

19 December 2017

**Faroe Petroleum plc**

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

**Fenja field development plan submission**

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 that the partners in the Fenja (previously named Pil/Bue) field (licence PL586) have submitted the Plan for its Development and Operation (“PDO”) to the Norwegian Ministry of Petroleum and Energy.

The Fenja field (Faroe 25%) was discovered in 2014, in the Norwegian Sea, approximately 30 kilometres south west of the Statoil-operated Njord field (Faroe 7.5%). The operator of the Fenja development, VNG, estimates that the field contains gross recoverable resources of approximately 100 million barrels of oil equivalent, and is comprised predominantly of oil.

The proposed Fenja field development will comprise three horizontal production wells—one gas injector well and two water injector wells—tied back to the Njord A floating production facility for processing and export via the Njord B floating storage and offloading vessel (FSO). The Fenja licence partners are planning to invest NOK 10.2 billion (£900 million) with planned production start-up in 2021 and a planned field life of 16 years.

**Graham Stewart, CEO of Faroe Petroleum commented:**

“I am very pleased to announce that the development plan for the Fenja field has now been submitted. When Fenja comes on stream it will provide significant additional volumes across the Njord host facility (Faroe 7.5%, and currently undergoing refurbishment) and contribute considerable cash flow to Faroe. Fenja is another outstanding example of the exploration success and subsequent monetisation Faroe has delivered in Norway.

“As 2017 draws to a close, Faroe Petroleum is in a good place, with a fully funded investment programme, a strong balance sheet, a number of high quality development projects underway to meet our production goals. We also look forward to another high impact exploration programme in 2018, starting with the OMV-operated Aerosmith/Hades well, currently drilling in Norway.”

– 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.

