

12 January 2017

Faroe Petroleum plc

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

Boné (Dazzler) exploration well commences and Brasse appraisal well added to 2017 drilling programme

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 the commencement of the Boné exploration well 7318/12-1 (Faroe 20%) and the decision to drill an appraisal well on the Brasse discovery in the 2017 drilling programme.

Boné (Dazzler) exploration well 7318/12-1 (Faroe 20%)

Licence PL716, which contains the Boné prospect (previously named Dazzler), is located in the western part of the Norwegian Barents Sea in a similar structural setting to the Johan Castberg discovery. The primary targets for the well are the Jurassic Stø- and Nordmela sandstones with a secondary target within the Triassic Fruholmen and Snadd sandstone formations.

Licence PL716 was awarded to Faroe in June 2013 in the Norwegian 22nd Licensing Round together with co-venturers Eni Norge AS (30% and operator), Bayerngas Norge AS (20%), Petoro AS (20%) and Point Resources AS (10%). The Boné well is being drilled using the Scarabeo 8 drilling rig and the results will be announced when drilling operations are complete.

Brasse Discovery appraisal well

Faroe Petroleum is also pleased to announce that the Licence PL740 partnership has committed to the drilling of an appraisal well on the Brasse discovery in mid-2017 (Faroe 50%). Faroe as operator has entered into a contract with Odfjell Drilling for the use of the semi-submersible drilling rig, Deepsea Bergen, for the drilling operations.

Faroe announced the Brasse oil and gas discovery in PL740 in July 2016. The main wellbore 31/7-1 encountered an 18 metre gross gas column and a 21 metre gross oil column, and the sidetrack well (31/7-1A) encountered a 6 metre gross gas column and 25 metre gross oil column, with both wells encountering good quality Jurassic reservoir. Total gross volumes of recoverable hydrocarbons have been estimated by the Company to be 28-54 mmbbls of oil and 89-158 bcf of gas (43-80 mmboe gross in aggregate). The main objectives of the appraisal well are to reduce the uncertainty in the reserves estimates and to provide important additional information for the development project.

The Brasse discovery is located within tie-back distance to existing infrastructure: 13 kilometres to the south of the Brage field platform, in which the Company holds a 14.3% working interest and 13 kilometres to the south east of the Oseberg Field Centre.

Graham Stewart, Chief Executive of Faroe Petroleum commented:

“We are very pleased to announce the spudding of Boné, our first exploration well in 2017, located 90 kilometres to the northwest of the Johan Castberg discovery. This high impact well will test a large horst structure with very significant volume potential.

“We are also pleased to announce the forthcoming appraisal well on the Brasse licence which will serve to mature this discovery towards development. Together with Point Resources we are progressing feasibility studies which will be ongoing in parallel with the appraisal project.

“2017 will be another significant year for Faroe. We have a very full programme ahead of us in our core areas including exploration, appraisal, infill drilling and early stage development activity. Coupled with our strong production profile, solid cash position and recently increased and substantially undrawn debt facilities, we look forward to another period of growth across the business.”

– 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 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.

Glossary

bcf	billion cubic feet
mmbbls	million barrels of oil
mmboe	million barrels of oil equivalent

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

Location Map

