

THIS ANNOUNCEMENT REPLACES ANNOUNCEMENT 8893E AND INCLUDES A SUMMARY TIMETABLE OF EVENTS

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21 July 2016

Faroe Petroleum plc

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

Open Offer

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal, development and production opportunities in Norway and the UK, announces that it has today posted to Shareholders a circular (the "Circular") detailing the Company's proposals to issue 5,958,896 Open Offer Shares pursuant to the Open Offer and a notice of general meeting (the "GM").

The Circular, together with the notice of GM, form of proxy and application form will be posted to Shareholders today. The GM will take place at 11.00 a.m. on 9 August 2016 at the offices of FTI Consulting at 200 Aldersgate St, London EC1A 4HD.

The Open Offer is being carried out in order to allow all Shareholders the opportunity to participate in a further issue of new equity in the Company at the Issue Price of 70 pence per Ordinary Share, which was the price at which the Company issued shares to institutional and other investors under the Placing, to raise £62 million (before expenses), which the Company announced on 15 July 2016. The principal purpose of the Placing was to fund the acquisition of certain assets from DONG Energy in Norway. The net proceeds of the Open Offer will be used primarily for general working capital purposes in order to continue to execute the Company's exploration, appraisal and development-led growth strategy.

The definitions set out in the Circular apply in this announcement unless the context otherwise requires. The Circular, excerpts of which can be found below, and this announcement have been posted on the Company's website <http://www.fp.fo/investors/aim-rule-26/>.

The Open Offer has been underwritten by Stifel and RBC.

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1. Introduction

On 15 July 2016, Faroe announced that it had conditionally raised £62 million (before expenses) by the Placing of 88,500,000 new Ordinary Shares to institutional and other investors at the price of 70 pence per Ordinary Share.

The Board recognises and is grateful for the continued support received from Shareholders and has therefore decided to offer all Shareholders the opportunity to participate in a further issue of new equity in the Company by launching the Open Offer to issue up to 5,958,896 further new Ordinary Shares to Qualifying Shareholders at the Issue Price. Qualifying Shareholders may subscribe for Open Offer Shares on the basis of 1 Open Offer Share for every 60 Existing Ordinary Shares held on the Record Date. The issue of the Open Offer Shares is expected to raise further gross proceeds of £4,171,227 for the Company. Shareholders subscribing for their full entitlement under the Open Offer may also request additional new Ordinary Shares through the Excess Application Facility.

As the allotment and issue of the Open Offer Shares will exceed the Directors' existing authorities to allot shares for cash on a non pre-emptive basis, the General Meeting is being called to seek Shareholders' approval to grant new authorities to enable the Directors, inter alia, to complete the Open Offer.

The Open Offer Shares to be issued pursuant to the Open Offer are to be admitted to trading on AIM, which is expected to take place at 8.00 a.m. on 10 August 2016.

The Open Offer is conditional upon, inter alia, the approval by Shareholders of Resolutions 1 and 2 which will be sought at the General Meeting to be held at 11.00 a.m. on 9 August 2016, notice of which is set out at the end of the Circular. Should Shareholder approval of these resolutions not be obtained at the General Meeting, the Open Offer as currently envisaged will not proceed.

The Circular sets out the background to, and reasons for, the Open Offer. To enable the Company to implement the Open Offer, the Company is seeking the approval by Shareholders of Resolutions 1 and 2 which are to be put to the General Meeting of the Company to be held at the offices of FTI Consulting, 200 Aldersgate, Aldersgate Street, London EC1A 4HD at 11.00 a.m. on 9 August 2016. Resolution 3 is being proposed in order to renew the directors' authority to allot relevant securities following the Placing. Resolution 4 is being proposed in order to update the directors' authority to disapply pre-emption rights on the allotment of a limited number of equity

securities following the increase in the Company's issued share capital as a result of the Placing and Open Offer. Paragraph 5 below includes an explanation of the Resolutions.

2. Background to and reasons for the Open Offer

The Open Offer is being carried out in order to allow all Shareholders the opportunity to participate in a further issue of new equity in the Company at the Issue Price of 70 pence per Ordinary Share, which was the price at which the Company issued shares to institutional and other investors under the Placing, to raise £62 million (before expenses), which the Company announced on 15 July 2016. The net proceeds of the Open Offer will be used primarily for general working capital purposes.

3. Details of the Open Offer

3.1 Structure

The Open Offer provides an opportunity for all Qualifying Shareholders to participate in a further issue of new equity in the Company at the same price as the Placing, by acquiring Open Offer Shares pro rata to their current holdings of Existing Ordinary Shares with the option for subscribing for more pursuant to the Excess Application Facility.

