

21 November 2017

**Faroe Petroleum plc**

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

**Successful issue of US\$100m senior unsecured bond and updated presentation**

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in Norway and the UK, is pleased to announce the issue of a US\$100 million senior unsecured bond in the Nordic bond market, with a fixed coupon of 8%, payable semi-annually. Settlement is expected to be 29 November 2017, with final maturity expected to be 28 April 2023. An application will be made for the bonds to be listed on Nordic ABM.

The new money raised will augment the Company's existing cash, cash-flow generation and undrawn US\$250 million Reserve Based Lending facility in order to provide the Company with more financial flexibility and optionality over the investment in its portfolio of assets, and will ultimately contribute to the Company's production growth.

Danske Bank, DNB Markets and SEB acted as Joint Lead Managers and bookrunners for the bond issue. Pareto Securities, Sparebank 1 Markets and Stifel acted as Co-Lead Managers.

A copy of an updated Company presentation will appear on the website today (<http://www.fp.fo/>) which includes some updated detail in relation to the Company's portfolio of assets, specifically:

- On the Brage oil field (Faroe 14.3%), the infill drilling programme is progressing well and the initial performance from the first infill well has been very good. A supporting water injection well has already been drilled. A further infill production well is underway and a number of additional wells are planned to be drilled in 2018. The Partnership has also identified the potential for further opex reductions through operational improvement projects, which are being planned for implementation.
- To reflect the larger resource range than previously expected at the Brasse development (Faroe 50% interest and operator) and to reflect the possible larger development project scenarios associated with the larger reserves cases, the estimated capex is now expected to be in the range of \$500 – 700 million as opposed to previous guidance of \$550 million, which was for the mid-reserves outcome only. The Company plans to complete the concept selection process in 2018 where the scale of the development project and cost estimate will be determined.
- The Oda development project (Faroe 15% interest) is progressing very well and is on track to commence production in 2019 as planned. The forecast average plateau production is 30,000 barrels of oil per day (bopd) on a gross basis (4,500 bopd net to Faroe) compared to a previously reported initial flow rate of 35,000 bopd, which did not include operational uptime assumptions. This has no impact on estimated recoverable reserves.
- The Company has updated its near term Exploration and Appraisal (E&A) drilling programme. The Iris/Hades exploration well operated by OMV (Faroe 20%) and the Fogelberg appraisal well operated by Centrica (Faroe 33.3%) are expected to spud in December 2017 and February 2018 respectively. The Company is planning to drill two possible operated wells in mid-2018, which have not yet been committed: the Rungne exploration well northwest of the Brage field (Faroe 40%) and

the Brasse North/Extension well (Faroe 50%). In the second half of 2018, the Company has committed to drill the Centrica operated Cassidy exploration well north of Oda in the Ula hub area (Faroe 15%).

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

“I am delighted to announce the successful completion of Faroe’s first ever unsecured bond, which has been completed on attractive terms and with a fixed coupon. This marks another important milestone in Faroe’s evolution into a full-cycle exploration and production company. Alongside our existing financial resources, the maturing of our capital structure with the proceeds from this bond, will give us increased flexibility in investing in our excellent portfolio of assets.”

– Ends –

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**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 13,000-15,000 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. 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. The Company has also raised a \$100m senior unsecured bond. 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.