

16 August 2016

Faroe Petroleum plc

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

Update on acquisition of an interest in the Ula producing field

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in Norway and the UK, announces an update on the acquisition of its interest in the Norwegian Ula field, part of the package of assets to be acquired from DONG E&P Norge AS (“DONG”).

As announced on 14 July 2016, Faroe has conditionally acquired interests in five Norwegian producing assets from DONG including a 20% interest in the Ula field and associated production hub infrastructure (the “Interest”). One of the conditions of the acquisition was a 30 day pre-emption period under which the partner in the Ula Field could have acquired the Interest. This period has now expired and the Company will now proceed towards the completion of the acquisition as planned.

– Ends –

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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 in Norway, the UK and Ireland.

Faroe Petroleum is an experienced licence operator having operated several exploration wells successfully in Norway and the UK and is also the production operator of the Schooner and Ketch gas fields in the U.K. Southern Gas Basin. Faroe recently applied to be operator of two producing fields in Norway, Trym and Oselvar, which the Company has agreed to acquire from DONG Energy. Faroe also has extensive experience working with major and independent oil companies both in Norway and in the UK.

The Company's substantial licence portfolio provides a considerable spread of risk and reward. Faroe has an active E&A drilling programme and has interests in five principal producing oil and gas fields in the UK and Norway, including the Schooner and Ketch gas fields and the Blane oil field in the UK, and interests in the 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 July 2016 the Company announced the acquisition of a package of Norwegian producing assets from DONG Energy including interests in the Ula, Tambar, Oselvar and Trym fields which together produced just under 10,000 boepd in the first four months of 2016.

In November 2013 and March 2014 Faroe announced the Snilehorn and Pil discoveries in the Norwegian Sea in close proximity to the Njord and Hyme fields. More recently, in July 2016 the Company announced the Brasse discovery next to the Brage field in Norway.

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 \$200 million reserve base lending facility, with a fully funded committed drilling programme through 2016. Faroe has a 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.