

13 January 2011

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

Acquisition of Undeveloped Perth Oil Field, UK Central North Sea

Faroe Petroleum, 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 acquired a 28% interest in each of UK licences P218 and P588 containing the undeveloped Perth oil field.

The Perth field is located 185 kilometres north east of Aberdeen in block 15/21c, which together with 15/21b (residual area) forms licence P588. Water depth at this location is approximately 130 metres and neighbouring infrastructure includes the Tartan platform seven kilometres to the North and the Scott platform 11 kilometres to the South East.

The Perth Field has remained undeveloped since its discovery by well 15/21a-7 in 1983, drilled by Monsanto. Three appraisal wells and one side-track have been completed on the field, the latest of which was drilled by Hess in 1997. The crude tested from the field’s Claymore sands has ranged in gravity from 29 to 32°API and has flowed at rates between 1,000 and 6,000 barrels of oil per day with associated sour gas.

Faroe Petroleum is working closely with the operator, Deo Petroleum to address technical challenges relating to development of the Perth field, and will investigate further exploration and appraisal opportunities on the licence block, in advance of progressing to a field development decision.

Faroe Petroleum is acquiring this 28% interest from Nexen Petroleum U.K. Limited and completion is subject to consent of the joint venture parties, the waiver of pre-emption rights and U.K. Department of Energy and Climate Change approval.

The other joint venture parties in the licence are Deo Petroleum UK Limited (operator, 42.08%), Maersk Oil UK Limited (19.13%) and Atlantic Petroleum UK Limited (10.79%).

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

“We are very pleased to announce this acquisition, which fits Faroe Petroleum’s strategy of securing suitable opportunities which draw upon the skills and experience of our technical team with the aim of adding significant upside value. To that end, the Company intends to play a key role in assessing the sub-surface potential, ahead of a field development decision.

“The Perth field has the makings of becoming an important new field development in the near term, with scope to tie-back several additional undeveloped discoveries as well as offering exploration upside in the area.”

End



For further information please contact:

Faroe Petroleum plc
Graham Stewart

Tel: +44 1224 650 920

Panmure Gordon (UK) Limited
Katherine Roe/Callum Stewart

Tel: +44 20 7459 3600

Oriel Securities Limited
Michael Shaw/ Ashton Clanfield

Tel: +44 20 7710 7600

Financial Dynamics
Billy Clegg/Edward Westropp

Tel: +44 20 7831 3113

John Wood, is the UK Technical and Asset Manager of Faroe Petroleum and an engineer (M.Sc in Petroleum Engineering, Imperial College, London), who has been involved in the energy industry for more than 12 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 more than 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.

Faroe Petroleum 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 Norway's Norwegian Sea.

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