

14 August 2018

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

Farm-In to UKCS Agar/Plantain Well

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 it has farmed into the UK Continental Shelf ("UKCS") Agar Plantain exploration and appraisal well close to the UK/Norwegian median line, operated by Azinor Catalyst Limited ("Catalyst").

The Plantain exploration prospect will be drilled first followed by a contingent side-track to appraise the Agar oil field, discovered in 2014. Operator volumes in Agar and Plantain have been estimated by Catalyst at a combined mid-case resource of 60 million barrels of oil equivalent, with an upside case of 98 million barrels of oil equivalent. Plantain is an Eocene oil prospect which follows on from the original Agar oil discovery in 2014 (9/14a-15A) and the analogous Frosk oil discovery (24/9-12 S) made in Norway by AkerBP earlier this year.

Drilling on Agar Plantain is currently scheduled to commence later this month using the Transocean Leader at a total estimated gross cost of US\$15 million. Faroe joins Catalyst (25.0% and operator) and Cairn Energy plc (50.0%) in this sole-risk well, the results of which will be announced on completion of drilling operations. Faroe's equity interest in this well is 25.0%, to be funded through existing cash resources, and through the same transaction will also become a 12.5% equity interest holder in the wider P1763 Licence (Apache 50.0% and operator, Cairn 25.0%, Catalyst 12.5%).

This farm-in remains subject to the customary regulatory and third party consents.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

"We are pleased to announce the Agar Plantain farm-in, targeting two oil prospects, adding a seventh well to our ongoing committed exploration and appraisal programme and further increasing the near term upside potential in our growing asset base. We look forward to working with Catalyst, as operator, to unlock the potential of the Agar Plantain prospect."

"Faroe's UK exploration strategy is to pursue on a highly selective basis suitable opportunities, located close to existing infrastructure offering potential for early exploitation through subsea tie-back. The Agar Plantain well represents a good opportunity to leverage our extensive Norwegian exploration expertise and track record onto the UKCS, and in a cost-effective manner, taking advantage of continuing low rig rates. This farm-in follows on from our award of UKCS Block 30/14b in the UK 30th Licencing Round announced in May, containing the high impact prospect Edinburgh (Faroe 100%) which straddles the UK/Norwegian median line."

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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 25 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 has extensive experience working closely with major and independent oil companies both in Norway and in the UK.

The Company's substantial licence portfolio provides a diverse 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 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 12-14,000 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, close to the Brage field, and the Njord North Flank (Bauge) discovery, close 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 2018 announced the significant 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 has had significant success in exploration on the Norwegian continental shelf, and the great majority of the Company's 2P reserves have been generated directly from Faroe's exploration success.

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 \$100 million senior unsecured bond which is listed on the Oslo Børs. 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.

Agar Plantain Location

