

29 August 2017

Faroe Petroleum plc

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

Goanna exploration well commences

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 Goanna exploration well 39/9-22 S (Faroe 30%) in licence PL 881.

The Goanna licence is located in the northern part of the Norwegian North Sea, near the border with the UK and adjacent to the giant producing Statfjord and Snorre fields, which offer the potential for alternative export routes. The Goanna prospect straddles the border between PL 881 and PL 037, and the well will target a structural and stratigraphic prospect of Upper Jurassic Munin Formation sandstones. Faroe’s associated costs of drilling this well will be fully carried by its joint venture partner up to the budgeted dry hole cost.

Licence PL881 (Faroe 30%) was awarded in February 2017 as part of the APA16 licence round and is operated by Wellesley Petroleum (70%). The semi-submersible drilling rig, Deepsea Bergen, will be used for the drilling operations. Results will be announced when operations have been completed.

Graham Stewart, Chief Executive of Faroe Petroleum commented:

“We are pleased to announce the spudding of this near field exploration well in the very prolific Tampen area and surrounded by giant oil fields. Goanna represents a target in a very exciting new area for Faroe and the Company’s dry hole costs in the well are fully covered.

“Our rolling exploration programme continues with the Iris/Hades (Aerosmith) exploration well and Fogelberg appraisal well scheduled for the end of the year and the beginning of 2018, taking advantage of low drilling costs and Norwegian tax incentives.”

– 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 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 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.

