

23 March 2017

**Faroe Petroleum plc**

**("Faroe", "Faroe Petroleum", the "Company")**

### **Extension of Trym field production**

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in Norway and the UK, is pleased to note the announcement from Maersk Oil today in relation the proposed redevelopment of the Maersk-operated Tyra production facilities in Denmark in 2019.

Faroe's operated Trym field (Faroe 50%), which had been anticipated to come off stream in 2018, is now expected to produce until the end of 2019 at which point production will be suspended, pending redevelopment of the Tyra facilities which in turn is expected to be completed in 2022.

Tyra is Denmark's largest gas field and the facilities are the processing and export center for all gas produced by the Danish Underground Consortium (DUC). More than 90% of Denmark's gas production is processed through the facilities. The Tyra field is operated by Maersk Oil on behalf of the DUC, a partnership between A.P. Moller – Maersk (31.2%), Shell (36.8%), Nordsøfonden (20%) and Chevron (12.0%).

**Full release from Maersk Oil below:**

## **Maersk Oil welcomes agreement encouraging a full redevelopment of the Tyra field**

Maersk Oil has today, on behalf of the Danish Underground Consortium (DUC), reached an agreement with the Government of Denmark which will facilitate future oil and gas investments in the Danish North Sea and protect industry jobs in Denmark. The agreement provides the terms that enable the DUC partners to progress a full redevelopment plan for the Tyra facilities towards a decision to invest in the project by the end of 2017.

Oil and gas have been produced from the Danish North Sea for almost half a century. Since 1984, Tyra has been at the centre of Denmark's national energy infrastructure, processing 90% of the nation's gas production.

The Tyra field requires redevelopment due to subsidence of the chalk reservoir which has led to the platforms sinking by around 5 metres in the last 30 years. This has reduced the gap between the sea and the platform decks. As a result, investment is required if the Tyra complex is to continue producing safely into the next decade.

A full redevelopment will restore the current infrastructure, including the gas processing hub and five surrounding satellite fields which include Harald and Valdemar and thereby ensure continued production from the Tyra field. Furthermore the new asset could enable future production of oil and gas volumes from the DUC license area as well as third party projects.

Maersk Oil's Chief Operating Officer, Martin Rune Pedersen, said:

"The agreement makes the Danish North Sea a more competitive investment area for oil and gas companies to invest and to develop new opportunities. A redevelopment of Tyra can be a catalyst for prolonging the life of the Danish North Sea. It can protect valuable revenues to the Danish state and Danish jobs – especially in the Esbjerg area. We will now issue tenders and progress engineering work towards detailed plans in preparation of a final investment decision by end 2017."

Maersk Oil Chief Executive, Gretchen Watkins, added:

"Today's announcement reaffirms the commitment Maersk Oil has made to invest in the future of North Sea oil and gas and, in particular, in our heartland in Denmark. The recognition of shared value between government and industry in investments like the redevelopment of Tyra are a blueprint for the type of collaboration that will support value creation for decades to come."

The full redevelopment programme requires a resequencing of engineering activities versus the decommissioning and partial redevelopment scenario outlined to the gas markets on 30 December 2016. Maersk Oil today issued a further REMIT notice to the gas markets on behalf of all DUC partners outlining that, pending a final investment decision, production from Tyra is now expected to shut in December 2019 and restart in March 2022. More information on the revised schedule for a full redevelopment of Tyra will be made available on final investment decision later this year.

The agreement with the Government of Denmark is subject to Danish parliamentary approval.

Editor's notes:

- Tyra is Denmark's largest gas field and the facilities are the processing and export center for all gas produced by the Danish Underground Consortium (DUC). More than 90% of Denmark's gas production is processed through the facilities.
- Tyra East and Tyra West is also the hub for a number of smaller facilities in the Tyra field. This includes the neighbouring unmanned facility, Tyra Southeast, which was extended in 2015.
- The Tyra field is operated by Maersk Oil on behalf of the DUC, a partnership between A.P. Moller – Maersk (31.2%), Shell (36.8%), Nordsøfonden (20%) and Chevron (12.0%).

High resolution images of Tyra platforms, offshore employees, leadership figures and MP4 B-roll footage from Tyra facilities are available to download [here](#).

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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. In December 2016 the Company completed 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 2017, is estimated to be between 13,000-15,000 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 \$250million reserve base lending facility, with a further US\$100million 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.