

21 April 2009

## Faroe Petroleum plc (the “Company”)

### Update of the Technical Report

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 results of an update of the technical report by Senergy Limited (“Senergy”).

The report was prepared for the first time in June last year in connection with Faroe Petroleum’s multi-currency borrowing base facility with Société Générale Corporate & Investment Banking. An update of the report has been conducted to reflect the changes to Faroe Petroleum’s portfolio and provide the directors and shareholders of the Company with an up to date independent view of the potential value of the assets.

Compared to last year’s report, we are pleased to highlight the following main changes:

- Net Faroe Reserves have increased from 4.0 to 5.5 million barrels of oil equivalent (boe) following the addition of Trym
- Net Faroe Contingent Resources (risked) have increased from 22 to 32 million boe due to the successful appraisal of Breagh and the Maria licence award in Norway
- The net present value (NPV) of the Net Reserves and Contingent Resources have increased from £129m to £204m
- The NPV of the two year drilling programme has increased from £168m to £189m and new awards in 2008 have more than compensated for any reductions in the projected NPV associated with unsuccessful exploration drilling since the last report.

The first table set out below presents the reserves and resources of the asset portfolio by geographic location and by asset category. The reserves and resources are reported in accordance with the joint reserves/resources definitions of the Society of Petroleum Engineers, the World Petroleum Congress and the American Association of Petroleum Geologists.

Faroe Petroleum is participating in an active drilling programme. The reserves and resources which will be targeted in the coming two year drilling programme are labelled “Near Term Appraisal” and “Near Term Exploration” in the first summary table below.

The category “Medium/Long Term” includes the resources which will be targeted by additional exploration and appraisal wells, but which do not yet have firm drilling plans. The summary tables below do not include a number of additional exploration prospects in the Company’s portfolio where they have either no current drilling plans or need additional work for them to be matured into drillable prospects.



Faroe Petroleum - Reserves and Resources, MMboe					
Area		P + P Reserves	Contingent Resources	Near Term * Exploration	Medium/Long Term Explo'n
Atlantic Margin	Risked		7	19	32
	Un-risked		27	95	525
UK North Sea	Risked	NA	15		
	Un-risked	2.0	42		
Norway	Risked	NA	10	25	52
	Un-risked	3.48	50	103	268
Total, MMboe	Risked	NA	32	44	84
	Un-risked	5.48	119	198	793

"Near Term" is defined as the Exploration and Appraisal wells that Faroe plans to drill in the next 2 yrs

Notes:

Gas resources have been converted to oil equivalent using 5.6 mscf = 1 boe.

Breagh has been assessed by separate independent engineers appointed by the operator Sterling Resources Ltd, further details of which are noted below. Consequently, the numbers for Breagh have been added to the Senergy numbers to get the total Faroe portfolio evaluation.

The technical report also includes an economic evaluation of Faroe Petroleum's net reserves and resources. This is summarised in the second table below showing net present values discounted at 10 per cent (NPV10) and expressed in £s million.

Faroe Petroleum – Net Valuation at NPV 10%					
		Producing / Developing	Near Term * Appraisal	Near Term * Exploration	Medium / Long Term
Atlantic Margin	Risked	0	49	80	55
	Un-risked	0	197	390	896
UK North Sea	Risked	15.9	75		0
	Un-risked	15.9	277		0
Norway	Risked	5	58	109	88
	Un-risked	5	285	523	458
Total	Risked	20.9	183	189	143
	Un-risked	20.9	759	913	1,354

\* "Near Term" is defined as the Exploration and Appraisal wells Faroe plans to drill in the next 2 years



**Graham Stewart, Chief Executive of Faroe, commented:**

“We are pleased to provide an update of the Senergy report to Faroe Petroleum’s shareholders. We feel this is an informative and important third party verification of the inherent value contained in our extensive portfolio. We are encouraged by the increase in value that has been achieved, particularly in the Contingent Resources category and we look forward to targeting the significant resource potential and associated value uplift which could be realised for shareholders in the near term”.

