

5 December 2018

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

Cassidy Exploration Well Commences in Norway

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 Cassidy exploration well 8/10-7 S in the Norwegian North Sea (Faroe 15% working interest).

The Cassidy prospect sits within the PL405 Oda licence (discovered by the partnership in 2011) and is being drilled back-to-back with the production wells on the Oda structure. The well will target a prospect in the same Jurassic Ula Formation as seen in the Oda Field. The co-venturers in the Oda PL405 licence are Faroe (15%), Spirit Energy Norge AS (40% and operator), Suncor Energy Norge AS (30%) and Aker BP ASA (15%).

The total expected vertical depth of the well is approximately 3,056 metres, in a water depth of 66 metres. Drilling operations will be undertaken using the Mærsk Interceptor rig, and the results will be announced on completion of drilling operations.

Graham Stewart, CEO, commented:

"I am pleased to announce the spudding of the Cassidy exploration well situated within tie-back distance of the Oda field, which is on track for first oil in H1 2019. Cassidy offers high value upside for the Oda field development as well as potential to unlock further exploration prospectivity to the north of the Oda field.

"Faroe's active exploration programme has delivered two commercial discoveries out of three wells so far this year: Iris Hades in Norway (Faroe's largest discovery to date); and Agar in UK. The programme is continuing over the coming period, with Cassidy and the Brasse East well currently drilling, a further two wells so far committed for drilling in H1 2019, and a steady flow of additional wells being prepared for drilling"

– Ends –

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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 30 years, has read and approved the exploration and appraisal disclosure in this regulatory announcement.

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.

In accordance with Rule 26 of the Takeover Code, a copy of this announcement will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Faroe's website at <https://www.fp.fo/> by no later than 12 noon on the Business Day following the date of this announcement. For the avoidance of doubt, the content of the website is not incorporated into and does not form part of this announcement.

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 has extensive experience working closely with major and independent oil companies and is an experienced operator of both exploration and production licences.

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.

Map of PL405 and location for the Cassidy Main well (8/10-7 S)

