

17 January 2018

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

Eight exploration licences awarded in Norway

Faroe Petroleum, the independent oil and gas company focussing principally on exploration, appraisal and production opportunities in Norway and the UK, is pleased to announce that it has been awarded eight new prospective exploration licences, including four operatorships, in the Norwegian North Sea under the 2017 Norwegian APA (Awards in Pre-defined Areas) Licence Round.

Licence PL926 Blue Libelle – Blocks 33/9, 33/12 and 34/10: Faroe (40% and operator), DNO (30%) and Concedo (30%): The Blue Libelle is on the Tampen Spur on the north-western margin of the North Viking Graben. It is a structural prospect of Middle Jurassic age sandstones that sits between the producing fields Statfjord and Gultaks. The work programme involves acquiring and/or reprocessing 3D seismic data and a drill or drop decision by February 2020.

Licence PL908 Århus – Block 9/11, 9/12, 10/10 and 10/11: Faroe (30%), Statoil Petroleum (70% and operator): The Århus Prospect is located in the Åsta Graben, north of the Trym Field in the Central Graben where various targets in the Oligocene Vade Formation have been mapped. The work programme involves the acquisition of new 2D data with Electromagnetic data and a drill or drop decision by February 2020.

Licence PL906 Skråmetindan – Blocks 7/11 and 7/12: Faroe (20%), Aker BP (40% and operator), Maersk (20%) and Statoil (20%): The Skråmetindan Prospect is located on the Cod Terrace in the Central Graben. It is a structural prospect of Jurassic age containing sandstones in the Ula Formation. The work programme involves acquiring and reprocessing 3D seismic with a drill or drop decision by February 2020.

Licence PL006E SE Tor Extension – Block 2/5: Faroe (85% and operator), AkerBP (15%): This licence contains a portion of the Paleocene Gomex exploration target which extends outside the existing SE Tor Licence. The work programme is the same as the existing PL006C SE Tor.

Licence PL810B Katie Extension – Blocks 2/1 and 8/10: Faroe (40% and operator), Spirit Energy (30%) and AkerBP (30%): The licence contains the north-eastward extension of the Katie Prospect located on the eastern side of the Oda Development. The work programme is the same as the existing PL810 Katie Licence, involving seismic reprocessing and a drill or drop decision by February 2019.

Licence PL740C Brasse North Extension – Blocks 31/4: Faroe (50% and operator), Point Resources (50%): The licence contains the northward extension of the Brasse Extension on the eastern side of the Brage Field. The work programme is the same as the existing PL740/B Brasse Licence (Faroe 50%).

Licence PL065B Tambar Extension – Block 1/3: Faroe (45%), AkerBP (55% and operator): This licence contains a potential north-westward extension of the Tambar Field. The work programme is the same as the existing PL065 Tambar licence.

Licence PL019E Ula Extension – Block 7/12: Faroe (20%), AkerBP (80% and operator): The licence contains a potential eastward extension of the Ula Field. The work programme is the same as the existing PL019 Ula Licence.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

“We are very pleased to announce the award of eight new and prospective licences in the latest Norwegian licensing round. We have further consolidated our position in core areas of the Norwegian continental shelf in which we have delivered recent exploration success.

“We look forward to high-grading these new licence opportunities in the coming period. This good quality new exploration acreage, together with our enhanced production portfolio and development pipeline, ensures that our shareholders are exposed to a well balanced and sustainable set of growth opportunities going forward.

“Faroe has a material and exciting drilling programme in 2018. We are currently drilling the Iris and Hades exploration well in the Norwegian Sea, to be followed by the Fogelberg appraisal well. Two further exciting Norwegian exploration wells, Rungne and Cassidy, are planned to be drilled in the second half of 2018.”

– 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 25 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.

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 2017, is estimated to be between 13,000-15,000 boepd. The investment programme to increase production from the Company's existing fields continues, with the planned installation of gas lift and drilling of two infill wells on Tambar (Faroe 45%) and the recommencement of infill drilling on the Brage field (Faroe 14.3%).

In November 2013 and March 2014 Faroe announced the Snilehorn and Pil discoveries in the Norwegian Sea in close proximity to the Njord and Hyme fields. More recently, 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.

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 \$250million 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.

APA 2017 Awards