- Ends -

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**Notice**

Certain statements contained in this press release are "forward-looking statements" and constitute the Company's expectations or beliefs concerning, among other things, future operations, financial and other results, and components thereof. Forward looking statements inherently involve known and unknown risks and uncertainties and are based on a number of material factors and assumptions. **Actual performance and results may vary from those in the forward looking statements.**

The assumptions made in these forward looking statements include that: contracted parties provide goods or services at agreed timeframes; equipment necessary to explore and drill the Atlantic Margin, UK North Sea and Norwegian assets do not incur unforeseen break downs; no workforce shortages or delays occur; plant and equipment function as specified; no unusual technical or geological problems occur; and on-going contractual negotiations are completed in a successful and timely manner.

As is evident from the Company's portfolio of assets, Faroe does not have direct control as operator of many of its interests. As a result, the Company does not have direct control of the active drilling programme and there can be no assurances that the targeted Near Term Appraisal and Near Term Exploration will take place in the exact time frames indicated or, given the nature of exploration, that reserves will be realised.

**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, encompassing nearly fifty licences with eight licences West of Shetlands, six licences offshore the Faroe Islands, two 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, 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.

Dr. Barry Squire is the Commercial Project Manager for Senergy and was responsible for supervising this evaluation. He is a professional petroleum geologist with over 25 years of oil industry experience, the last 10 of which has been in the capacity of a reserves auditor, and has read and approved the technical disclosure in this regulatory announcement.

## Glossary

**Producing and Under Development:** there are 6 fields either producing or under development: Schooner, Minke, Wissey, Topaz, Orca and Trym. Reserves quoted are Developed for Schooner, Minke and Wissey, and Undeveloped for Topaz, Orca and Trym.

**Reserves** are those quantities of hydrocarbons which are anticipated to be commercially recovered from known accumulations from a given date forward.

**Proved reserves** are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations.

**Probable reserves** are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves

**Near Term Appraisal:** there are 8 immediate development opportunities including Breagh and S.E.Tor that require additional appraisal and/or approval of development plans. Resource volumes quoted in the summary tables are Best Estimate Recoverable Contingent Resources.

**Near Term Exploration:** there are 12 undrilled exploration prospects which are represented in the drilling schedule. Resource volumes quoted in the summary tables are Best Estimate Recoverable Prospective Resources.

**Medium/Long Term Opportunities:** are a realistic selection of mainly exploration opportunities that could become viable drilling opportunities in a 2010 to 2015 timeframe. Resource volumes quoted in the summary tables are Best Estimate Recoverable Prospective Resources.

**Contingent Resources:** Those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from known accumulations but which are not currently considered to be commercially recoverable.



**Price assumptions:** in arriving at the net present values the principal price assumptions have been applied: Oil \$45/bbl'09, \$55/bbl'10, \$60/bbl'11, \$65/bbl'12, +2.5%'13+; Gas \$6.8/mscf'09, \$7.5/mscf'10, \$8.3/mscf'11, \$9/mscf'12, + 2.5%'13+; Exchange rate US\$1.5/GBP, US\$6.5/NOK; Inflation 2.5% p.a.

**Prospective Resources:** Those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations.

**Risk:** the probability of loss or failure. As "risk" is generally associated with the negative outcome, the term "chance" is preferred for general usage to describe the probability of a discrete event occurring. The risk factor for contingent resources is the estimated chance that the volumes will be commercially extracted. The risk factor for prospective resources means the chance of discovering hydrocarbons in sufficient quantity for them to be tested to the surface.

**Risk discounted resources** have been assessed by multiplying the assessed chance of appraisal success or the exploration chance of success by the best estimate (base case or P50) resource volume.

### Review of Breagh

The following reserve numbers (which represent the Company's net 10% share) have been assessed by independent engineers appointed by Sterling Resources Ltd ("Sterling") and extracted from the report published by Sterling on 16 April 2009. It should be noted that due to classification differences between Canada and the UK, the reserve numbers quoted below are treated as Contingent Resources by the Company and the net Present Value Figures are shown as post tax.

	Reserves (MMboe)	NPV 10% (post-tax) £m
Proved (P90),	6.1	18.0
Prove plus Probable (P50)	8.7	25.2
Prove plus Probable plus Possible (P10)	11.9	38.0