

06 August 2012

**Falkland Oil and Gas Limited**

**("FOGL" or "the Company")**

**Farm-out Agreement with Noble Energy**

FOGL, the oil and gas exploration company focused on its extensive licence areas to the South and East of the Falkland Islands, is pleased to announce the execution of a farm-out agreement with Noble Energy Falklands Limited ("Noble"), an affiliate of Noble Energy, Inc. (NYSE: NBL), a leading global exploration and production company. The license position consists of 40,000 square kilometers (10 million acres).

**Summary terms of the Farmout Agreement:**

- Noble will farm-in to the Northern Area Licences for a 35% interest except for two excluded areas. FOGL will continue as operator of the entire Northern Area Licences until early 2013, when operatorship of the farm-in area will be transferred to Noble.
- The excluded areas within the Northern Area Licences will be delineated both geographically and stratigraphically and comprise the Loligo complex and the Nimrod-Garrodia complex. Noble will not participate in certain stratigraphic horizons in these excluded areas and FOGL will retain a 75% interest and operatorship with Edison International S.p.a ("Edison") holding the remaining 25% interest. However, Noble will remain a participant in the excluded areas regarding other horizons.
- Noble will also farm-in to the Southern Area Licences for a 35% interest, with FOGL continuing as operator of these licences until no later than early 2014, when Noble will become the designated operator.
- FOGL will be proposing to the partners that the Scotia prospect in the Northern Area Licences will be drilled in the fourth quarter of 2012 immediately following the FOGL Loligo well.

**Noble's financial contribution comprises the following elements:**

- 60% of the Scotia well costs, including associated costs incurred during 2011.
- A \$25 million cash contribution to be paid in January 2013 predominantly relating to certain historical costs.
- 60% of the costs of the Southern Area Licences commitment well.
- 45% of a discretionary exploration well, should Noble elect to participate in the well.
- Noble's total investment over the next 3 years is currently estimated to range between \$180 million and \$230 million.

**Resulting licence interests post farm-out**

**Northern Area Licences equity split**

FOGL:	40%
Noble: (operator)	35%
Edison:	25%

**Excluded areas within the Northern Area Licences: Loligo complex and the Nimrod-Garrodia complex**

FOGL: (operator)	75%
Edison:	25%

**Southern Area Licences equity split**

FOGL: (operator)	52.5%
Noble:	35.0%
Edison:	12.5%

This farm-out brings in another significant industry partner for FOGL whose interests and expertise complement those of Edison. The farm out substantially improves FOGL's financial position. In the event that the Loligo and Scotia exploration wells are drilled within budget, it is estimated that on completion of the wells the Company's cash balances will not be less than \$200 million which will provide the Company with significant funds for additional exploration work. Given suitable encouragement from the 2012 drilling results, this is likely to include two 3D seismic surveys to be acquired in the Northern and Southern Area licences commencing in early 2013. Further exploratory drilling is then anticipated to commence in late 2014 and may include a programme of up to four exploration wells.

The farm-out to Noble is subject to the approval of the Falkland Islands Government.

**Tim Bushell, Chief Executive of FOGL, said:**

"We are delighted that Noble is joining us in our exciting exploration programme. Noble brings strong technical expertise and an excellent track record of exploration and development success.

"We have now brought in two highly respected international exploration and production companies and with this strong partnership in place, we have the financial and technical resources to help realise the potential from our large acreage position in the Falkland Islands."

**Charles D. Davidson, Noble Energy's Chairman and CEO, said:**

"Noble Energy is looking forward to working with FOGL and Edison in this new exploration joint venture. After careful study, we believe this region is very consistent with our new ventures exploration strategy of entering regions that provide prospects that are not only material in size, but also where initial success can de-risk subsequent opportunities. In this particular case we have already identified numerous oil leads on 2D data with an unrisks gross resource potential exceeding 6 billion barrels of oil. Once completed, this transaction will increase our worldwide leasehold by over 70 percent gross and 40 percent net."

Noble Energy is a leading independent energy company engaged in worldwide oil and gas exploration and production. The Company has core operations onshore in the U.S., primarily in the DJ Basin and Marcellus Shale, in the deepwater Gulf of Mexico, offshore Eastern Mediterranean, and offshore West Africa. Noble Energy is listed on the New York Stock Exchange and is traded under the ticker symbol NBL. Further information is available at [www.nobleenergyinc.com](http://www.nobleenergyinc.com).

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