

14 January 2010

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

**Extension of NOK 500m Credit facility  
for Norwegian Exploration and Appraisal Activities**

Faroe Petroleum, the independent oil and gas company focusing on exploration, appraisal and production in the Atlantic Margin, the North Sea and Norway, is pleased to announce that it has agreed a two year extension to its NOK 500m revolving credit facility with Bank of Scotland (approximately £55m) to finance its ongoing Norwegian exploration and appraisal programme.

This credit facility ensures the Company's exploration and appraisal activity in Norway continues to take full advantage of the attractive economic opportunities presented to explorers by the Norwegian Government. Faroe Petroleum benefits significantly from the Norwegian tax regime under which exploration-focused companies recover 78% of exploration and appraisal-related expenditure in the following tax year. Under the terms of the revolving credit facility, 75% of Faroe's exploration, appraisal and supporting expenditure in Norway will be supported by the bank facility thereby effectively quadrupling the capital available for investment in the Company's Norway activities.

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

“The extension of this facility ensures that Faroe Petroleum will continue to leverage Norway's state contribution towards exploration and appraisal expenditure, through its constructive tax regime. Norway is a core area for Faroe Petroleum with the potential to create exceptional value for our shareholders, with two firm wells in Norway planned for 2010 alone.

“We are also very pleased to extend and grow our long term working relationship with the Bank of Scotland.”

*Mark Munro, Associate Director, Bank of Scotland Oil & Gas commented:*

"We are delighted to continue and increase our support to Faroe Petroleum for their exciting exploration programme in Norway. This facility strengthens the ongoing partnership between Bank of Scotland and Faroe Petroleum, and illustrates the Bank's continuing commitment to supporting customers and our willingness to harness the significant potential which exists in Norway's Oil and Gas sector."

- Ends -



For further information please contact:

Faroe Petroleum plc  
Graham Stewart/ Iain M Lanaghan

Tel: +44 1224 650 920

Panmure Gordon  
Dominic Morley/ Ashton Clanfield

Tel: +44 20 7459 3600

Oriel Securities Limited  
Michael Shaw/Neil Langford

Tel: +44 20 7710 7600

Financial Dynamics  
Billy Clegg/Edward Westropp

Tel: +44 20 7831 3113

#### **Notes to Editors**

The Company is actively building a balanced portfolio of exploration, appraisal and production 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, development and production 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 over 40 licences with seven licences West of Shetlands, six licences offshore the Faroe Islands, nine licences in the Southern gas basin and 19 licences in the Norwegian North Sea, Norwegian Sea and Barents Sea. In addition Faroe has interests in five producing oil and gas fields in the UK and Norway. Faroe Petroleum's 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.