

7 July 2011

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

Commencement of Fulla exploration well, West of Shetlands

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 drilling operations have commenced on the Fulla exploration prospect (Faroe Petroleum 50%), located in the west of Shetland area of the Atlantic margin.

This west of Shetlands well, located to the north east of the producing Clair oil field, is targeting potentially oil-bearing Devonian Clair reservoir sands at a depth of 2,100 metres. Faroe is operator of the well which is being drilled by the WilPhoenix semi-submersible drilling rig under contract with Awilco Drilling in a water depth of 120 metres. Operations are expected to be completed well within the summer weather period.

UK Licence P.1161 contains both the Freya oil discovery and the nearby Fulla exploration prospect. The Freya discovery was drilled by Mobil in 1980 and encountered 140 metres of oil-bearing Devonian Clair reservoir sands. Similarly to a number of the Clair appraisal wells, a valid surface oil sample was not obtained in the Freya discovery well. Since Freya was drilled, horizontal well drilling on the Clair oil field has led to a very successful extended well test in 1997 which in turn led to development sanction. The BP operated Clair field is under phased development and has been on production since 2005, having to date produced in excess of 75 million barrels of oil with current rates at approximately 40,000 barrels per day.

The Fulla exploration prospect is located in the same Clair reservoir sands at a depth of approximately 2,100 metres and is situated along the same structural trend to the north east of both Clair and Freya, thereby de-risking the prospectivity of the target.

The objectives of the Fulla exploration well are to prove a significant column of oil-bearing Devonian Clair reservoir sands on the Fulla structure and, in that event, to obtain an oil sample using advanced wire-line technology. If these objectives are met, uncertainties related to a possible Freya and Fulla combined development project will be significantly reduced.

In December 2010 Faroe farmed out a 50% interest in Licence P.1161 to Canadian Overseas Petroleum Limited (COPL) on promoted terms, such that COPL will pay 60% of estimated well costs for the Fulla well.

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

“We are delighted to be drilling the Fulla prospect, as operator. Should the Fulla drilling operations be successful, this will present an excellent opportunity when combined with the already defined Freya discovery to prove up sufficient resources for a significant standalone field development.

“The next exploration wells scheduled after Fulla are all located on our Norwegian acreage and are the Butch well followed by the T-Rex and Kalvklumpen prospects, which are expected to spud in Q3 and Q4. Faroe’s ongoing multi-well exploration drilling programme will carry on through 2011 and beyond as we push forward to test our substantial northern seas portfolio of over 40 significant licences.”



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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 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.

Faroe has considerable knowledge and experience in the West of Shetlands and Faroe area, with a wide variety of play types in its portfolio. In the 26th Licensing Round awards announced in October 2010, Faroe was awarded four new West of Shetlands licences, as operator, and with equities ranging from 37.5% to 50%.

The Company has delivered considerable exploration success in the past two years with four significant spanning West of Shetlands and mid Norway. Faroe recently completed the acquisition of an 18% equity stake in the Blane oil field in the UK. In addition, Faroe announced in April the swap of its 30% interest in the Maria discovery in Norway for interests in the producing Njord, Brage and Ringhorne East fields in Norway, in a transaction with state-owned Petoro.

Faroe Petroleum is quoted on the AIM Market of London Stock Exchange plc with offices in Aberdeen, Stavanger and Torshavn. The Company has highly experienced technical teams at the leading edge of seismic and geological interpretation, reservoir engineering and field development, focused on creating exceptional value for its shareholders.