

4 June 2008

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

Increased NOK250m credit facility for Norwegian Exploration and Appraisal

Faroe Petroleum, the independent oil and gas company focusing on exploration, appraisal and production in the Atlantic Margin, the North Sea and Norway, is pleased to announce that it has increased the size of the revolving credit facility with Bank of Scotland, to finance its Norwegian exploration and appraisal programme, from NOK 120m to NOK 250m (approximately £25m).

This credit facility has been put in place to maximize the benefits of the Norwegian tax regime where exploration-focused companies such as Faroe Petroleum can recover 78% of exploration and appraisal-related expenditure in the following tax year. Under the terms of the revolving credit facility, 75% of Faroe’s exploration, appraisal and supporting expenditure in Norway will be met by Bank of Scotland, thereby effectively quadrupling the Company’s capital available for investment in Norway activity.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

“The doubling in size of this facility since its launch last year reflects the considerable increase in activity taking place in our Norway programme. The agreement ensures that Faroe Petroleum will continue to maximise the benefits of Norway’s enlightened exploration-focused tax regime, enabling us to make the best use of our financial resources. We are also very pleased to build on our long term working relationship with the Bank of Scotland.”

Ashley Kelty, Associate Director, Oil & Gas commented:

"We are delighted to be able to provide further funding to Faroe Petroleum to support their exploration programme in Norway. This facility strengthens the ongoing partnership between Bank of Scotland and Faroe Petroleum, and illustrates the Bank’s commitment to supporting customers to harness the significant potential which exists in Norway’s Oil and Gas sector."

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Enquiries:

Faroe Petroleum plc
Graham Stewart
Tel: 01224 650 920
gstewart@faroe-petroleum.com

Panmure Gordon
Ashton Clanfield/Callum Stewart
Tel: 020 7459 3600
callum.stewart@panmure.com

Financial Dynamics
Billy Clegg/Edward Westropp
Tel: 0207 269 7157
billy.clegg@fd.com

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 Company has built strong strategic positions in both the Atlantic Margin (Faroes and West of Shetlands) and Norway.

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, 10 licences in the Southern gas basin and 20 licences in the Norwegian North Sea and Norwegian Sea. Faroe Petroleum has a highly experienced team of professionals focused on creating exceptional value for its shareholders. The Company is qualified as licence operator in the United Kingdom and Faroe Islands.

Faroe Petroleum is participating in a fully funded drilling programme of at least 20 wells over the next two years.

The Company made its entry into Norway in early 2006 having employed the former Paladin Resources Norway team. It has since secured interests in 12 of its 20 Norway licences through licence applications in 2006 and 2007, being among the most successful applicants in both rounds. Faroe Petroleum plans to participate in both the APA licensing round and the 20th Licensing Round in Norway in 2008, having successfully nominated 15 blocks for inclusion in the 20th Licensing Round. The Company's joint venture partners include many major oil companies, such as BP, Chevron, ConocoPhillips, DONG, DSM, Eni, E.ON Ruhrgas, GDF, OMV, RWE, Shell and Statoil all of which have outstanding track records in oil and gas exploration and development.

Faroe Petroleum is quoted on the AIM Market of the London Stock Exchange with offices in Aberdeen, Stavanger and Torshavn.