

27 April 2018

Faroe Petroleum plc

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

Production increase at Tambar and Fogelberg update

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 both new infill wells drilled this year on the Tambar field in Norway, (Faroe 45%) have now been brought successfully on production. We also provide an update on the Fogelberg well operation, in which a technical sidetrack will now be drilled ahead of the potential Drill Stem Test (DST) to test reservoir productivity.

Highlights:

- The two new Tambar development wells have been completed and put on stream, with initial performance exceeding pre-drill expectations¹. During the fourteen days since both new wells have been on stable production, the Tambar field has produced at an average flow rate of c. 18,507 boepd (Faroe 8,328 boepd)
- On 20 April 2018, Faroe reached a record net production level of 19,275 boepd
- 2018 production guidance currently remains unchanged at 12-15,000 boepd

The Tambar development project consists of two new infill wells, both of which have now been completed and put on stream, and the installation of gas lift in three existing wells, which is expected to complete in Q3 2018, to increase overall field life, production and reserves. The two infill wells successfully targeted undrained areas in the north and south of Tambar, which had been identified through application of a number of different modelling techniques, including 4D seismic technology. The initial flow rates from the two infill wells have exceeded pre-drill expectations. During the fourteen days since 12 April 2018 when both new wells achieved stable production, the Tambar field produced at an average flow rate of c. 18,507 boepd (8,328 boepd net to Faroe).

On 20 April 2018, Faroe reached a record net production level of c 19,275 boepd. The 2018 overall production guidance currently remains unchanged at 12-15,000 boepd average for the year. The higher rate of production resulting from the new Tambar wells counters the lower than expected overall production in Q1, notably in relation to the previously announced temporary loss of production from the Trym field, caused by a downstream export fault which has now been rectified, and the scheduled cessation of production from Oselvar, for which the Company is being compensated.

Fogelberg DST

On 10 April 2018 the Company provided an update on the preliminary results of the Fogelberg appraisal well in the Norwegian Sea (Faroe 15%), confirming a deeper gas-water contact and better than expected reservoir. For operational reasons, the joint venture has reverted to the original plan to drill a sidetrack well with a potential DST to test reservoir productivity. A further update on the well results will be provided upon the completion of drilling operations.

Graham, Stewart, CEO of Faroe Petroleum, said:

“I am pleased to announce the successful commencement of production from two new infill wells on the Tambar field. The new production wells have increased Tambar production markedly and, combined with the ongoing installation of gas lift, this will potentially lead to the extension of Tambar field life by up to ten

years, while also lowering unit operating costs across the Ula hub area, in which Faroe has significant equity positions. I am also pleased to announce that in recent days Faroe has reached a record production level of 19,275 boepd, a testament to our high quality asset base.

“Faroe also continues its busy 2018 drilling programme with the ongoing Fogelberg well, before we move to spud our second exploration well of the year in summer at the high impact Rungne prospect, close to the Brasse field. This will be followed by the Cassidy and Pabow exploration wells later in the year”.

– Ends –

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John Wood, UK Asset Manager of the Company with over 15 years’ experience of the oil and gas industry and who holds an M.Sc in Petroleum Engineering from Imperial College, has read and approved the production and development disclosure in this regulatory announcement.

Notes

1. Tambar pre-drill expectations were 4,500 – 6,750 boepd net to Faroe, which were expected yearly average rates and therefore not directly comparable to the fourteen days average flow rates above.

Glossary

“boepd”	barrels of oil equivalent per day
“net”	the portion that are attributed to the equity interests of Faroe
"reserves"	reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status

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 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