The Issue Price of 70 pence per Open Offer Share represents a 3.8 per cent. discount to the closing price of 72.75 pence per Existing Ordinary Share on 20 July 2016, the last Business Day before the announcement of the Open Offer.

3.2 Principal terms of the Open Offer

Subject to the fulfilment of the conditions set out below, Qualifying Shareholders are being given the opportunity to subscribe for the Open Offer Shares at a price of 70 pence per Open Offer Share, pro rata to their holdings of Existing Ordinary Shares on the Record Date on the basis of:

1 Open Offer Share for every 60 Existing Ordinary Shares held on the Record Date

Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility.

The allotment and issue of the Open Offer Shares will be conditional on, inter alia, the passing of Resolutions 1 and 2 at the General Meeting.

Fractions of Open Offer Shares will not be allotted; instead, each Qualifying Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number. The fractional entitlements will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. To the extent that there are any Open Offer Shares that are not applied for by Qualifying Shareholders, the Underwriters will procure subscribers for such Open Offer Shares (failing which they will subscribe for them themselves).

Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating the Open Offer Entitlements.

To enable the Company to benefit from applicable exemptions to the requirement to prepare a prospectus in connection with the Open Offer, a maximum of 5,958,896 new Ordinary Shares, representing a total consideration of £4,171,227 (€4.97 million), will be made available to Qualifying Shareholders under the Open Offer, which will be conducted on the basis of 1 Open Offer Share for every 60 Existing Ordinary Shares held on the Record Date.

The Open Offer is restricted to Qualifying Shareholders in order to enable the Company to benefit from exemptions from securities law requirements in certain jurisdictions outside the United Kingdom.

If the proceeds of the Open Offer would otherwise be €5 million or more, the Company will scale back the Excess Application Facility then, if necessary, the number of Open Offer Shares to be issued pursuant to Open Offer Entitlements (on a pro rata basis).

It should be noted that the Open Offer is not a rights issue. Accordingly, the Application Form is not a document of title and cannot be traded. Unlike a rights issue, any Open Offer Shares not applied for under the Open Offer will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not take up their rights to subscribe under the Open Offer. To the extent that any of the Open Offer Shares are not taken up by Qualifying Shareholders, the Underwriters have agreed to procure subscribers for, or failing which themselves to subscribe as principal for, such Open Offer Shares.

3.3 Excess Application Facility

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares.

Qualifying non-CREST Shareholders who wish to apply to acquire more than their Open Offer Entitlement should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4(ii)(j) of Part IV of the Circular for information on how to apply for Excess Shares pursuant to the Excess Application Facility. Applications for Excess Shares will be satisfied only and to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements and subject to any scaling back by the Company. Once subscriptions by Qualifying Shareholders under their respective Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

Application will be made for the Open Offer Entitlements and Excess Open Offer Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 22 July 2016. Such Open Offer Entitlements and Excess Open Offer Entitlements will also be enabled for settlement in CREST as soon as practicable on 22 July 2016. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim.

Qualifying non-CREST Shareholders will receive an Application Form with the Circular which sets out their entitlement to Open Offer Shares as shown by the number of Open Offer Entitlements allocated to them. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

If applications are made for less than all of the Open Offer Shares available, then the lower number of Open Offer Shares will be issued and any outstanding Open Offer Entitlements will lapse.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part IV of the Circular.

For Qualifying non-CREST Shareholders, completed Application Forms, accompanied by full payment, should be returned by post or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Kent, BR3 4TU, UK so as to arrive as soon as possible and in any event so as to be

received no later than 11.00 a.m. on 5 August 2016. For Qualifying CREST Shareholders the relevant CREST instructions must have been settled as explained in the Circular by no later than 11.00 a.m. on 5 August 2016.

3.4 Other information relating to the Open Offer

The Open Offer is conditional, inter alia, upon:

- (a) the passing of Resolutions 1 and 2 at the General Meeting;
- (b) the Placing and Open Offer Agreement becoming unconditional in all respects in respect of the Open Offer (other than Admission) and not having been terminated in accordance with its terms; and
- (c) Admission of the Open Offer Shares becoming effective by not later than 8.00 a.m. on 10 August 2016 (or such later time and/or date as Stifel and the Company may agree, but not later than 24 August 2016).

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Open Offer will not proceed.

The Open Offer is expected to result in the issue of in total 5,958,896 new Ordinary Shares (representing, in aggregate, approximately 1.6 per cent. of the Enlarged Share Capital). The Open Offer Shares, when issued and fully paid, will rank pari passu in all respects with the Existing Ordinary Shares and therefore rank equally for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued.

