

7 July 2016

**Faroe Petroleum plc**

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

**Award of new licence in Irish Atlantic Margin**

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal, development and production opportunities, is pleased to announce an award of a new licence under Ireland’s 2015 Atlantic Margin Licensing Round.

Licensing Option 16/23, which covers some 960 square kilometres in the Slyne/Erris Basin, is one of the second tranche of awards made under the 2015 Atlantic Margin Licensing Round. Faroe is operator of this licence (Faroe 100% working interest). The Licensing Option, which has a three-year term, lies in about 280 metres of water and is some 15 kilometres east of the Corrib gas field (operated by Shell), which came on-stream at the end of 2015.

The main lead is a large tilted fault-block structure in which Triassic Sherwood sandstones (the same reservoir as in Corrib) are identified as the main reservoir target. The main focus of the work programme is to improve the seismic image by employing recent advances in modern seismic reprocessing techniques which will be carried out alongside other geological studies.

**Graham Stewart, Chief Executive of Faroe Petroleum, commented:**

“We are pleased to have been awarded this Licensing Option, offshore Ireland, where we see attractive prospectivity in the same play as the significant Corrib field. We now have an opportunity to screen potentially significant exploration targets, close to the producing Corrib field, using our extensive knowledge and experience in seismic reprocessing and interpretation. If the results of the initial work programme are successful and prospectivity is firmed up, the next steps would be to commit to the acquisition of new seismic data and bring in suitable partners ahead of potential exploration drilling.

We look forward to working with the Irish Authorities as we execute the work programme over the next three years.”

– 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). In 2015, the Company announced the Shango (2015) and Boomerang (2015) discoveries in the Norwegian North Sea. More recently, the Company announced the Brasse oil discovery (2016), located just to the south of the producing Brage oil field. Side track drilling appraisal operations on Brasse are currently underway.

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 \$200 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.

### Irish Atlantic Margin: Licensing Option 16/23

