

17 October 2016

Faroe Petroleum plc

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

Oil and Gas Discovery at the Njord North Flank Exploration Well and Side-track

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 at the Njord North Flank in the Norwegian Sea (Faroe 7.5%). The well and side-track (NF-2 and NF-3) are located approximately six kilometres to the north of the Njord production facility (Faroe 7.5%).

The NF-2 exploration well 6407/7-9 S was drilled to a total depth of 4,105 metres below sea level. The well encountered 102 metres of gross oil-bearing reservoir in Middle and Lower Jurassic sandstones of the Ile and 157 metres of a gross gas condensate-bearing column in Lower Jurassic sandstones in the Tilje formation.

Based on these results the partnership decided to drill a side-track well 6407/7-9A to test a fault-block lying to the east which was drilled to a total depth of 4,127 metres below sea level. The well encountered 195 metres of gross gas-bearing column in the Tilje Formation. In addition 140 metres of gross gas-bearing column were encountered in Lower Jurassic sandstones in the Åre Formation. No hydrocarbons were encountered in the Ile Formation in NF3.

Neither well was drill stem tested but extensive data acquisition and sampling has been performed on both wells. Based on the data acquired, a preliminary estimate of the size of the NF-2 discovery is between 1.3 and 18.9 mmboe for NF-2 and between 0.6 and 9.4 mmboe for side-track NF-3. Collectively these discoveries are equivalent to a range of 1.9mmboe to 28.3mmboe (0.14mmboe to 2.1mmboe net to Faroe). These results are in line with pre-drill estimates.

The well has now been plugged and abandoned as planned and the partners will start work on assessing the commercial potential of the discovery.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

“We are pleased to announce this oil and gas discovery on the Njord North Flank, Faroe’s second discovery of the year, following our significant Brasse oil and gas find announced in summer, which is also located very close to infrastructure. This new Greater Njord Area discovery builds on Faroe’s already significant position in this core area of the Norwegian Sea and has the potential to add further value and reserves to the Njord Future Project, which is scheduled to commence in early 2017. The North Flank discovery has also benefited from low rig rates and hence drilling costs, which, coupled with the Norwegian exploration tax rebate, has ensured Faroe’s cost exposure was very low and maintains our low finding costs.

We look forward to Faroe’s continuing exploration programme; next up is the high impact exploration well on the Dazzler prospect (Faroe 20%) located in the Barents Sea. Dazzler will be operated by Eni and is scheduled to spud around year end.”

– 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.

The Company's internal estimates of resources contained in this announcement were prepared in accordance with the Petroleum Resource Management System guidelines endorsed by the Society of Petroleum Engineers, World Petroleum Congress, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers.

The information contained within this announcement is considered to be inside information prior to its release, as defined in Article 7 of the Market Abuse Regulation No. 596/2014, and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

Glossary

Mmboe	millions of barrels of oil equivalent
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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 16,000 boepd and 18,000 boepd including production from the package of Norwegian producing

assets acquired from DONG Energy including interests in the Ula, Tambar, Oselvar and Trym fields, which is expected to complete before the year end.

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.

Njord North Flank well locations

