

17 May 2018

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

Successful Completion of Sale of Fenja Field Interest

Faroe Petroleum plc, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in Norway and the UK, is pleased to announce the completion of the previously announced sale of its 17.5% working interest in the Fenja development located in PL586 in the Norwegian Sea such that Faroe retains a 7.5% working interest.

The cash consideration received by Faroe for the sale of the Fenja interest is \$68 million, reflecting the consideration amount of \$54.5 million together with working capital adjustments notably capital expenditure incurred since the effective date of 1 January 2018.

Graham Stewart, CEO, commented:

"I am pleased to announce the completion of the sale of a partial interest in our Fenja project. This transaction validates Faroe's business model of generating tangible and attractive shareholder returns from our exploration portfolio. As well as producing an immediate cash return, the transaction reduces Faroe's net capital expenditure on the Fenja development to approximately \$96 million. This in turn gives us additional liquidity for our other high quality projects such as the Brasse development and ensures we are fully funded to reach our organic production growth target of 35,000 boepd.

"Faroe remains confident in its potential to exceed this production growth target through additional organic developments and investments, in addition to potential M&A opportunities."

– Ends –

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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 2018, is estimated to be between 12-15,000 boepd.

In November 2013 and March 2014 Faroe announced the Snilehorn (Bauge) and Pil (Fenja) 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. In February 2018, the Company announced the sale of part of its interest in the Fenja field and in April 2008 the Iris and Hades discoveries.

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 \$250 million 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