Following the Placing and the issue of the Open Offer Shares pursuant to the Open Offer, Qualifying Shareholders who take up their full entitlements, excluding any Open Offer Shares acquired through the Excess Application Facility, in respect of the Open Offer will have undergone a dilution of up to 25 per cent. to their interests in the Company because of the Placing. Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will experience a dilution of up to 26 per cent. to their interests in the Company because of the Placing and the Open Offer.

4. Application for Admission

Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings for normal settlement in the Open Offer Shares on AIM will commence at 8.00 a.m. on 10 August 2016.

5. General Meeting

A notice convening a General Meeting of the Company, to be held at the offices of FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD at 11.00 a.m. on 9 August 2016 is set out in the Circular. At the General Meeting, the following Resolutions will be proposed:

1. an ordinary resolution to grant authority to the Directors to allot up to 5,958,896 new Ordinary Shares in the capital of the Company or to grant rights to subscribe for or convert any security into shares in the capital of the Company pursuant to section 551 of the 2006 Act, being up to an aggregate nominal amount of £595,889.60. The Directors will limit this authority to the allotment of new Ordinary Shares pursuant to the Open Offer and the authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2017 or, if earlier, 30 June 2017;
2. a special resolution to disapply the statutory pre-emption rights contained in section 561(1) of the 2006 Act in respect of the allotment for cash of up to 5,958,896 new Ordinary Shares with an aggregate nominal amount

of up to £595,889.60. The Directors will again limit this authority to the allotment of new Ordinary Shares pursuant to the Open Offer and the authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2017 or, if earlier, 30 June 2017;

3. an ordinary resolution to grant a general authority to the Directors to allot shares in the capital of the Company or to grant rights to subscribe for or convert any security into shares in the capital of the Company pursuant to section 551 of the 2006 Act, up to an aggregate nominal amount of £26,709,119. This authority will represent 66.66 per cent. of the Enlarged Share Capital (plus £2,478,699 in connection with various employee share option and incentive schemes) and is in line with the Investment Association Guidelines which recommend that the directors' authority to allot share capital be limited to a sum equal to two-thirds of the issued ordinary share capital plus the amount required in order to satisfy outstanding share options on condition that half of this amount (representing one third of the Company's Enlarged Share Capital) can only be allotted pursuant to a rights issue; it is also in line with the authorities granted pursuant to section 551 of the Act at the Company's last Annual General Meeting held on 28 June 2016; and
4. a special resolution to disapply the statutory pre-emption rights contained in section 561(1) of the 2006 Act in respect of the allotment for cash of equity shares with an aggregate nominal amount of up to £1,817,463. This authority will represent approximately five per cent. of the Enlarged Share Capital and is in line with the Directors' existing share authorities granted in respect of the disapplication of section 561(1) of the 2006 Act granted at the Company's last Annual General Meeting held on 28 June 2016.

Resolutions 1 and 3 are proposed as ordinary resolutions and Resolutions 2 and 4 are proposed as special resolutions.

6. Timetable of Events

	2016
Record Date for entitlement under the Open Offer	5.00 p.m. on 19 July
Announcement of the Open Offer	21 July
Ex-Entitlement Date and time	8.00 a.m. on 22 July
Posting of this circular, the Form of Proxy and, to Qualifying non-CREST shareholders only, the Application Forms	21 July
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	As soon as practicable on 22 July
Latest recommended time and date for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 1 August
Latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 2 August
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims)	3.00 p.m. on 3 August
Latest time and date for receipt of Forms of Proxy from Shareholders	11.00 a.m on 5 August

Latest time and date for receipt of completed Application Forms and payment in full from Qualifying Shareholders under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m on 5 August
Expected time and date of announcement of results of Open Offer	7.00 a.m. on 9 August
General Meeting	11.00 a.m. on 9 August
Expected time of announcement of results of the General Meeting and results of the Open Offer	Afternoon of 9 August
Admission effective and dealings in the Open Offer Shares expected to commence on AIM	8.00 a.m. on 10 August
Expected date for crediting of the Open Offer Shares in uncertificated form to CREST stock accounts	As soon as practicable on 10 August
Expected date of despatch of share certificates in respect of the Open Offer Shares	Week commencing the 15 August

IMPORTANT NOTICES

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The distribution of this announcement and the issue of the Open Offer Shares as set out in this announcement in certain jurisdictions may be restricted by law. No action has been taken that would permit an offering of such shares or possession or distribution of this announcement or any other offering or publicity material relating to such shares in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required to inform themselves about, and to observe, such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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