

30 June 2008

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

Update on Norwegian Activity

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 provide an update on its Norwegian activity.

Since entering Norway in 2006, Faroe Petroleum has, in line with its stated strategy, successfully built a significant portfolio of 20 Norwegian licences to complement its existing Atlantic Margin and North Sea portfolios. The Company now holds the largest portfolio of Norwegian licences among all AIM listed oil companies, and is set to build upon this and grow considerably its drilling programme going forward.

Accordingly, the Company’s activity level is ramping up as follows:

- Drilling of at least six Norway wells in next two years, with three planned in 2008;
- Trym gas field development sanction expected in late 2008;
- Substantial 3D seismic survey over three exploration licences in Norwegian Sea;
- Deep Sea Delta secured to drill Santana exploration prospect on licence PL475;
- 2008 APA and 20th Licensing Rounds applications being prepared; and
- Commencement of pre-qualification process to become Operator in Norway.

Drilling of at least six Norway wells in next two years, with three planned in 2008

Faroe expects to participate in an active programme of more than six exploration and appraisal wells in Norway in the next two years, for which drilling rigs have been secured. In August, the Marsvin exploration well in Licence PL289 (Faroe 14%) is scheduled to commence, using the Mærsk Guardian jack-up rig. Marsvin is a substantial Upper Jurassic oil prospect, located on the south west flank of the Søgne Graben, straddling the border between Norway and Denmark. The South East Tor appraisal well and Hyme exploration well in Licence PL006c (Faroe 10%) are expected to commence in October, followed by the Grosso exploration well in PL376 (Faroe 10%) towards the end of the year.

Trym gas field development sanction expected in late 2008

On the undeveloped Trym gas field (Faroe 10%); acquired from Shell in late 2007, the licence joint venture has recently approved the Danish state-owned oil company DONG as field operator. The revised near term work programme for development of this important field includes securing a drilling rig to drill the production wells and submission of the Field Development Plan by year end.

Substantial 3D seismic survey over three exploration licences in Norwegian Sea

The CGG Veritas seismic vessel M/V CGG Laurentian has commenced a substantial 3D seismic acquisition survey over Faroe Petroleum’s Norwegian Sea exploration licences PL433 (Fogelberg, Faroe 15%), PL477 (Cooper, Faroe 30%) and PL478 (Manilow, Faroe 30%). Centrica is operator of all three licences and the survey is designed to acquire 3D seismic data over an area in excess of 700 square kilometres.

Licence PL433 was awarded to Faroe in the 2006 APA Licence Round and contains the promising Fogelberg prospect eight kilometres to the north of the producing Smørbukk Field. The structure is similar to the ongoing Morvin oil and gas development 10 kilometres to the south west. In the 2007 APA Licence Round, the Company was awarded two further nearby licences, PL477 and PL478, which contain the promising analogue Middle Jurassic prospects, Cooper and Manilow, respectively. For each of the three licences, the work commitment includes the acquisition of new 3D seismic and by combining these surveys into one over the entire prospective area, the work commitment is met more cost effectively and the maturing of the Cooper and Manilow prospects to drillable prospects is accelerated.

The first exploration well on Fogelberg is scheduled to be drilled at the end of 2009 with the contracted West Alpha drilling rig.

Deep Sea Delta rig secured to drill Santana exploration prospect on licence PL475

The licence partnership has now secured the Deep Sea Delta drilling rig, currently contracted to StatoilHydro on the Troll Field, to drill Faroe Petroleum's Santana prospect in 2010. Licence PL475 (Faroe 30%) was awarded in the 2007 APA Licence Round, together with Revus as operator, and contains the promising Santana and Carlos prospects, as well as seven further prospects and three leads. The Santana prospect is a potential extension of the existing hydrocarbon columns within the Trestakk Field, and the work commitment involves the drilling of a firm well within three years.

2008 APA and 20th Licensing Rounds applications being prepared

Faroe has to date secured 12 of its 20 Norway licences through applications in licensing rounds. In preparation for both the 2008 Norwegian APA (Awards in Predefined Areas) and the 20th Licensing Rounds, the Company has identified several promising new exploration and appraisal opportunities and considerable resource is being focused on preparing for the submission of licence applications. Both rounds will be very competitive, and the 20th Round is particularly significant as new acreage in frontier areas is being offered.

Commencement of pre-qualification process to become Operator in Norway

The Company has taken the decision to apply for pre-qualification as Licence Operator on the Norwegian Continental Shelf. Faroe is currently qualified as a non-operating Licensee in Norway, while it is qualified as operator in both the UK and the Faroe Islands. Operatorship in Norway is a natural step for the Company to take as it seeks to strengthen further its position in Norway and pursue additional business opportunities there for which operatorship is advantageous. Furthermore, as licence Operator, the Company may expect to retain higher percentage working interests and to have increased control of licence work programmes and the timing of activities.

