

18 June 2008

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

Independent Engineer's report

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 results of a recently commissioned engineer's report by Senergy Limited ("Senergy").

This report was commissioned in connection with Faroe Petroleum's multi-currency borrowing base facility of £25 million, which was recently provided by Société Générale Corporate & Investment Banking. In order to provide the directors and shareholders of the Company with an up to date view of the potential value of the portfolio, the scope of the independent engineer's report was extended beyond the original requirements to cover the Company's entire asset portfolio.

The first table set out below presents the reserves and resources of the asset portfolio by geographic location and by asset category. The reserves and resources are reported in accordance with the joint reserves/resources definitions of the Society of Petroleum Engineers, the World Petroleum Congress and the American Association of Petroleum Geologists.

Faroe Petroleum is participating in an active drilling programme with the intention to drill 20 exploration and appraisal wells within the next two years. The reserves and resources which will be targeted by this two year drilling programme are labeled "Near Term Appraisal" and "Near Term Exploration" in the first summary table below.

The category Medium/Long Term includes the resources which will be targeted by a further 13 exploration and appraisal wells. No firm drilling plans have yet been established for these wells. The summary tables below do not include a number of additional exploration prospects in the Company's portfolio which either have no current drilling plans or need additional work to be matured into drillable prospects.

Faroe Petroleum - Reserves and Resources Summary						
<i>All Figures in million barrels of oil equivalent</i>		Producing / Developing	Near Term * Appraisal	Near Term * Exploration	Medium / Long Term	Total
Atlantic Margin	Risked	0	7	27	44	78
	Unrisked	0	27	186	600	813
North Sea	Risked	1.3	8	0	6	15
	Unrisked	1.3	37	0	33	71
Norway	Risked	2.7	7	27	32	69
	Unrisked	2.7	26	110	191	330
Total	Risked	4	22	54	82	162
	Unrisked	4	90	296	824	1214

* "Near Term" is defined as the 20 Exploration and Appraisal wells that Faroe plans to drill in the next 2 yrs

Note: Gas resources have been converted to oil equivalent using 5.6 mscf = 1 boe.

The engineer's report also includes an economic evaluation of Faroe Petroleum's net reserves and resources. This is summarised in the second table below showing net present values discounted at 10 per cent (NPV10) and expressed in £s million.

Faroe Petroleum - Reserves and Resources Summary by NPV10 Value						
<i>All Figures in £million</i>		Producing / Developing	Near Term * Appraisal	Near Term * Exploration	Medium / Long Term	Total
Atlantic Margin	Risked	0	30	103	65	198
	Unrisked	0	120	597	880	1597
North Sea	Risked	18	52	0	9	79
	Unrisked	18	223	0	48	289
Norway	Risked	10	19	65	47	141
	Unrisked	10	64	255	280	609
Total	Risked	28	101	168	121	418
	Unrisked	28	407	852	1208	2495

* "Near Term" is defined as the 20 Exploration and Appraisal wells Faroe plans to drill in the next 2 years

Graham Stewart, Chief Executive of Faroe, commented:

"We are pleased to provide a summary of the report by Senergy to Faroe's shareholders. We feel this is an informative and important third party verification of the inherent value contained in our extensive portfolio and we look forward to targeting the significant resource potential and associated value uplift which could be realised for shareholders in the near term".

- Ends -

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Additional Details of Reserves and Resources

Producing & Under Development: Developed & Undeveloped Reserves						
	Gross			Net Attributable		
	Proved	Proved & Probable	Proved, Probable & Possible	Proved	Proved & Probable	Proved, Probable & Possible
Oil & Liquids Reserves (MMbbl)						
Norway	1.8	4.6	8	0.18	0.46	0.80
TOTAL	1.8	4.6	8	0.18	0.46	0.80
Gas Reserves (bcf)						
UK North Sea	60.8	83.3	287.3	5.2	7.5	19.2
Norway	51.0	122.0	252.0	5.1	12.2	25.2
TOTAL	112	205	539	10	20	44
TOTAL Oil Equivalent; Mmboe	22	41	104	2	4	9

Near Term Appraisal: Contingent Resources								
	Gross			Net Attributable			Average Risk	Net Risked Best Estimate
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Atlantic								
UK North Sea	114	287	907	10	26	79	40%	10
Norway								
Total for Gas (bcf)	114	287	907	10	26	79	40%	10
Total in Oil equivalent (Mmboe)	20	51	162	2	5	14	40%	2

