

12 January 2016

Faroe Petroleum plc

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

Kvalross exploration well commences drilling

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 the commencement of the Kvalross exploration well 7224/2-1 (Faroe 40%).

Licence PL611, which contains the Kvalross prospect, is located in the Norwegian Barents Sea to the south of OMV’s significant Wisting and Hanssen oil discoveries. The well will test two independent targets, namely: the Kvalross prospect with significant oil and gas resource potential within Lower Triassic Klappmyss Formation clinoform reservoir; and the Kvaltann prospect which has additional oil potential within a Mid-Late Triassic Snadd Formation channel.

Licence PL611 was awarded to Faroe in May 2011 in the Norwegian 21st Licensing Round together with co-venturers Wintershall Norge AS (40% and operator) and Petoro AS (20%). The Kvalross well is being drilled using the Transocean Arctic drilling rig and the results will be announced when drilling operations are complete.

Graham Stewart, Chief Executive of Faroe Petroleum commented:

“We are very pleased to announce the spudding of the Kvalross well which is the first of three exploration wells in Faroe’s drilling programme for 2016 in Norway. This well will test two independent structures in a highly prospective area in the Norwegian Barents Sea. Kvalross is on trend with and just to the South of OMV’s significant Wisting and Hanssen discoveries and will use the same rig as was used to make the Pil and Bue discoveries last year.

“Faroe enters 2016 in robust financial health, with strong production, a solid cash position and largely un-utilised credit facilities, as we continue to evaluate the potential to take advantage of further good quality growth opportunities.”

– 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 25 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, GDF, 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 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.