With a highly-qualified team of almost 20 employees based in Stavanger, covering all the competencies required of an operating oil company, the additional cost and human resource implications for Faroe in connection with pre-qualification are expected to be minimal.

Graham Stewart, Chief Executive of Faroe commented:

“We are very pleased with the rapid progress in building our Norwegian business since our entry two years ago. Along with our West of Shetland and North Sea portfolio of licences we are creating significant value in Norway through the growing exploration, appraisal and development programme scheduled and the first rate team we have put in place. We are now ready to progress through pre-qualification as Operator, which is an important step for the Company in Norway, where such a position affords many advantages in the current market.

“Faroe Petroleum’s substantial fully funded drilling programme of over 20 wells during the next two years is much enhanced by our business in Norway and we fully expect to announce the addition of further drilling opportunities in the coming period.”

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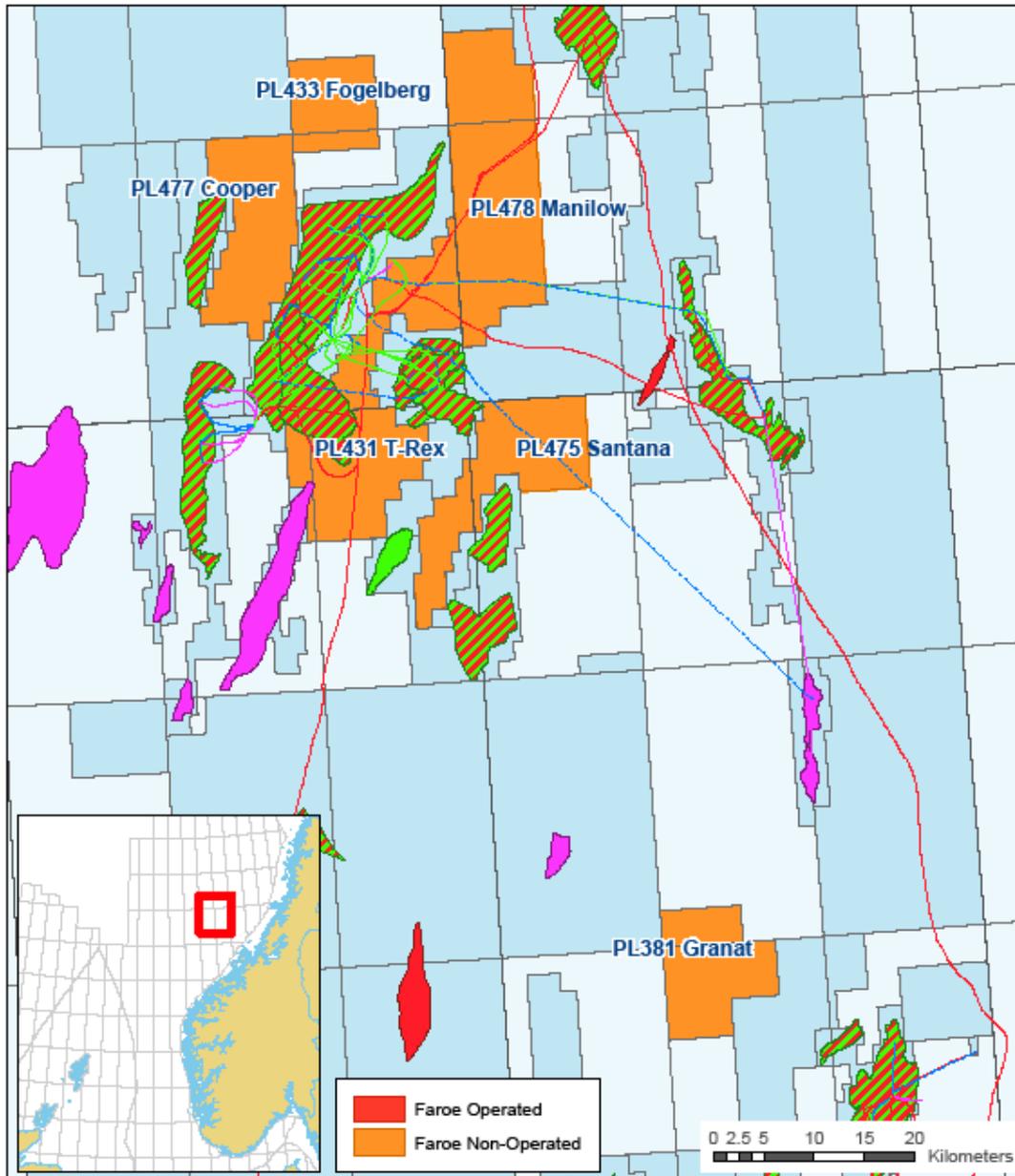
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Faroe Petroleum

Norwegian Sea Portfolio



Licences targeted by 3D Seismic Survey Area

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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.

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.