

29th November 2017

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

Iris/Hades (Aerosmith) 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 Iris/Hades (Aerosmith) exploration well, 6506/11-10 (Faroe 20%) in licence PL644/PL644B.

The Iris/Hades (Aerosmith) well is located in the Halten Terrace, some 200 kilometres offshore in the Norwegian Sea and adjacent to the producing Morvin and Asgard fields, operated by licence partner Statoil. The well will target two formations, one in the Cretaceous and the other in the Jurassic. The Cretaceous Hades prospect is a closure on the flank of the Sklinna Ridge, with the Jurassic Iris prospect located directly underneath, within a rotated fault block.

Licence PL644 and PL644B (Faroe 20%) were awarded in February 2012 and are operated by OMV (30%) with partners Statoil (30%) and Centrica (20%). The semi-submersible drilling rig, Deepsea Bergen, will be used for the drilling operations. Results will be announced when operations have been completed, which is estimated to take approximately 90 days.

Graham Stewart, Chief Executive of Faroe Petroleum commented:

"We are pleased to have spudded this well; not only is it good to end the year with another high impact exploration well but it is also good to be drilling a prospect which has been part of our portfolio for a number of years and which is located in an area we know very well and have had significant success in.

"The Iris/Hades (Aerosmith) well marks the end to our 2017 exploration drilling programme, which has continued to deliver value and an industry leading success rate of over 30% due to the diligence and hard work of our in-house technical teams.

"We end 2017 in a great position, with a pipeline of high quality, world class development projects, to grow materially our production and with a very strong balance sheet, which we recently further strengthened with the successful issue of a \$100m unsecured bond. I look forward to updating the market on Faroe's progress in early 2018."

– 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.

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. 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 and \$100m unsecured listed Nordic 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.

Well location

