

18 January 2017

Faroe Petroleum plc

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

Four new exploration licences awarded in Norway

Faroe Petroleum, the independent oil and gas company focussing principally on exploration, appraisal and production opportunities in Norway and the UK, is pleased to announce that it has been awarded four new prospective exploration licences, including two operatorships, under the 2016 Norwegian APA (Awards in Pre-defined Areas) Licence Round on the Norwegian Continental Shelf.

Norwegian North Sea

The Company has been awarded three new licences in the Norwegian North Sea area:

Licence PL740 B Brasse extension – Block 31/4 and 31/7: Faroe (50% and operator), Point Resources (50%): The possible northward extension of the Brasse Discovery on the eastern side of the Brage Field. The work programme is the same as the existing PL740 Brasse licence (Faroe 50%).

Licence PL870 Pabow – Blocks 25/6, 9, 26/7: Faroe (20%), Statoil (80% and operator). The Pabow Prospect is located on the edge of the Stord Basin, just East of the Shango licence (Faroe 20%). The main prospect is a large stratigraphic closure of Upper Jurassic Ula reservoir sands. The work programme consists of G&G studies before a drill or drop decision in 2018.

Licence PL881 Goanna – Block 33/9: Faroe (30%), Wellesley Petroleum (70% and operator): The Goanna Prospect is located on the Tampen Spur on the north-western margin of the North Viking Graben. It is a structural and stratigraphic prospect of Upper Jurassic age sandstones, updip of well 33/9-16. The work programme involves the acquisition of 3D data and a drill or drop decision by 2018.

Norwegian Sea

The Company has been awarded one new licence in the Norwegian Sea area:

Licence PL888 Canela – Blocks 6507/7: Faroe (40% and operator), ConocoPhillips (30%), Wellesley Petroleum (30%). The license is located on the Revfallet Fault Complex on the Halten Terrace. The Canela prospect consists of down faulted blocks west of the producing Heidrun Field. Reservoirs are expected to be the same Fangst group sands as found in the Heidrun Field. The work programme consists of the acquisition or reprocessing of 3D seismic ahead of a drill or drop decision in 2019.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

“We are very pleased to announce the award of four important new licences in the latest Norwegian licensing round. We have added new exploration plays to our portfolio as well as consolidating our position around the high quality 2016 Brasse discovery which we will be appraising later in 2017.”

“We look forward to integrating these new licences into the exploration portfolio. The addition of good quality exploration acreage, our enhanced production portfolio and development pipeline ensures that we continue to expose our shareholders to balanced but high impact growth opportunities.”

– 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 25 years, has read and approved the exploration and appraisal disclosure in this regulatory announcement.

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 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 a portfolio of 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, Ringhorne East, Ula, Tambar, Oselvar and Trym fields in Norway. The Company has recently acquired 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 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 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 \$250 million reserve base lending facility, with a further US\$100 million available on an uncommitted "accordion" basis. 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.

APA Licence Awards

