

29 October 2018

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

Increase and extension of existing bank credit facilities

Faroe Petroleum, the independent oil and gas company focussing principally on exploration, appraisal and production opportunities in Norway and the UK, announces that it has increased and extended the duration of its Reserve Based Lending bank credit facility ("RBL"), which will provide additional financial capacity to underpin the Company's growth plans.

The Company's US\$250 million RBL, as announced in December 2016, had a further US\$100 million available on an uncommitted "accordion" basis. All of the banks in the RBL have agreed to Faroe's exercise of this accordion and so the committed amount has now increased to US\$350 million. In addition, the maturity of the RBL has been extended by two years to December 2025, thereby restoring the original seven-year maturity. The amortisation schedule has been re-profiled accordingly.

The banks in the RBL remain as BNP Paribas (Agent), BMO Capital Markets, Commonwealth Bank of Australia, Danske Bank, DNB Bank, ING, Royal Bank of Scotland, SEB, SR-Bank and Wells Fargo. Rothschild & Co and Pinsent Masons advised the Company, and Watson Farley Williams advised the banks.

Graham Stewart, Chief Executive of Faroe Petroleum commented:

"We are pleased with the ongoing strong support from our relationship banks. The decision to increase and extend their commitments to Faroe is reflective of their confidence in our business. The RBL is now fully fit-for-purpose and can support the Group's strategic aims and continuing growth.

"We are targeting a material increase in shareholder value and cashflow with our fully funded investment programme across the portfolio, encompassing exploration, appraisal, development and production. I remain confident in our ability to deliver our stated near to medium term production growth target of 35,000 boepd from the Group's existing asset base."

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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 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 Norway and the UK, including interests in the Brage, Ringhorne East, Ula, Tambar and Trym fields in Norway and the Blane oil field in the UK. 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, with a net cash position of £84 million (unaudited) at 30 June 2018, up from £75 million at 31 December 2017 and in addition has access to a \$350 million reserve base lending facility. 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.