

28 October 2010

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

UK 26th Licensing Round Awards

Faroe Petroleum plc, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in the Atlantic Margin, the North Sea and Norway, is pleased to announce that it has been provisionally awarded four new exploration licences west of Shetland under the UK 26th Licensing Round, the results of which were announced by the Minister of the Department of Energy and Climate Change yesterday.

The following provisional awards have been made jointly to Faroe Petroleum (as operator) and its industry partners:

Grouse (Block 217/11 (part), 12, 13(part), 16(part), 17(part), 18(part), 19(part), 20, 218/11(part), 12(part), 16, 17 and 22 (part) – Faroe Petroleum 37.5% and operator

This west of Shetland Traditional licence is situated on the Corona Ridge play, to the South of the Lagavulin prospect which is currently being drilled (Faroe equity 10%). Grouse is a large structural prospect post-basalt in a new exciting exploration play in the west of Shetland area. The licence work programme for Grouse comprises the acquisition, purchase and reprocessing of 2D seismic data and additional geotechnical studies, prior to making a drill or drop decision.

Balblair (Block 223/26, 27, 219/2 and 3) - Faroe Petroleum 50% and operator

Ardberg (Blocks 222/28, 29) - Faroe Petroleum 50% and operator

These Atlantic Margin Traditional licences are situated between the Company’s Talisker licence and the UK: Norwegian median line. Both Balblair and Ardborg are large structurally controlled prospects on the north Corona Ridge. The licence work programme comprises the acquisition, purchase and reprocessing of 2D seismic data and additional geotechnical studies, prior to making a drill or drop decision.

Aileen (Blocks 205/13b, 14, 18 & 19) - Faroe Petroleum 50% and operator

This west of Shetland Traditional licence is situated to the east of the Company’s Tornado discovery. Aileen is a significant prospect in a relatively unexplored play on the west side of the giant Clair field. The licence work programme comprises the purchase of 2D data and reprocessing of 3D seismic data and additional geotechnical studies, prior to making a drill or drop decision.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

“I am very pleased to report these new licence awards in the Atlantic Margin, one of our core areas and in which we have built an extensive portfolio and knowledge base. The new licences are continuing evidence of the team’s relationships and ability to create successful and exciting licence applications. Importantly Faroe has major equity interests in these new licences and they are in strategically significant locations, in which the team has considerable knowledge.



“Importantly Faroe has major equity interests in these new licences and they are in strategically significant locations, in which the team has considerable knowledge and in particular on the Corona Ridge where we had exploration success last year with the Tornado discovery.”

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Andrew Roberts, 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 opportunities, with significant stakes and a fully funded, dynamic 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 40 licences located in the West of Shetlands, offshore the Faroe Islands, the UK North Sea and Norway. In addition Faroe Petroleum 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 has proprietary technical teams at the leading edge of seismic and geological interpretation, reservoir engineering and field development.

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

Faroe Petroleum is quoted on the AIM Market of London Stock Exchange plc with offices in Aberdeen, Stavanger and Torshavn. The Company has a highly experienced team of professionals focused on creating exceptional value for its shareholders.



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