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Jan Müller

20 - 08 - 2013

Faroe Petroleum- Our most exciting periods lies ahead

Faroe Petroleum, the independent oil and gas company focussing principally on exploration, appraisal and production opportunities in the Atlantic margin, the North Sea and Norway, is pleased to provide the following operational update. Highlights Farm-out of Novus and Solberg Wells Planned 2013 Norwegian wells; Novus and Solberg farmed out on promoted terms Post-farm out equity: Novus (Faroe 30% and operator), Solberg (Faroe 20%) Maintaining material equity and realising significant cost savings High Impact Exploration Drilling Programme to Commence Shortly Snilehorn (Faroe 7.5%) on track to spud in September 2013 exploration satellite to producing Njord field Butch East and Butch South West (Faroe 15%); Butch East on track to spud in October 2013 Novus (Faroe 30% and operator) on track to spud in November 2013, 10 km south of producing Heidrun field Pil (Faroe 25%) expected to spud in December 2013, to test prospect south of the producing Njord and Draugen fields Solberg (Faroe 20%) expected to spud in January 2014, to appraise the Cretaceous Solberg discovery 2013 3D Seismic Acquisitions Completed Successful completion of two extensive Faroe-operated 3D seismic acquisition programmes in Norway Production and Development Total average economic production for the year to 30 June 2013 was approximately 7,890* barrels of oil equivalent per day (boepd) Average 2013 production is anticipated to be at the lower end of the range of 7,000 9,000 boepd * includes East Foinaven the acquisition of which completed on 8 August 2013 Farm-out of Novus and Solberg Wells Through the farm-out at Solberg and Novus, Faroe has maintained material equity holdings whilst realising significant cost savings on promoted terms to Spike Exploration and Concedo for the near-term high impact Novus and Solberg wells. Novus Licence PL645 (Faroe equity pre-farm-down 50%, and post farm-

down 30% and operator) Spike Exploration Holdings AS (Spike) and Concedo AS have acquired a 15% and 5% share respectively in the Novus Licence PL645 in exchange for paying a carry of Faroes costs associated with the forthcoming exploration well. Solberg and Rodriguez Licence PL475 (Faroe equity pre-farm-down 30%, and post farm-down 20%) Spike has acquired a 10% share in Licence PL475 (containing the Rodriguez discovery and Solberg prospect) in exchange for paying a carry of Faroes costs associated with the forthcoming exploration well, to be operated by Wintershall. The transactions are contingent upon Norwegian authorities and applicable third party consent.

High Impact Exploration Drilling Programme to Commence Shortly Faroe is set to commence a substantial and long term exploration well programme, with considerable upside potential. . Snilehorn (Faroe 7.5%). This well and side-track, to be operated by Statoil AS, is located four kilometres from the Hyme producing field (Faroe 7.5%) in the Norwegian Sea. Hyme is producing into the Njord field facilities (Faroe 7.5%). The Snilehorn well will target oil and gas in the Jurassic Ile, Tilje and Åre Formations and, if successful, the plan is to fast-track a development along similar lines to the Hyme development. This well is now scheduled to be spudded in September 2013 using the Songa Trym drilling rig, with potential first oil in 2015/16.

