

18 August 2008

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

Well Commences on Significant East Breagh Prospect

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 that drilling has commenced on the significant gas prospect, East Breagh in the Southern North Sea.

The joint venture partners are Faroe (10%), Sterling Resources (45% and operator), Stratic (10%), Regernesys (15%), Encore (15%) and Petroventures (5%). The Ensco 70 jack-up drilling rig has been secured under a turnkey agreement with specialist well construction firm Advanced Drilling Technology International (ADTI), to drill a vertical well (42/13-4) on the East Breagh prospect. The well is designed to confirm reservoir extent and potentially significant upside to gas already discovered and appraised on the West Breagh area with the 42/13-3 well, drilled by the partnership in late 2007.

Following the East Breagh well, a high angle / horizontal appraisal well is planned for West Breagh (42/13-5) to further evaluate this part of the field. These wells will provide key data towards assessing the economic viability of developing the Breagh gas field in terms of hydrocarbon resource base and well performance and will also provide better understanding of further hydrocarbon potential in the greater Breagh area.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

"We are very pleased to be able to announce the commencement of this exciting well; the Breagh area is showing great promise following the successful appraisal well drilled on West Breagh last year. If the East Breagh well proves up further reserves there is good scope for a significant gas field development, and potential for considerable value creation for our shareholders".

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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.