

19 October 2016

**Faroe Petroleum plc**

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

**Sell-side analyst site visit to Norway**

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in Norway and the UK, announces that it is hosting a site visit for sell-side analysts on Tuesday 18 October and Wednesday 19 October 2016 in Norway.

The site visit includes presentations by Faroe's management and operational team, including data on:

- Production performance between January – September 2016, together with estimated capital expenditure for 2016 and 2017, as well as operating expenditure per boe
- Potential development projects in which Faroe currently has an interest

**Production and Development Assets**

Production assets	Net production	Net capex (£m)		Unit
	(boepd)	2016e	2017e	Opex
	Jan – Sep'16			\$/boe
Njord/Hyme	1,383	6.0	10.5	21 – 23
Brage	2,427	1.5	10.0	22 – 26
Ringhorne East	732	-	-	7 – 10
Blane	870	-	-	10 – 15
Schooner	1,082	-	-	25 – 30
Ketch	1,245	-	-	25 – 30
Small field interests	449	-	-	20 – 25
Trym	5,105	-	4.5	13 – 15
Ula	1,821	1.0	4.0	30 – 40 <sup>1</sup>
Oselvar	1,329	-	-	20 – 25
Tambar	2,189	0.5	21.0	15 – 20
<b>Total</b>	<b>18,632</b>	<b>9.0</b>	<b>50.0</b>	<b>23 – 27</b>
<b>Development assets</b>				
Oda		4.5	17.5	
Snilehorn		1.0	1.0	
Pil		6.0	13.5	

The Company previously revised production guidance for the year to 31 December 2016 including the impact of fields acquired from Dong E&P Norge AS (“DONG”), to 16,000-18,000 boepd. This remains unchanged.

The payment at completion for the acquisition of producing assets from DONG is expected to be approximately US\$35 million as a result of higher than expected production and commodity prices since the effective date (1 January 2016), as well as a deferral of planned capital expenditure.

## Illustrative Development Project Metrics

	WI	Prod start	Production <sup>2</sup>	Reserves	Capex <sup>3</sup>	Opex	
	%	Year	Net boepd	Net mmboe	Net (£m)	\$/boe	\$/boe
Brage infill campaign (3 wells)	14.3	2017	450 – 1,500	0.7	10	19.0	1.5
Tambar Artificial Lift (TAL) <sup>4</sup>	45.0	2018	2,000 - 3,000	3.6	21	7.5	17.0
Oda	15.0	2019	5,000	6.3	82	17.0	11.5
Njord Future	7.5	2020	6,000	13.3	99	10.0	14.0
Snilehorn	7.5	2020	2,000	4.4	35	10.0	8.5
Pil <sup>5</sup>	25.0	2021	7,000	23.8	250	13.5	10.5

<sup>1</sup> Ula unit opex to be reduced as a result of new production from the Tambar and Oda projects

<sup>2</sup> Targeted plateau production

<sup>3</sup> Source: Senergy and company estimates. Figures in real 2016 terms

<sup>4</sup> Not including the Tambar infill campaign as defined below:

	WI	Prod start	Production <sup>2</sup>	Reserves	Capex <sup>3</sup>	Opex	IRR	
	%	Year	Net boepd	Net mmboe	Net (£m)	\$/boe	\$/boe	%
Tambar infill campaign	45.0	2019	1,500 - 2,500	4.9	50	13.5	4.0	> 20

<sup>5</sup> Assumes tie-back to Njord as development scenario

As part of the high grading of its portfolio, Faroe is withdrawing from the Perth licence and relinquishing the Lowlander licence. The Company had previously written down to zero the carrying value of its interests in both licences.

– 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

boe	barrels of oil equivalent
boepd	barrels of oil equivalent per day
Contingent Resources	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources
mmboe	millions of barrels of oil equivalent
Prospective Resources	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development.

## 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. 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. Full year average production for 2016, including economic production from the acquisition, is estimated to be between 16,000-18,000 boepd.

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, and the Njord North Flank discovery, next to the Njord field, both 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.