

17 August 2010

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

Clapton Licence (PL440S) Well Commitment and Increased Stake - Norway

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 it has reached an agreement, subject to approval from the Norwegian authorities, to increase its interest from 20 to 40% and obtain the operatorship of Norwegian licence PL440S. A well has been committed on the PL440S licence, which will target the Clapton prospect and is expected to be drilled in late 2011 or early 2012. The licence co-venturers are Det norske oljeselskap (whose stake decreases from 30% to 10%, and is current operator), Norwegian Energy Company (12%), Lundin (18%) and Dana (20%).

This APA licence, awarded in 2006, is located in a very prolific area close to the giant oil fields Ekofisk, Valhall and Eldfisk, which contain 6 to 7 billion barrels of oil equivalent (boe) reserves. The licence is situated on the eastern edge of the Lindesnes Ridge 25 km away from Faroe Petroleum’s PL006C South East Tor discovery.

The Clapton prospect is formed on the edge of a salt induced structure referred to as the Mode Dome which was previously explored in the 1980s. The main targets in the structure are the Upper Cretaceous Hod, Tor and Ekofisk formation, which is a proven reservoir in the Central Graben both in Norway and UK and contains good flow properties through the matrix as well as secondary fracture network development.

In May 2010, the Clapton joint venture partners committed to drill the Clapton prospect, planned for late 2011 or early 2012, and Faroe Petroleum has entered into an agreement with Det norske oljeselskap to acquire a further 20% interest in this licence on promoted terms, increasing its stake to 40% and taking over as licence operator. The agreement is subject to the approval of the Ministry of Petroleum and Energy in Norway.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

“We are very pleased to announce the commitment to drill the exciting Clapton prospect, and with an increased stake. This prospect is another identified by Faroe Petroleum and won through the APA licensing round process. We are also pleased to have the opportunity to take on operatorship of our first Norwegian licence following pre-qualification as operator earlier this year.”

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Andrew Roberts, Group Exploration Manager of Faroe Petroleum and a Geophysicist (BSc. Joint Honours in Physics and Chemistry from Manchester University) 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 39 licences located in the West of Shetlands, offshore the Faroe Islands, the UK North Sea and Norway. In addition Faroe has interests in five producing oil and gas fields in the UK and Norway. Faroe Petroleum has extensive experience working with major oil companies and its joint venture partners include BP, Chevron, DONG, Eni, E.ON Ruhrgas, GDF, OMV, RWE Dea, Statoil and Wintershall.

The Company had considerable exploration success in 2009 with significant discoveries in the Glenlivet and Tornado prospects, both located in the UK west of Shetlands area and in 2010, with the Fogelberg and Maria discoveries in the Norwegian Sea.

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 Clapton prospect



Faroe Petroleum

Clapton Prospect

