

5 August 2008

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

Faroe Adds Exciting New Prospect through North Sea Cross Assignment

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 cross-assignment of two UK Central North Sea licences. This cross-assignment adds a new and potentially significant prospect to Faroe Petroleum’s substantial portfolio.

UKCS Licences P.1459 (Block 13/24d) and P.1404 (Block 13/25a)

Blocks 13/24d and 13/25a located in the Central North Sea east of the Blake Field, contain the shallow (1,200ft) “Fat Cat” Lower Cretaceous prospect which was partially tested by the 13/24a-2A well drilled by Amoco in 1981

By means of cross assignment, the parties to Licence P.1459 (Block 13/24d) and Licence P.1404 (Block 13/25a formerly West Halibut) have equalised their interests in each licence. The new equities in each licence are:

Company	Equity
Petro-Canada UK Limited (Operator)	45.0%
Elixir Petroleum (UK) Limited	12.5%
Faroe Petroleum (U.K.) Limited*	25.0%
Granby Enterprises Limited	12.5%
Reach Exploration (UK) Limited	5.0%

* before potential exercise of option by First Oil

Licence P.1404 has been converted to a traditional licence and the UK’s BERR (Business and Enterprise Regulatory Reform) has agreed to vary the terms of Licence P.1459 so the time periods of the two licences match and any well drilled on the Fat Cat prospect (which lies within P.1459 and P.1404) will count towards the continuation of P.1459 into its Second Term, even if such a well is drilled on P.1404.

A combined work programme, including the acquisition of high resolution, high density 2D seismic data (completed in 2007), and the drilling of a contingent appraisal well (prior to December 2009) has been agreed with BERR. Interpretation of these data, in addition to the completion of various technical studies will determine the technical and commercial viability of drilling a well to test the prospect.

While Faroe currently holds a 25% interest in these licences, First Oil has an option to acquire half of Faroe’s interest (12.5%) in UKCS Licences P.1459 (Block 13/24d) and

P.1404 (Block 13/25a) in connection with the farm-in agreement on the Wissey gas field interest, acquired from First Oil by Faroe (Wissey, in which Faroe holds 18.75% equity interest, is scheduled to come on stream later in August).

Chief Executive of Faroe Petroleum, Graham Stewart, commented:

“This is an exciting prospect, which is large and has been de-risked by a well drilled previously on the same structure, which, despite encountering hydrocarbons, was not tested at the time. Its location is attractive with a choice of accessible infrastructure for a possible development route, and the licence benefits from a strong and experienced operator, Petro Canada, who has had considerable success already in the Moray Firth area, in which the prospect is situated.

“The new seismic survey over the prospect has already been acquired, and we therefore look forward to completing the interpretation and reaching an early decision on the feasibility of drilling the prospect by the end of 2009, to become part of our ongoing drilling programme, which includes several near term wells to be drilled in 2008, on East Breagh, West Breagh, Marsvin, South East Tor and Hyme.”

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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, appraisal and development assets across the Atlantic Margin, the UK and Norwegian North Sea and the 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.

The Company is pursuing an active, fully funded drilling programme with wells in each of its core areas being drilled over the coming 18 months.

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

Phil Ware, who is a Geologist (BSc. Joint Honours in geology from Birmingham university), exploration team leader North Sea for Faroe Petroleum (U.K.) Limited and who has been involved in the energy industry for more than 12 years, has read and approved the technical disclosure in this regulatory announcement.



Faroe Petroleum

Fat Cat Prospect, Moray Firth

