

3 July 2017

**Faroe Petroleum plc**

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

**Brasse appraisal well drill stem test results**

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 Drill Stem Test (DST) on the 31/7-2 S Brasse appraisal well in the Norwegian North Sea (Faroe 50% and operator, Point Resources 50%).

**Highlights**

- **High flow rates & excellent reservoir:** the well flowed at a maximum stable rate of 6,187 bpd of oil providing clear evidence of highly prolific reservoir and excellent quality sands with multi-Darcy permeability at the appraisal well location
- **High quality light crude:** similar quality crude to the nearby producing Brage field (Faroe 14.3%)
- **Test free of undesirables:** no undesirable components detected during the test which was sand- and water-free
- **Side-track next:** a side-track well to be drilled following DST to further appraise reservoir distribution
- **Volumes update to follow side-track:** an update estimated range of recoverable resource volumes will be announced upon completion of the side-track

The Brasse appraisal well DST has been completed providing clear evidence of a highly prolific reservoir and excellent quality sands with multi-Darcy permeability at this location. An extensive data acquisition programme was carried out in the well, including the cutting of cores together with a full suite of wireline logs, fluid samples and a DST. The well flowed at a constrained maximum stable rate of 6,187 bpd of oil from a 3.6 metres perforated interval, through a 1" choke and with 800 psia at the wellhead. Flow and pressure measurements indicate a prolific reservoir.

The site sampling of the fluid produced during the DST confirms good quality light crude similar to the nearby Brage field (Faroe 14.3%), with the presence of 36.2° API oil with a gas/oil ratio of 887 scf/stb, to be confirmed by onshore laboratory testing. Trace element analysis revealed no undesirable components and the oil flowed sand and water free for the duration of the test.

The Brasse appraisal programme will continue now with the drilling of a side-track well, targeting a location approximately 1,000 metres west of the current main well bore. The objective of the side-track is to map the reservoir distribution and further delineate the Brasse structure. A further announcement will be made at the completion of drilling activities including a revised estimate of recoverable resources for the discovery.

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 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 operates the field with 50% equity together with Point Resources (50%).

**Graham Stewart, Chief Executive of Faroe Petroleum commented:**

“We are very pleased to announce the results of this successful, Faroe-operated, drill stem test on the Brasse field, which significantly de-risks further upside in this reservoir and the licence area as a whole. The outstanding flow rates and reservoir quality confirmed by this well, located at the periphery of the Brasse field, are very good news and provide valuable information for our planning of the Brasse development project. We now look forward to the results of the imminent side-track with the objective of proving up further potential on this licence.

“The significant positive progress on Brasse to date is an excellent result from Faroe’s world class exploration and drilling team and further validates our decision to take material stakes in selective high-impact exploration prospects, offering significant value upside to our shareholders.”

– 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

“API oil”	American Petroleum Institute gravity, a measure of how heavy or light a petroleum liquid is compared to water
“bpd”	barrels of oil per day
“Bscf”	billions of standard cubic feet of gas
“choke”	a valve used to restrict the flow of fluid under pressure
“DST”	drill stem test
“preliminary resource estimate”	preliminary quantification of hydrocarbons estimated to be potentially recoverable from a known accumulation
“psia”	pounds per square inch absolute
“scf”	standard cubic feet
“stb”	barrel of stock tank oil

## 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.

### Brasse Discovery & Appraisal well

