

7 January 2009

**Faroe Petroleum plc (“Faroe Petroleum”, “Faroe” or the “Company”)  
Norwegian Drilling Update – Three Wells in the Coming Two Months**

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 drilling activities. In line with the Company's strategy, Faroe has an exciting ongoing drilling programme in Norway which in the near term includes three wells, named Hyme, South East Tor and Grosso.

**PL006D - Hyme - Faroe Petroleum 10%**

Drilling has now commenced on the Norwegian Licence PL006C well 2/5-14 S (Faroe 10%), which holds the significant Hyme oil prospect. The Hyme exploration prospect is contained within a stratigraphic trap located on the western flank of the South East Tor discovery, which will be tested after the drilling of Hyme.

The drilling operation to be undertaken by the operator Lundin using the Mærsk Gallant rig, is expected to take approximately 50 days.

**PL006C - SE Tor - Faroe Petroleum 10%**

The Lundin operated South East Tor appraisal well 2/5-14 A will be drilled directly following the drilling of the adjacent Hyme well, again using the Mærsk Gallant rig, and is expected to take approximately 30 days.

The South East Tor oil discovery (2/5-3) lies in 67 metres of water within the Upper Cretaceous Tor and Ekofisk chalk formations and near the prolific producing reservoirs Ekofisk, Valhall and Tor fields. Well 2/5-3 was drilled in 1972 on the crest of a salt induced anticline. The well encountered oil in both the Tor and Ekofisk formations. and was successfully tested, with 43 degree API oil quality at 4,525 barrels of oil per day (bopd) from the Tor Formation and also 4,281 bopd from a separate test in the Ekofisk Formation. South East Tor and Hyme are both located within tie-back distance of a number of potential production hosts in the area.

**PL 376 – Grosso - Faroe Petroleum 10%**

The drilling of the substantial Grosso exploration prospect is scheduled to commence shortly and will be drilled by the operator StatoilHydro using the Ocean Vanguard rig. This licence is located on the North East flank of the North Viking Graben and multiple prospects have been identified in both structural and stratigraphic closures, with Jurassic and Lower Cretaceous reservoir objectives. No wells have been drilled on the Licence, despite being located immediately north of the Jurassic gas/oil Gjøa Field and south of the undeveloped Cretaceous Agat gas discovery.

The drilling operation to be undertaken by the operator StatoilHydro using the Ocean Vanguard rig is expected to take approximately 70 days.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

"As a key part of our continuing forward drilling programme, we have an exciting and busy period of drilling activity ahead of us in Norway. With the favourable Norwegian tax regime, under which 78% of exploration expenditure is repaid to us in the following year, Faroe is in an excellent

position to realise the value of Norwegian exploration and appraisal assets with minimum cost exposure.

“The Company recently doubled to NOK 500 million (approximately £47.5 million) its Revolving Credit Facility with Barclays and the Bank of Scotland, on excellent terms, for financing exploration and appraisal activity Norway. This facility will be drawn upon to pay the majority of costs on all our Norway wells going forward, thereby conserving the Company’s equity capital.”

Ends

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Andrew Roberts, who is a Geophysicist (BSc. Joint Honours in Physics and Chemistry from Manchester university), Exploration Manager of Faroe Petroleum Norge AS and who has been involved in the energy industry for more than 25 years, has read and approved the technical disclosure in this regulatory announcement.

**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 licence portfolio provides considerable spread of risk and reward, encompasses over fifty licences with eight licences West of Shetlands, six 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 three 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 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.