

02 May 2008

Faroe Petroleum plc (“Faroe Petroleum”, “Faroe” or the “Company”)

Completion of Shell Transaction

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and undeveloped field opportunities in the Atlantic Margin, the North Sea and Norway, is pleased to announce the completion of the Norwegian package acquisition agreed with A/S Norske Shell agreed on 30th November 2007, involving:

- the acquisition of a 10% interest in the PL147 Trym undeveloped gas field; and
- the acquisition of a 10% interest in the PL381 Granat prospective exploration licence

The transaction, which is in line with the Company’s stated strategy of diversifying the asset portfolio and enhancing capital efficiency, adds Trym to Faroe Petroleum’s existing gas asset portfolio consisting of interests in the Schooner, Wissey, Minke, Orca, Breagh and Topaz. The transaction also adds an interest in the promising Norwegian exploration prospect, Granat.

Four kilometres to the south east of Trym, Faroe Petroleum will be drilling an exploration well scheduled for July, on the Marsvin prospect on licence PI 289 (Faroe 14 %). The well will be drilled by operator DONG with the Maersk Guardian.

Graham Stewart, Chief Executive of Faroe commented:

“We are very pleased to be able to announce the completion of this value generating transaction with A/S Norske Shell, which adds another significant gas asset to our business and further de-risks our portfolio which now includes seven gas fields. We look forward to bringing you further news regarding the Trym and Granat licence areas, as well as the Marsvin exploration well in the near term.”

- Ends -

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Notes to Editors

General

The Company is actively building a balanced portfolio of operated and non-operated exploration and appraisal properties, with significant stakes and an active work programme. Faroe Petroleum has through successive licence applications and acquisitions built a substantial portfolio of exploration and appraisal assets in the Atlantic Margin, the UK and Norwegian North Sea and Norwegian Sea. The 47 licence portfolio provides considerable spread of risk and reward, encompasses eight licences West of Shetlands, five licences offshore the Faroe Islands, four licences in the Moray Firth area of the UK Central North Sea, ten licences in the Southern gas basin and twenty licences in the Norwegian North Sea and Norwegian Sea.. Faroe Petroleum joint venture partners include BP, Chevron, ConocoPhillips, DONG, DSM, Eni, E.ON Ruhrgas, GDF, Oilexco, OMV, RWE, Shell and Statoil all of which have an outstanding track record in oil and gas exploration and development.

Faroe Petroleum is quoted on the Alternative Investment Market (AIM) of the London Stock Exchange with offices in Aberdeen, Stavanger and Torshavn. Faroe Petroleum has a highly experienced team of professionals focused on creating exceptional value for its shareholders.

Norwegian Licence PL147 Trym (Faroe 10%)

The Trym gas and condensate field is located in Norway approximately 7 kilometres from the Harald platform across the border in Denmark, in 67 metres water depth. The other joint venture partners are Bayern Gas (50%) and DONG (40%).

The Trym discovery well 3/7-4 drilled in 1990 tested gas and condensate from the Middle Jurassic reservoirs at rates of 29.6 million standard cubic feet per day (mmscfd) and 3800 barrels per day (bbls/d), respectively. The Jurassic Reservoir is composed of two distinct formations, the Lindesnes and Bryne. The base case gas reserves for the field is 120 billion cubic feet (bcf) (12 bcf net to Faroe) and condensate reserves of 4.7 million barrels (mmbbls) (0.47 mmbbls net to Faroe). The licence also benefits from several additional prospects with potential for tie back for development.

The Trym field development plan submitted by Shell to the Norwegian authorities in 2006 (FDP 2006) involved a horizontal tri-lateral sub-sea completion which allowed for two horizontal wells, with a tie-back to the Harald platform in Denmark, and onwards into the European gas transmission network. The FDP 2006 was not approved by the Norwegian Government. Since then StatoilHydro has sold its 30% interest in Trym to Bayern Gas and Shell has sold down its entire 50% interest. It is expected that following the assignment of operatorship and a subsequent period to review the project and the commercial agreements, a revised FDP will be submitted to the Norwegian authorities.

Norwegian Licence PL381 Granat (Faroe 10%)

The Granat Licence PL381 was awarded to Shell (70% and operator) and DONG Norge (30%) in the APA 2005 licencing round. The licence covers an area of 116 square kilometres and includes part blocks 6407/5 and 6407/8 and is located 15 kilometres to the northwest of the Draugen Field and 30 kilometres east of the recent Onyx South West discovery, both of which are also operated by Shell.

In the vicinity there have been three recent nearby discoveries (Tott East, Onyx South West and Njord North West flank) and five further wells are to be drilled in the area by 2010. The Middle Jurassic Granat Prospect is the primary target of the PL381 licence. Granat is a large prospect within a proven petroleum system, located in an area of the Norwegian Shelf that is being actively explored, with recent success. A drill or drop decision is required under the licence before 6 January 2009.

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.