

19 October 2018

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

**Rungne Exploration Well in Norway Commences**

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 the commencement of the Faroe-operated Rungne exploration well 30/6-30 in the Norwegian North Sea (Faroe 40% working interest).

The Rungne prospect is located in the Norwegian Sea, c. 30 kilometres north west of the Company's Brasse field and immediately north of the producing Oseberg oil field. The well will target the Middle Jurassic Oseberg Formation, with secondary targets in the Etive and Ness formations.

The total expected vertical depth of the well is approximately 3,490 metres, in water depth of 119 metres. Drilling operations will be undertaken using the semi-submersible Transocean Arctic rig. The current joint venture partners in the PL825 licence are Faroe Petroleum (40% and operator), Lundin Norway AS (30%\*) and Spirit Energy Norge AS (30%\*). Subject to completion of two recent transactions, the PL825 partnership will consist of Faroe (40% and operator), Equinor Energy AS (30%\*), Spirit Energy Norge AS (20%\*) and DNO Norge AS (10%\*).

**Graham Stewart, Chief Executive of Faroe Petroleum commented:**

*"I am pleased to announce the spudding of the Faroe-operated Rungne exploration well, a near field exploration target which provides us with significant upside potential in one of our core areas. The well is in close proximity to the Faroe-operated Brasse field and existing infrastructure, including the producing Equinor-operated Oseberg oil field.*

*"This is a very active exploration period for Faroe. We have six exploration wells and one appraisal well committed to drill over the coming 12 months, and many more wells lining up for drilling thereafter. The first of these, the Agar/Plantain exploration well in the UK, is currently being drilled, and this will be followed by the Faroe-operated Brasse East well, to be drilled back to back with the Rungne well.*

*"These exploration wells are targeting a significant unrisks resource potential net to Faroe of 80-150 mmbbl. In addition, the appraisal well on the large Iris-Hades discovery, scheduled for H1 2019, has the potential to prove up very significant resources for the Company."*

**For further information please contact:**

Faroe Petroleum plc  
Graham Stewart, CEO

Tel: +44 (0) 1224 650 920

Stifel Nicolaus Europe Limited  
Callum Stewart / Nicholas Rhodes / Ashton Clanfield

Tel: +44 (0) 20 7710 7600

BMO Capital Markets  
Tom Rider / Jeremy Low / Tom Hughes

Tel: +44 (0) 207 236 1010

FTI Consulting  
Ben Brewerton / Sara Powell / Toby Chidavaenzi

Tel: +44 (0) 20 3727 1000

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.

\* Lundin Norway AS and Spirit Energy Norge AS have assigned respectively a 20% and 10% interest in PL825 to Equinor Energy AS and Lundin Norway AS its remaining 10% to DNO Norge AS, all of which are subject to completion.

#### **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 \$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.

#### **Glossary**

<b>boepd</b>	barrels of oil equivalent per day
<b>mmboe</b>	millions of barrels of oil equivalent
<b>Prospective Resource</b>	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development

#### **Rungne and Brasse East**

