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Faroe Petroleum plc

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

Statoil Press Announcement regarding plans for development and operation ("PDO") of Njord and Bauge

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in Norway, the UK and Atlantic Margin, notes Statoil's press announcement of 20 June 2017 regarding PDO of Njord and Bauge in the Norwegian North Sea.

Graham Stewart, Chief Executive of Faroe Petroleum commented:

"Faroe are delighted at the efficient progress Statoil is making with this important project. The economics of this project remain very attractive and will make a significant contribution towards Faroe's planned production and cash flow growth. We have a material and strategic position in the Greater Njord Area through our working interests in the Njord, Hyme and Bauge fields (Faroe 7.5%), as well as the neighbouring Fenja (formerly Pil and Bue) field (Faroe 25%), which are to be tied in subsea to the Njord field host."

Statoil announcement:

"The plans for development and operation of Njord and Bauge in the Norwegian Sea have now been approved by the authorities.

The Njord A platform and the Njord Bravo floating storage and offloading vessel (FSO) will be upgraded to recover the remaining resources in the Njord and Hyme fields, whereas Bauge is a new field development to be tied in to the Njord A platform.

"We are pleased that the authorities have now approved the plans for Njord and Bauge, two important fields on the Norwegian continental shelf. The investments, totalling NOK 20 billion, will trigger high activities and spin-offs for the Norwegian society and Norwegian supply industry," says Torger Rød, Statoil's head of project development in Statoil.

The remaining resources on the Njord and Hyme field total 175 million barrels of oil equivalent. This corresponds to the reserves produced from the Njord field since first oil in in 1997. In addition, 73 million barrels of oil equivalent will be produced from Bauge.

On behalf of the partnerships in the Njord, Hyme and Bauge licences plans for the development and operation of the Njord and Bauge fields were submitted to Norwegian authorities on 27 March this year.

The original PDO for the Njord field was submitted more than 20 years ago. The field will now produce for another twenty years, and the partnership has decided to upgrade and reuse both the Njord A platform and the Njord Bravo FSO.

The Bauge field development concept includes one subsea template, two oil producers and one water inject

"Kværner at Stord has been awarded the contract for upgrading the platform and work facilitating the tie-in of Bauge and potential future third-party tie-ins," says Rød.

“Njord remaining on stream until 2040 is important for our specialist communities in Kristiansund and Stjørdal, as well as the mid-Norway supply industry. An upgraded field centre and new infrastructure at Njord also allows for the development of other fields in the area,” says Siri Espedal Kindem, senior vice president, Operations North, Development and Production Norway.

Next year the Njord partners will award the contract for upgrading the Njord Bravo FSO. First oil is scheduled for the end of 2020.”

– Ends –

For further information please contact:

Faroe Petroleum plc
Graham Stewart, CEO

Tel: +44 (0) 1224 650 920

Stifel Nicolaus Europe Limited
Callum Stewart / Nicholas Rhodes / Ashton
Clanfield

Tel: +44 (0) 20 7710 7600

BMO Capital Markets
Neil Haycock / Tom Rider / Jeremy Low

Tel: +44 (0) 207 236 1010

FTI Consulting
Edward Westropp / Emerson Clarke

Tel: +44 (0) 20 3727 1000

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 UK 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.