

22 July 2009

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

Sale of the Breagh Field

- Sale of Breagh for \$41.6m (approximately £25.3m) in cash
- Completion expected within three months
- Cash to be reinvested in further value-creating opportunities
- Next two wells located in the UK west of Shetlands area - high risk/high reward Glenlivet and Tornado prospects - both expected to commence in the next two months

Faroe Petroleum plc, 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 sale of its entire 10% interest in the Breagh Gas Field in the UK Southern North Sea Gas basin to RWE Dea UK SNS Limited, for approximately \$41.6m (approximately £25.3m).

The Company acquired its interest in the Breagh gas field from Sterling Resources Ltd in 2006. The field is situated close to the northern limit of the Southern Gas Basin and is one of the largest discoveries in this area in the last 10 years. During 2008, the partnership successfully drilled and tested two further wells in the same block proving up significant additional reserves and achieving commercial flow rates. These wells proved additional gas resource and communication between east and west flanks of the field.

Whilst it is clear that Breagh is an outstanding discovery, provision of development finance for an asset of this scale would be particularly challenging for junior oil companies, especially in this economic climate. Against this background the six company partnership has taken the pragmatic decision to sell 70% of the discovery to a much larger company which is able to fund the development costs which are expected to be in excess of \$1 billion. Faroe is participating in this consortium sale in respect of its entire 10% interest in the discovery (Sterling Resources Ltd, the current operator, is retaining a 30% interest).

The Company's interest in the Breagh field is being sold for cash for approximately \$41.6m, prior to working capital adjustments, such consideration being payable at completion of the sale, which is estimated to occur within the next three months. Completion is subject to the satisfaction of various pre-conditions including consent from the Secretary of State.

Faroe and its co-venturers were advised on the transaction by Standard Chartered.

Graham Stewart, Chief Executive of Faroe, commented:

“We are very pleased to be able to announce the sale of our stake in Breagh for a substantial cash sum. The transaction clearly demonstrates the success of our business model to convert exploration and appraisal assets into cash, thereby creating significant value for shareholders. The cash will be reinvested in further value-creating opportunities, notably in suitable development and production opportunities in the UK, in order to maximise tax efficiencies.

“Faroe's firm seven well exploration programme to be drilled over the next 24 months is continuing, with the next two exciting wells located in the UK west of Shetlands area - the high risk/high reward Glenlivet and Tornado prospects - both expected to commence in September.”

- Ends -



Enquiries

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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 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, nine licences in the Southern gas basin and twenty one licences in the Norwegian North Sea, Norwegian Sea and Barents Sea. Faroe Petroleum joint venture partners include BP, Chevron, ConocoPhillips, DONG, DSM, Eni, E.ON Ruhrgas, GDF, OMV, RWE Dea, 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.