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Faroe Petroleum plc

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

Njord facilities selected as preferred concept for Pil & Bue development in Norway

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in Norway and the UK, is pleased to announce that the partners in the Pil & Bue discoveries (licence of PL586) have decided that a subsea development solution tied back to the Njord (Faroe 7.5%) platform in the Norwegian Sea is the preferred concept for development of the Pil & Bue discoveries (Faroe 25%).

Three competing concepts were considered in the process leading to the final selection by the license partners. A subsea installation tied back to the Njord platform has emerged as the best option and with the full support of the Njord partners*. Going forward, the development solution will be matured through the Front End Engineering Design (FEED) stage towards a formal field development plan.

The Njord production facility is currently in Kvaerner's Stord facility in Norway undergoing extensive modifications in order to increase materially its operating life and accommodate a number of new satellite field tie-back developments including Pil & Bue.

Graham Stewart, CEO of Faroe Petroleum commented:

“I am very pleased to announce that the Njord facilities have been chosen for the development of the material Pil & Bue discoveries. This is a significant step in the maturation of these high quality discoveries and the fact that they will be tied back to infrastructure we know well, and are joint venture partners in, further consolidates one of our core areas in Norway. We look forward to cooperating with our partners on the Njord licence as we progress this important project towards development.”

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*Statoil Petroleum AS – 20% & Operator, Engie E&P Norge AS– 40%, DEA Norge AS – 30%, Faroe Petroleum Norge AS – 7.5% and VNG Norge AS – 2.5%.

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.

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 team who are leaders in the areas of seismic and geological interpretation, reservoir engineering and field development, focused on creating exceptional value for its shareholders.