellence has allowed us to pursue and deliver growth in some of the most sought after oil and gas plays in the world. In addition we have built a highly profitable production portfolio to generate the cash flow we need to fund our wells. This has been achieved through focus, professionalism and a commitment to long term partnerships with some of the leading companies and Governments in the world of oil and gas. Faroe Petroleum has a truly outstanding team of professionals who are deeply committed to creating value and achieving material success for our shareholders. We intend to take full advantage of our capabilities and strong growth platform going forward and are confident of delivering outstanding success in the years ahead. John Bentley Chairman Faroe Petroleum plc Audited 2012 Preliminary Results Page 5 of 22 CHIEF EXECUTIVES REVIEW I am pleased to announce the audited results for the year ended 31 December 2012, a year of significant progress. The year saw a period of growth and consolidation across the portfolio of exploration, appraisal and production. Faroe's focused portfolio exploration strategy, now largely self-funded, continues to serve us well and we now occupy a very strong position from which to grow. Strategy clear and focused Pursuing a portfolio exploration business model mitigates exploration risk and increases the probability of success by drilling a significant number of high impact wells every year. We have built solid foundations in the three main elements of our business model; exploration (application, licence awards, prospect maturation, discovery); monetisation (appraisal, sale, swap/trade into production); and financing (cash reserves, cash flow, debt facilities and tax efficiency). Each of these areas commands substantial attention and resource for the business cycle to perform