

25 March 2008

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

Announces commencement of drilling on licence block PL271 on the Yoda Oil Prospect ('Yoda') in Norway

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and development in the Atlantic Margin, the North Sea and Norway, is pleased to announce that drilling has commenced on Norwegian Licence PL271 of which Faroe has a 15% interest

Yoda Oil Prospect (Faroe 15%)

The Yoda target is an attractive oil prospect located in the Norwegian Southern North Sea. The Yoda prospect is a four-way dip closure within the Upper Jurassic Ula sandstone interpod play, proven by a number of producing fields in the area (e.g. Ula, Gyda, Rev).

The Yoda Prospect is being drilled by joint venture partner and operator, StatoilHydro using the Mærsk Giant rig. The drilling and contingent testing operations are expected to take approximately 73 days. In addition to the Yoda prospect, there is significant additional upside potential in the licences. The nearby

Vader and Agira prospects are two further Upper Jurassic prospects, and a successful exploration well in Yoda will significantly de-risk this additional exploration potential. Licences PL271 and PL302 are located close to infrastructure both on the Norwegian and UK side of the border.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

"We are very pleased to report the commencement of drilling on the Yoda prospect; this is directly in line with the Company's stated strategic objectives of building a strong portfolio of licenses in Norway and participating in high potential exploration wells.

"We look forward to updating the market as to Yoda's progress in due course."

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Andrew Roberts, who is a Geophysicist (BSc. Joint Honours in Physics and Chemistry from Manchester university), exploration manager of Faroe Petroleum Norge AS and who has been involved in the energy industry for more than 25 years, has read and approved the technical disclosure in this regulatory announcement.