Butch East and Butch South West (Faroe 15%). These wells, to be operated by Centrica Norge AS, are located in the Norwegian North Sea close to significant existing infrastructure with the producing fields Ula, Tambar and Gyda located approximately seven kilometres to the north west, 10 kilometres to the south west and 20 kilometres to the south respectively. These wells follow the Butch discovery made in October 2011 which opened an exciting new oil play and the first of these two wells, Butch East, is expected to be spudded in October 2013 using the Maersk Giant rig. Novus (Faroe equity pre-farm-down 50%, and post farm-down 30% and operator). The Novus prospect, operated by Faroe, is located some nine kilometres to the south west of the Statoil-operated, producing Heidrun field in the prolific Halten Terrace hydrocarbon province of the Norwegian Sea. This is an area in which Faroe has built a strong position over several years, and has had considerable exploration success, including the significant Maria, Fogelberg and Rodriguez discoveries. The main targets for the Novus well are the Jurassic reservoirs of the Garn, Ile, and Tilje formations and operations are expected to commence in November 2013 using the West Navigator drillship. Faroe Petroleum will retain 30% equity and operatorship in this licence. Pil (Faroe 25%). This well, to be operated by VNG, will target a combined structural and stratigraphic closure and the primary target is at the shallower upper Jurassic Rogn formation sandstone which has proved to be an effective reservoir in the producing Draugen field located 60 kilometres to the north east. The Pil prospect is located within tie-back distance (33 kilometres) to the producing Njord field in which the Company holds a 7.5% interest. The drilling of the well has been brought forward to December using the Transocean Arctic drilling rig. Solberg (Faroe equity pre-farm-down 30%, and post farm-down 20%). The well will appraise the lateral extent and size of the

Lower Cretaceous Rodriguez discovery announced in January 2013, where moveable hydrocarbons were discovered in sandstone layers in the Lange formation. The Operator's (Wintershall) preliminary volumetric estimates of the size of the discovery were stated to be between 19 and 126 million barrels of recoverable oil equivalent. The scheduling for the well is January 2014 and Faroe Petroleum will retain 20% equity in the licence. Faroe also retains a 30% equity interest in neighbouring Milagro Licence PL590, which offers good follow-up potential to Solberg in the event of success.

2013 Operated 3D Seismic Acquisitions Completed Faroe has completed its first two operated seismic surveys in Norway: the 1,700 square kilometre 3D seismic acquisition programme was acquired using long offset technology and a vessel from the ultra-modern Polarcus fleet. The surveys were acquired without any HSE incident and completed on 17 August 2013 under budget and ahead of schedule. The first survey was acquired over multiple prospects in the PL665 S Caramello licence, which was awarded to Faroe (40% and operator) in January 2013. This licence is located in the Norwegian Southern North Sea where the primary play is the Upper Jurassic Ula Formation sandstones, which was successfully explored in the Butch discovery. The second survey was acquired over the Lola prospect in licence PL620. This licence was awarded to Faroe Petroleum (50% and operator) in January 2012. The decision to acquire 3D seismic was made following the interpretation of new long?offset 2D seismic data during 2012, which provided a promising result. The new seismic data will now be processed and interpreted and will provide critical information to be used for drilling decisions during the course of next year.

Production and Development Average economic production for the first half of 2013 was 7,890 boepd, and it is currently estimated that the full years production is likely to be at the lower end of the 7,000 to 9,000 boepd range of expectations provided, taking into account the natural decline of the fields, deferral of some elements of the capital work programme and an increased allowance for both planned and unplanned shutdowns. The 2013 field capital programme comprises a number of elements: infill drilling of Schooner, Njord and Brage in addition to bringing the Hyme and Orca fields to first production. Whilst progress on Hyme and Orca has been ahead of expectations, with Hyme first oil achieved in February 2013, slippage on the drilling schedules of all three infill programmes has deferred some potential production volumes into 2014.

Graham Stewart, Chief Executive, Faroe Petroleum commented: I am pleased to provide this operational update which profiles the substantial work and progress we have been engaged with over recent months. The farm out of the forthcoming Novus and Solberg wells is the most recent example of our ongoing portfolio management. We seek at all times to balance exploration cost exposure with reward, and with the farm-out of these two wells we have secured a good outcome, whereby we retain material equity interests in these exciting wells but are exposed to only a fraction of their cost. We look forward to the forthcoming drilling operations on these key wells together with our new licence partners Spike and Concedo. Production in the first half of the year has been in line with expectations and expected full year average

economic production is now expected to be at the lower end of the guidance range of 7,000 to 9,000 boepd, due to both later than expected infill wells and longer than expected maintenance periods on some of our assets. We now look forward to one of our most exciting periods ahead, with a long programme of fully-funded high impact exploration and appraisal wells planned, with large equity stakes, to commence in the coming weeks, and the potential to generate very considerable shareholder value.