

16 June 2016

Faroe Petroleum plc

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

Oil and Gas Discovery at the Brasse Exploration Well and Njord Facility Update

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal, development and production opportunities in Norway and the UK, is pleased to announce an oil and gas discovery in the Faroe-operated Brasse exploration well in licence PL740 in the Norwegian North Sea (Faroe 50%).

Oil and gas discovery at the Brasse exploration well

The Brasse well (31/7-1) has been drilled to a total depth of 2,780 metres. The well encountered approximately 18 metres of gross gas-bearing and approximately 21 metres of gross oil-bearing Jurassic reservoir which is believed to be analogous to the effective reservoir at the Brage producing oil field (Faroe 14.3%), located approximately 13 kilometres to the north of Brasse. Preliminary results based on extensive coring, wireline logs and pressure data show that the well has encountered oil and gas in reservoir sandstones of good quality. The presence of oil and gas has been confirmed subsequently by fluid sampling.

The partnership has now decided to drill a sidetrack to help confirm both the reservoir distribution and hydrocarbon contacts. A further announcement will be made at the completion of drilling activities. The co-venturer in the PL740 licence is Point Resources AS (50%).

Njord Facility Update

In line with previous guidance, production from the Njord and Hyme fields (Faroe 7.5%) has been suspended, and the Njord A platform will be towed to shore for refurbishment and modification.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

"We are very pleased to announce the oil and gas discovery at the Brasse prospect and await the results of the sidetrack. This discovery in one of our core areas, builds on Faroe's already significant position in the Norwegian North Sea via a low cost exploration well. If the Brasse drilling results prove a commercial discovery, it could be tied-back to the Brage production facilities or alternatively to other nearby installations. Once there is further information in relation to results from the sidetrack well we will update the market."

– 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, ENGIE, 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.

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. 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 mmboc (gross). More recently, in 2015, the Company announced the Brage (2016) Shango (2015) and Boomerang (2015) 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, cash flow and 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.

Brasse Exploration well

