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Faroe Petroleum plc

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

Successful Brasse sidetrack well results – increased volume range

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 results of the 31/7-2S Brasse sidetrack appraisal well in the Norwegian North Sea (Faroe 50% and operator, Point Resources 50%).

Highlights

- **Volume increase:** recoverable resource volumes now estimated at between 56 and 92 mmboe (from 43 to 80mmboe)
- **High net to gross:** very high quality reservoir sands with a very high net to gross ratio
- **High quality light crude:** similar quality crude to the nearby producing Brage field (Faroe 14.3%)
- **Reservoir encountered close to prognosis:** penetrated gross hydrocarbon-bearing reservoir section with approximately 18 metres of oil and 4 metres of gas in the sidetrack well
- **Attractive field development economics:** field economics robust at low commodity prices and with fast track potential
- **Faroe to progress as operator:** work underway to take field to development with first oil in 2020/21

The Brasse appraisal well sidetrack 31/7-2A has been drilled to a total depth of 2,275 metres TVDSS, targeting the reservoir 1.0 kilometre to the west of the appraisal well (31/7-2 announced on 13 June 2017) and 2.4 kilometres to the south of the main discovery well (31/7-1 announced on 16 June 2016). An extensive data acquisition programme was carried out in the 31/7-2A sidetrack, including the cutting of cores together with a full suite of wireline logs and fluid samples. The sidetrack well successfully penetrated the gas-oil contact and the oil-water contact in the southern part of the Brasse field and encountered approximately 18 metres of gross oil-bearing and 4 metres of gross gas bearing Jurassic reservoir above the oil water contact. Preliminary results show that the well has encountered oil in a sand-rich reservoir of very good quality with the same oil-water contact as in the discovery well (31/7-1) and in the main bore of the appraisal well (31/7-2). The pressure data indicates good pressure communication within the reservoir.

Based on extensive data collected from the initial discovery well, initial sidetrack, appraisal well (with drill stem test) and the appraisal well sidetrack, the total gross volumes of recoverable hydrocarbons for the Brasse field have been revised up to 46-76 mmbbls of oil and 59-97 bcf of dry gas (56-92 mmboe in aggregate).

The Brasse field discovery was made by Faroe in 2016 and is located within tie-back distance to existing infrastructure: 13 kilometres to the south of the Wintershall-operated Brage field platform, in which the Company holds a 14.3% working interest and 13 kilometres to the south east of the Statoil-operated Oseberg Field Centre.

Extensive feasibility studies of the Brasse field development have been carried out focusing on a sub-sea development solution tied-back to either one of the hosts in the nearby area. This work is ongoing and external studies have already been undertaken for the joint venture for the Subsea Production System (SPS), flow assurance and pipeline and marine work. Technical and commercial activities related to the potential

hosts were formally initiated in Q4 2016. This work is ongoing and progressing according to plan and in accordance with the regulations relating to the use of facilities by others as set out by Norwegian authorities.

The preliminary reservoir development plan includes three to six production wells and an optional water injection well for pressure support. Initial flow rates from the prolific Brasse reservoir are expected to be higher than previously thought, with predicted delivery rates above 30,000 boe/d and first oil in 2020/21.

Based on the completed reservoir and feasibility studies, preliminary total development capex has been estimated at c. \$550 million for the mid-case development scenario consisting of four wells and one subsea template.

Key project milestones going forward include the Final Concept Selection and the submission of a Plan for Development and Operations (PDO), both of which are planned for 2018.

The appraisal well will now be plugged and abandoned as planned.

Graham Stewart, Chief Executive of Faroe Petroleum commented:

“We are very pleased to announce the completion of this successful, Faroe-operated, appraisal programme of the Brasse field, which considerably exceeded expectations and further confirms the commerciality of this discovery. The programme has established excellent reservoir quality and reservoir communication, together with excellent flow rates, even at the periphery of the field. This new data has resulted in an increased resource range to 56-92 mmbœ and a substantial increase to flow rate expectations.

“The Brasse field is clearly a very significant and valuable asset, with very attractive economics even at long term low commodity prices. The close proximity of the field to existing competing infrastructure combined with its prolific reservoir qualities and shallow water depth ensure this field can be developed expediently, taking full advantage of the current low cost environment.

“As an established E&P operator, Faroe is well equipped to progress this important project and we look forward to providing further progress updates in the coming months.”

– 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.

Glossary

"boe"	barrels of oil equivalent
"boe/d"	barrels of oil equivalent per day
"Bcf"	billions of standard cubic feet of gas
"DST"	drill stem test
"mmbbls"	millions of barrels
"mmboe"	millions of barrels of oil equivalent
"preliminary resource estimate"	preliminary quantification of hydrocarbons estimated to be potentially recoverable from a known accumulation
"TVDSS"	true vertical depth subsea

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.

Brasse Discovery & Appraisal well

