

27 November 2008

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

**Credit facility doubled to NOK 500m
to Step Up Norwegian Exploration and Appraisal Activities**

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 agreed a NOK 250m increase in the revolving credit facility with Bank of Scotland and Barclays Commercial Bank to NOK 500m (approximately £47.5m) to finance its Norwegian exploration and appraisal programme.

The Scotland Team of Barclays Commercial Bank and Bank of Scotland are underwriting the enlarged facility on a 50/50 basis.

This credit facility has been put in place for the Company to increase its exploration and appraisal activity in Norway, taking advantage of attractive opportunities. Faroe Petroleum benefits significantly from the Norwegian tax regime under which exploration-focused companies 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 supported by the bank facility, thereby effectively quadrupling the capital available for investment in the Company’s Norway activities.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

“The doubling in size of this facility further reinforces the Company’s already strong financial position. Faroe Petroleum will continue to leverage Norway’s state contribution towards exploration and appraisal expenditure, through its enlightened tax regime. This allows us to step up our drilling activity in our Norwegian core area. Norway represents an outstanding opportunity to create exceptional value for our shareholders, as we continue to grow our portfolio.

“We are very pleased to build on our long term working relationship with the Bank of Scotland and to have this opportunity of building on our relationship with Barclays Commercial Bank.”

Walter Cumming, Aberdeen-based Regional Director of Barclays Commercial Bank, said:

“Barclays Commercial Bank is delighted to be supporting Faroe Petroleum's growth at this time and very much look forward to forging a long-term partnership with the company. This deal re-enforces our continued strong commitment to the dynamic and important oil and gas sector.”

Ashley Kelty, Associate Director, Bank of Scotland Oil & Gas commented:

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

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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, appraisal and development assets across the Atlantic Margin, the UK and Norwegian North Sea and the Norwegian Sea. The Company's substantial portfolio provides considerable spread of risk and reward, encompasses eight licences West of Shetlands, five licences offshore the Faroe Islands, six licences in the Moray Firth area of the UK Central North Sea, eleven 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 well financed and is pursuing an active, fully funded drilling programme with wells in each of its core areas being drilled over the coming two years. Notably, Faroe is participating in three wells in Norway in late 2008/early 2009: Hyme (Lundin operated), South East Tor (Lundin operated) and Grosso (Statoil operated).

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.