

25 May 2017

Faroe Petroleum plc

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

Brasse appraisal well commences drilling in the Norwegian North Sea

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in Norway, the UK and Atlantic Margin, is pleased to announce the commencement of the Faroe-operated Brasse appraisal well 31/7-2S in the Norwegian North Sea (Faroe 50%).

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 appraisal well will target a seismic anomaly c. 2 km to the southeast of the main discovery well and has the potential to derisk further reserves upsides beyond the existing uncertainty range.

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.

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, in cooperation with licence partner Point Resources AS (50%), will decide on a potential second appraisal on the Brasse discovery later this year, dependent upon the results of the 31/7-2S well. The well results will also be used for the ongoing evaluation of the prospectivity of the recently awarded Brasse Extension area (Faroe 50% and operator) ahead of a potential drill decision in 2018.

Graham Stewart, Chief Executive of Faroe Petroleum commented:

“We are very pleased to announce the spud of the Faroe-operated Brasse appraisal well, which is designed to derisk the size and extent of the Brasse field ahead of progressing towards development sanction.

“Brasse is one of Faroe's most significant discoveries to date, and was the largest discovery in the Norwegian North Sea in 2016. Brasse is set to become a key project for us, and underlines our ability to continue to add significant value through low-cost exploration in our core areas. Faroe is now actively investing in pre-development and development of several of its own discoveries, each of which has the potential to transform the value of the Company in the coming years.”

– 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 30 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.

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 12,000-15,000 boepd. The investment programme to increase production from the Company's existing fields continues, with the planned installation of gas lift and drilling of two infill wells on Tambar (Faroe 45%) and the recommencement of infill drilling on the Brage field (Faroe 14.3%).

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.

Glossary

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

Brasse Discovery & Appraisal well

