

# Successful Agar/Plantain Exploration Well (UK)

15 November 2018

Faroe Petroleum plc

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

## Successful Agar/Plantain Exploration Well (UK)

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 a successful result with the Agar/Plantain exploration and appraisal well in licence P1763 (Faroe 25% of Agar/Plantain, 12.5% of the wider licence), located in the UK Continental Shelf ("UKCS").

### Highlights

- Recoverable resources in Agar estimated between 15 and 50 mmbbl (between 3.8 and 12.5 mmbbl net to Faroe)
- Reservoir encountered close to prognosis: 20 metres gross hydrocarbon-bearing reservoir section with excellent reservoir quality and high net to gross ratio
- Significant discovery adjacent to infrastructure
- Further evaluation of development options to establish commerciality will be undertaken in coming months
- High value barrels due to Faroe's UK tax losses and attractive fiscal regime in UK

### Agar Appraisal

The initial wellbore of the exploration well 09/14a-17B targeted the Plantain prospect and was drilled to a total depth of 2,254 metres MD. The well encountered a thin oil column in a high quality sandstone reservoir. Based on this promising result, the partnership elected to drill a sidetrack 09/14a-17BZ up-dip to appraise the 2014 Agar oil discovery.

The Agar sidetrack successfully encountered the Upper Frigg Formation at 1,763 metres MD and penetrated a gross reservoir zone of 20 metres, with a high net to gross ratio confirmed by log and pressure analysis, and an average porosity of approximately 30%. No oil-water contact was observed in the well. All data from the discovery is being assimilated and a future work programme on the licence is now being considered by the joint venture partners. The sidetrack well 09/14a-17BZ was drilled to a total depth of 1,962 metres MD.

### Plantain Discovery

In the Plantain prospect, at a depth of 2,066 metres MD, the well encountered approximately 27 metres TVD of high quality net reservoir sandstones of the Eocene Lower Frigg Formation. Logging-while-drilling and pressure analysis indicates a thin net oil pay zone with a significant underlying zone of residual hydrocarbons.

### Close proximity to production infrastructure

The Agar/Plantain discovery is located approximately 12 kilometres from the Apache-operated Beryl Bravo facility to the south west, and the Alvheim FPSO is located approximately 14 kilometres to the southeast. These facilities both offer potential for development of the Agar discovery.

The well was drilled by the Transocean Leader semi-submersible drilling rig and will now be plugged and abandoned as planned. The Agar/Plantain wells are operated by Azinor Catalyst (25%) with partners Cairn (50%) and Faroe (25%). Licence P1763 is operated by Apache Beryl Limited (50%), with partners Cairn (25%), Faroe (12.5%) and Azinor Catalyst (12.5%).

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

"We are pleased to announce a very promising discovery in the Agar Plantain prospects, a well we farmed-in to in August of this year. This is our first exploration well in the UK since 2013 and this together with the award of the exploration licence on the exciting Edinburgh prospect earlier this year marks a return of focus to the UKCS which offers significant value potential, especially with our existing tax losses in the UK.

"The Company's exploration programme will continue over the remainder of the year with two further committed exploration wells in Norway: the Brasse East (Faroe-operated) and Cassidy wells."

- 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 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.

#### Glossary

"FPSO"	floating production storage and offloading
"MD"	measured depth
"mmboe"	million barrels of oil equivalent
"TVD"	true vertical depth

#### 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.

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