Near Term Appraisal: Contingent Resources								
	Gross			Net Attributable			Average Risk	Net Risked Best Estimate
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Atlantic	11	27	55	11	27	55	25%	7
UK North Sea	7	132	710	2	33	178	20%	7
Norway	34	92	198	9	25	56	28%	7
Total Oil & Liquids	52	251	963	22	85	288	24%	20

Near Term Exploration: Prospective Resources								
	Gross			Net Attributable			Average Risk	Net Risked Best Estimate
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Atlantic	329	1014	2849	66	186	448	15%	27
UK North Sea								
Norway	258	661	1392	37	110	229	25%	27
Total Oil & Liquids	587	1675	4241	103	296	677	18%	54

Medium/Long Term Opportunities: Prospective Resources								
	Gross			Net Attributable			Average Risk	Net Risked Best Estimate
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Atlantic	225	933	4032	122	600	3028	7%	44
UK North Sea	18	61	369	10	33	174	18%	6
Norway	263	674	1308	75	191	362	17%	32
Total Oil, Liquids & Gas; Mmboe	506	1668	5709	207	824	3564	10%	82

Note 1: Gas resources are quoted in bcf. Oil and Liquid resources are quoted in MMbbls

Note 2: Gross are 100% of the resources attributable to the licence. Net are those attributable to Faroe Petroleum.

Note 3: Some of the prospective resources are predicted to be mixed hydrocarbon phase and/or gas and these are quoted with the oil resources in barrels of oil equivalent

Notice:

Certain statements contained in this press release are "forward-looking statements" and constitute the Company's expectations or beliefs concerning, among other things, future operations, financial and other results, and components thereof. Forward looking statements inherently involve known and unknown risks and uncertainties and are based on a number of material factors and assumptions. **Actual performance and results may vary from those in the forward looking statements.**

The assumptions made in these forward looking statements include that: contracted parties provide goods or services at agreed timeframes; equipment necessary to explore and drill the Atlantic Margin, UK North Sea and Norwegian assets do not incur unforeseen break downs; no workforce shortages or delays occur; plant and equipment function as specified; no unusual technical or geological problems occur; and on-going contractual negotiations are completed in a successful and timely manner.

As is evident from the Company's portfolio of assets, Faroe does not have direct control as operator of many of its interests. As a result, the Company does not have direct control of the active drilling programme and there can be no assurances that the targeted Near Term Appraisal and Near Term Exploration will take place in the exact time frames indicated or, given the nature of exploration, that reserves will be realised."

Notes to Editors:

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 has 104,745,161 shares in issue and is quoted on the AIM Market of the London Stock Exchange with offices in Aberdeen, Stavanger and Torshavn.

William Gallacher, a petroleum engineer with a masters degree in Petroleum Engineering from Imperial College, commercial manager of Senergy Ltd and who has been involved in the energy industry for more than 28 years, has read and approved the technical disclosure in this regulatory announcement.

Glossary

Producing and Under Development: there are 4 fields either producing or under development: Schooner, Minke, Wissey and Trym. Reserves quoted are Developed for Schooner and Minke, and Undeveloped for Wissey and Trym.

Reserves are those quantities of hydrocarbons which are anticipated to be commercially recovered from known accumulations from a given date forward.

Proved reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations.

Probable reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves

Near Term Appraisal: there are 3 immediate development opportunities in Topaz, Breagh and Orca that require additional appraisal and/or approval of development plans. In addition there are 5 discoveries where the presence of hydrocarbons has been demonstrated but further appraisal is required and is scheduled in the 2008 to 2010 drilling plan. Resource volumes quoted in the summary tables are Best Estimate Recoverable Contingent Resources.

Near Term Exploration: there are 16 undrilled exploration prospects (requiring 14 wells) which are represented in the 2008 to 2010 drilling schedule. Resource volumes quoted in the summary tables are Best Estimate Recoverable Prospective Resources.

Medium/Long Term Opportunities: are a realistic selection of mainly exploration opportunities that could become viable drilling opportunities in a 2010 to 2015 timeframe. Resource volumes quoted in the summary tables are Best Estimate Recoverable Prospective Resources.

Contingent Resources: Those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from known accumulations but which are not currently considered to be commercially recoverable.

Prospective Resources: Those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations.

Risk: the probability of loss or failure. As "risk" is generally associated with the negative outcome, the term "chance" is preferred for general usage to describe the probability of a discrete event occurring. The risk factor for contingent resources is the estimated chance that the volumes will be commercially extracted. The risk factor for prospective resources means the chance of discovering hydrocarbons in sufficient quantity for them to be tested to the surface.

Risk discounted resources have been assessed by multiplying the assessed chance of appraisal success or the exploration chance of success by the best estimate (base case or P50) resource volume.