

20th December 2016

Faroe Petroleum plc

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

New banking facilities secured

Faroe Petroleum, the independent oil and gas company focussing principally on exploration, appraisal and production opportunities in Norway and the UK, announces the signing of two banking facilities, which will provide substantial finance to underpin the Company’s growth plans.

The two facilities are:

- **US\$250 million (approx. £200 million) Reserve Base Lending Facility (“RBL”)**
This facility is available to finance the relevant assets and approved capital expenditure, operating costs and acquisitions. In addition to the committed US\$250 million, a further US\$100 million is available on an uncommitted “accordion” basis. This RBL has a 7-year final maturity (December 2023), with an amortising schedule from January 2020 and replaces Faroe’s existing RBL facility which matures on 30 June 2018. The Company currently has no loans drawn under the RBL facility.
- **NOK 1 billion (approx. £92.5 million) Norway Exploration Financing Facility**
This facility has the capability to finance the majority of Faroe’s exploration and appraisal costs on the Norwegian Continental Shelf. In addition to the committed NOK 1 billion, a further NOK 0.5 billion is available on an uncommitted “accordion” basis. The availability period of the facility is to 31 December 2019.

The facilities have been provided by BNP Paribas, BMO Capital Markets, Commonwealth Bank of Australia, Danske Bank, DNB Bank, ING, Royal Bank of Scotland, SEB, SR-Bank and Wells Fargo. Rothschild and Pinsent Masons advised the Company and Watson Farley & Williams advised the banks.

Commenting on the new facilities, Graham Stewart, Chief Executive of Faroe Petroleum said:

“We are very pleased to have concluded this financing exercise, and to have received such strong support from both our existing bank syndicate and new lenders. The new facilities provide us with substantial funding to support the continuing growth of the Group and the financing of our development assets.

“The combination of existing cash, these new credit facilities and cash flow from the Company’s significantly enhanced portfolio of producing assets, ensures that we are funded to take advantage of the material development upside in our portfolio and continue to invest in our value enhancing exploration programme on the Norwegian continental shelf.”

– Ends –

For further information please contact:

Faroe Petroleum plc
Graham Stewart, CEO

Tel: +44 1224 650 920

Stifel Nicolaus Europe Limited
Callum Stewart /Ashton Clanfield

Tel: +44 20 7710 7600

RBC Capital Markets
Matthew Coakes/Roland Symonds

Tel: +44 20 7653 4000

FTI Consulting
Edward Westropp/Kim Camilleri

Tel: +44 20 3727 1000

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 and the Trym and Oselvar fields in the Norwegian North Sea. Faroe 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 a portfolio of producing oil and gas fields in the UK and Norway, including the Schooner and Ketch gas fields, the Blane oil field and the East Foinaven oil field in the UK, as well as interests in the Brage, Ringhorne East, Ula, Tambar, Oselvar and Trym fields in Norway. The Company has recently acquired a package of Norwegian producing assets from DONG Energy comprising interests in the Ula, Tambar, Oselvar and Trym fields. Full year average production for 2016, including economic production from the acquisition of the interest from DONG Energy, is estimated to be between 17,000-18,000 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 two discoveries: the Brasse discovery, close to the Brage and Oseberg field platforms; 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. 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.