6 January 2016

Faroe Petroleum plc
("Faroe", "Faroe Petroleum", the "Company")
Updated Independent Technical Report

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in Norway and the UK, is pleased to announce results of an update of the independent technical report by Senergy (GB) Limited ("LR Senergy")[1].

LR Senergy have completed their independent technical report on Faroe's reserves for 2015, and the 2015 year-end numbers are materially higher than those reported for year-end 2014. Proved plus Probable 2P reserves ("2P Reserves") net to Faroe at 1 January 2016 have been estimated at 60.6 mmboe, representing an increase of 98.0 per cent. as compared to 30.6 mmboe at 1 January 2015. The principal differences result from:

- Adding the Butch field in Norway (Faroe 15%) to 2P Reserves: in October 2015, the operator Centrica and partners announced that the Butch field will be developed as a subsea tie-back to the BP-operated Ula field. LR Senergy has assessed Butch 2P Reserves net to Faroe at 6.4 mmboe;
- Adding Pil field in Norway (Faroe 25%) to 2P reserves: LR Senergy has evaluated the progress that has been made by the operator VNG Norge AS and partners in maturing the Pil discovery towards project selection in 2016, and has also evaluated the development options, which have been demonstrated to be economically viable. On that basis, LR Senergy has concluded that the volumes associated with the Pil project can be categorised as 2P Reserves. These have been assessed at 23.8 mmboe net to Faroe. The Pil 2P Reserves do not include the volumes associated with the Bue and Boomerang discoveries, which are currently less mature technically and will remain as Contingent Resources ("2C") for the time being;
- Further 2P Reserves have been added through the acquisition of Roc Oil (GB Holdings) Limited: LR Senergy have assessed 2P Reserves associated with the acquired 12.5% interest in the Blane Unit and 12.0% interest in the Enoch Unit at 1.6 mmboe;
- In addition, a number of positive technical revisions have allowed partial reserves replacement in the existing producing fields.

The table below presents the 2P Reserves net to Faroe by geographic location and split in terms of oil and liquids reserves and gas reserves. The reserves are reported in accordance with the Petroleum Resources Management System, the joint reserves/resources definitions of the Society of Petroleum Engineers, the World Petroleum Congress and the American Association of Petroleum Geologists.

Faroe Petroleum - Proved plus Probable (2P) Reserves as at 1 January 2016			
Area	Oil and Liquids MMstb	Gas Bscf	Total MMboe
Norway	40.5	78.9	53.7
UK	3.9	18.0	6.9
Total	44.4	96.9	60.6

Faroe is in the process of completing its own internal assessment of reserves and resources at 1 January 2016 and will be announcing the outcome in the coming weeks together with an operational update to include estimates of production levels and planned expenditure for 2016.

Graham Stewart, Chief Executive commented:

"I am very pleased to report this material increase in reserves over the year, generated principally from exploration success and which further underpins the significant value of the Company. This doubling of 2P reserves demonstrates clearly how our consistent strategy is delivering tangible results.

"We look forward to an exciting three well exploration drilling programme for 2016 in Norway, which is firming up on cost efficient terms. Faroe enters 2016 in a robust financial position, with strong production, a solid cash balance and largely undrawn credit facilities."

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Dr. Barry Squire is the Commercial Project Manager for LR Senergy and was responsible for supervising this evaluation. He is a professional petroleum geologist with over 35 years of oil industry experience, the last 15 of which has been in the capacity of a reserves auditor, and has read and approved the technical disclosure in this regulatory announcement.

[1] Whilst the Company has been reporting internal reserve and resources estimates since 2012, and will continue to do so in 2016, as a separate exercise LR Senergy has continued to provide annual independent reports in support of Faroe Petroleum's internal estimates in connection with the borrowing base facility and annual audit.

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 a 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 mmboe (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.

Glossary

2P	Proved plus Probable Reserves
2C	Best Estimate of Contingent Resources
API	American Petroleum Institute gravity
Boe	barrel of oil equivalent
Bscf	Billions of standard cubic feet
Contingent Resources	Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies.
Gross	100% of the reserves and/or resources attributable to the licence whilst "Net attributable" are those attributable to the AIM company
mmboe	millions of barrels of oil equivalent
mmstb	millions of barrels of stock tank oil
Proved	Proved Reserves are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90%

	probability that the quantities actually recovered will equal or exceed the estimate.
Proved plus Probable	Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than possible reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.
Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

Conversion factor

Gas resources have been converted to oil equivalent using 6.0 mscf = 1 boe