

26 January 2010

**Faroe Petroleum plc ("Faroe Petroleum", the "Company")**

**Faroe Petroleum awarded new exploration licence in Norway and prequalifies as operator**

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 that it has been awarded a new prospective licence under the 2009 Norwegian APA Round and has been prequalified as an operator for the Norwegian Continental Shelf.

**Licence PL477B, 'Zappa' (Faroe petroleum 30%, Centrica (Operator) 40% and Petro-Canada 30%)**

Faroe Petroleum has been awarded a 30% interest in PL477B. Significant hydrocarbon potential has been identified within this Norwegian Sea licence, which is located adjacent to the Company's existing PL477 Cooper licence. The work programme and licence period for the new award is identical to that of our licence PL477, with a drill-or-drop decision to be taken in 2011.

**Norwegian operatorship prequalification**

Faroe has prequalified as an operator on the Norwegian Continental Shelf, which will allow the Company to pursue operated opportunities and retain higher equity levels in assets acquired through both upcoming licensing rounds and acquisitions.

Faroe Petroleum entered Norway in 2006 with the clear objective of building a significant, high quality exploration portfolio to complement the Company's strategic Atlantic Margin position. Norway is recognised as having vast untapped oil and gas potential, and the Company has built up a considerable portfolio to explore this, totaling 20 licences. This has been achieved through focusing the skills and considerable experience of our established Norway team, to carefully select the best possible licences with the greatest potential.

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

"Faroe Petroleum is very pleased to have been awarded this prospective licence applied for in the 2009 Norwegian APA licensing round. This new asset complements the Company's existing licence portfolio in Norway, and we are currently considering applying for licences in the upcoming 21<sup>st</sup> Licensing Round in Norway, in which some very exciting new licences are expected to be offered".

"As we continue with our scheduled, fully-funded drilling programme, we now look forward to five high impact wells in 2010, the first of which is expected to be the Fogelberg well in Norway next month."

"The prequalification as operator is a recognition by the Norwegian Authorities of Faroe Petroleum's management systems and competence. This is an important step and we believe it will open new opportunities for the company in Norway in the coming years."

Faroe Petroleum  
Graham Stewart

Tel: +44 1224 650 920

Panmure Gordon  
Dominic Morley/ Ashton Clanfield

Tel: +44 20 7459 3600

Oriel Securities  
Michael Shaw/Neil Langford

Tel: +44 20 7710 7600

Financial Dynamics  
Billy Clegg/Edward Westropp

Tel: +44 20 7831 3113

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 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 20 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.

Location map showing the PL477 B Licence

