

24 February 2016

Faroe Petroleum plc

("Faroe", "Faroe Petroleum", the "Company")

Results of Kvalross exploration well

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in Norway and the UK, announces that drilling has reached target depth on the Wintershall operated Kvalross exploration well in the Barents Sea (Faroe 40%).

The Kvalross exploration well 7224/2-1 was spudded on 11 January 2016 and reached a total vertical depth of 2,917 metres in the Lower Triassic Havert formation. The well aimed to test two independent targets: the Kvalross prospect within the Lower Triassic Klappmyss formation; and the Kvaltann prospect within a Mid-Late Triassic Snadd formation channel. Good quality sands were encountered in the Kvaltann prospect but were found to be water wet. In the main Kvalross target hydrocarbon shows were observed, but not in good quality reservoirs. No commercial discovery has been made.

The Kvalross exploration well was operated by Wintershall using the Transocean Artic drilling rig and is now being plugged and abandoned as planned. The duration of the well is expected to be approximately 60 days compared to the dry hole timing budget of 83 days, and hence is expected to be delivered significantly below budget.

Licence PL611 was awarded to Faroe together with co-venturers Wintershall Norge AS (40% and operator) and Petoro AS (20%) in May 2011 in the Norwegian 21st Licensing Round.

Graham Stewart, Chief Executive of Faroe Petroleum commented:

"Whilst the results for the Barents Sea Kvalross well are disappointing, we are pleased that the well has been drilled significantly below budget and to have encountered hydrocarbon shows which will add to the large data bank we now hold over this prospective frontier area. We look forward now to the next two exploration wells in our programme. The near-field Brasse well in the Norwegian North Sea and the Njord North Flank well in the Norwegian Sea are scheduled to be drilled in the summer and second half of 2016 respectively.

"Faroe has built a strong portfolio position in Norway, where exploration benefits materially from tax rebates provided by the state to support and encourage exploration in the country.

"In the meantime Faroe's strong balance sheet means we are well prepared to weather the continuing period of low commodity prices, and are seeking to capitalise on our position to pursue consolidation opportunities in our core areas on the UK and Norwegian continental shelves."

– 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 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, ENGIE, E.ON Ruhrgas, 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 production for 2016 is estimated to be between 7,000 boepd and 9,000 boepd.

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 \$225 million reserve base lending facility, with a fully funded committed 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.