

20 January 2016

**Faroe Petroleum plc**

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

**Six new exploration licences awarded in Norway**

Faroe Petroleum, the independent oil and gas company focussing principally on exploration, appraisal and production opportunities in Norway and the UK, is pleased to announce that it has been awarded six new prospective exploration licences, including two operatorships, under the 2015 Norwegian APA (Awards in Pre-defined Areas) Licence Round on the Norwegian Continental Shelf.

***Norwegian Sea***

The Company has been awarded three new licences in the Norwegian Sea area:

**Licence PL836S Yoshi – Blocks 6406/2,3 below Cretaceous: Faroe (30%), Wintershall Norge AS (40% and operator), Centrica Resources (Norge) AS (30%).** The Yoshi prospect sits on a partly eroded horst block located immediately to the south of the Smørbukk Sør Field, and is defined by a clear up-faulted/dip closed structure. Reservoirs are expected to be the same Middle Jurassic Ile & Tilje formation sands as present in Smørbukk Sør. The work programme consists of 3D seismic reprocessing ahead of a drill or drop decision in 2018.

**Licence PL845 Grønøy High – Blocks 6609/6, 6610/4,5,6: Faroe (20%), ConocoPhillips Skandinavia AS (40% and operator), Wintershall Norge AS (20%) and Dong E&P Norge AS (20%).** The Grønøy High sits in the northern part of the Norwegian Sea, between the Træna Basin to the north and the Helgeland Basin to the south. The play concept consists of localised Mesozoic basins sitting on a basement high, similar to the proven Johan Sverdrup area. The work programme consists of 2D seismic acquisition ahead of a 3D seismic or drop decision in 2018.

**Licence PL644B Aerosmith licence extension – Blocks 6506/11: Faroe (20%), OMV (Norge) AS (30% and operator), Repsol Exploration Norge AS (20%), Skagen 44 AS (20%) and Centrica Resources (Norge) AS (10%).** This licence represents additional acreage to the existing PL644 Aerosmith license (Faroe 20%) which includes Jurassic prospectivity. The work programme is the same as PL644 and the drill or drop decision is in 2017.

***Norwegian North Sea***

The Company has been awarded three new licences in the Norwegian North Sea area:

**Licence PL810 Katie – Blocks 2/1, 7/12, 8/10: Faroe (40% and operator), Centrica Resources (Norge) AS (30%), Wellesley Petroleum AS (30%).** The Katie Prospect is located in the Norwegian Central Graben, between the Tambar and Gyda fields to the southwest, the Ula Field to the north and the Butch development to the east, in a core area for Faroe. The main prospect is a stratigraphic closure of Upper Jurassic Ula reservoir sands. The work programme consists of G&G studies ahead of a 3D seismic reprocessing commitment or drop decision in 2017.

**Licence PL811 Gullaxy – Blocks 7/9,12 8/7,10: Faroe (20%), Centrica Resources (Norge) AS (40% and operator), Tullow Oil Norge AS (20%) and Origo Exploration Norway AS (20%).** The Gullaxy prospect is located on the southwestern flank of the Sørvestlandet High, just north of the Butch development where Faroe is a partner. The main prospectivity is located in a similar setting as the Butch Discovery and could

add additional volumes to the Butch development. The work programme consists of G&G studies and a 3D seismic purchase or drop decision in 2017.

**Licence PL825 Rungne – Blocks 30/3,6: Faroe (40% and operator), Fortis Petroleum Norge AS (30%) and Centrica Resources (Norge) AS (30%).** The Rungne Prospect is located between the Oseberg Øst and Huldra fields within the eastern part of the Rungne Sub-basin in the Viking Graben. The prospect is a rotated/tilted fault block with Lower Jurassic Brent Group reservoirs. The prospect sits immediately up dip the well 30/6-11 which encountered oil shows and a potential live column. The work programme consists of 3D seismic reprocessing ahead of a drill or drop decision in 2018.

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

“Faroe has again been very successful in its licence application strategy, winning a further six licences in the latest Norwegian licensing round which add further upside potential to our portfolio. Significantly, we have further consolidated our position in core areas of the Norwegian continental shelf in which we have enjoyed recent exploration success, enhancing our acreage positions near and around the greater Njord Areas and the Butch development project. At this stage no well commitments have been offered and should we and our partners progress these toward exploration drilling, Faroe continues to benefit from the Norwegian tax system whereby 78% of all exploration related expenditure is eligible for a tax rebate in the following year.”

“Faroe has a material and exciting drilling programme in 2016; we are currently drilling the Kvalross exploration well in the Barents Sea and have two further firm wells in the Norwegian Sea later in the year. Coupled with strong production, a solid cash position and largely un-utilised credit facilities we are confident in our ability to take advantage of opportunities which the current depressed oil price environment presents.”

– 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 30 years, has read and approved the exploration and appraisal disclosure in this regulatory announcement.

## 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, ENGIE, 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 9,500 boepd and 10,500 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 mboe (gross). More recently, in 2015, the Company announced the Shango and Boomerang discoveries 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 North Sea positions provides the majority of prospects targeted by the Company's sustainable exploration 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 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.



APA 2015 Awards

