

19 May 2009

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

Faroe Petroleum in Norwegian Asset Swap

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 swap with DONG E&P Norge AS of its interest in the Trym development for a combination of cash and interests in the producing Glitne and Enoch oil fields.

Under the terms of this transaction, Faroe will exchange its 10% interest in the Trym development for:

- up to £4 million (NOK 40m) in cash of which £2 million is payable at completion and a further amount up to £2 million payable upon certain production targets being met by the Trym Field;
- a 9.3% share in the producing Glitne oil field and a 1.86% share in the producing Enoch field, which currently yield, in aggregate, 800 barrels of oil per day (bopd), and
- DONG Energy will retain the abandonment liability for the Glitne field, capped at £8.5 million (NOK 84m), which corresponds to the net share of the Operator’s estimate of the abandonment cost.

Faroe acquired the 10% interest in Trym in 2007 as part of a cross-border package transaction with Shell. Trym is an undeveloped gas field located close to the Norwegian-Danish border. For commercial reasons the Field Development Plan submitted in 2006 was not approved by Norwegian Authorities. In anticipation of these commercial issues being resolved, DONG Energy, the new field operator, submitted a revised Field Development Plan in October last year, which is expected to be approved soon.

The Glitne oil field was brought on stream in 2001 and has been developed with sub-sea completed wells tied back to the leased FPSO facility Petrojarl 1. Oil is transported to shore by offshore tanker loading. Production was originally expected to last for around three years, but a combination of better than expected performance and in-fill drilling has resulted in extended field life. Current gross production is at around 7,000 bopd corresponding to a net production to Faroe of around 650 bopd. A new seismic survey was acquired last year to identify remaining oil and possible new in-fill well locations on Glitne, and the 4D seismic interpretation is under way.

The Enoch oil field is located close to Glitne on the UK/Norway median line. The field was developed by Paladin Resources (acquired by Talisman Energy in 2005) and came on stream in May 2007. It produces via a single sub-sea well, tied back to the Marathon-operated Brae 'A' platform, 14 kilometres to the west. The field has been delivering at stable rate of around 8,000 bopd during 2008 after the introduction of gas lift towards the end of 2007. Enoch will contribute approximately 150 boepd net to Faroe with potential for increased production with further field investment.



Graham Stewart, Chief Executive of Faroe, commented:

“We are very pleased with this transaction, which provides cash and oil production revenues in Norway, freeing up Faroe's equity reserves and significantly undrawn debt facility for other purposes.

The transaction is in line with Faroe's strategy to optimise project value and to grow and strengthen its production base. Glitne represents an opportunity for our Norway team to make use of its considerable experience in identifying new in-fill drilling targets which have the potential to increase production and create new value in a mature oil field. Enoch is an asset we know particularly well as the majority of our Norway team previously worked with Paladin Resources, the former developer and operator of Enoch.”

Ends -

Enquiries

Faroe Petroleum plc
Graham Stewart
Tel: +44 1224 650 920

Panmure Gordon
Callum Stewart/Ashton Clanfield
Tel: +44 20 7459 3600

Financial Dynamics
Billy Clegg/Edward Westropp
Tel: +44 20 7831 3113



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 entered Norway in 2006 and, with its very experienced team, most of whom joined at that time from Paladin Resources, has established a strong position there to exploit the vast economic potential of its hydrocarbon wealth. All Norway exploration and appraisal expenditure benefits from the very favourable financing arrangements provided through the country's attractive tax regime, and the Company makes full use of this incentive in its Norwegian programme.

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.

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.



Faroe Petroleum

Enoch and Glitne

