

8 July 2011

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

New banking facilities secured

Faroe Petroleum, the independent oil and gas company focussing principally on exploration, appraisal and production opportunities in the Atlantic margin, the North Sea and Norway, announces the signing of two new banking credit facilities, which provide substantial additional finance to underpin the Company’s growth plans.

The two facilities are:

- NOK 1 billion (approx. £110 million) Norway Exploration Financing Facility, of which NOK 500 million (approx. £55 million) is initially committed by the participating banks, and a further NOK 500 million is available on an uncommitted “accordion” basis. Faroe Petroleum currently has approximately 20 exploration licences offshore Norway and expects to drill 12 exploration and appraisal wells in Norway by the end of 2013. This facility is designed to have the capability of financing the majority of Faroe’s exploration and appraisal costs on the Norwegian Continental Shelf. The facility will mature on 31 December 2014.
- US\$250 million (approx. £156 million) Reserve Base Lending Facility, of which US\$125 million (approx. £78 million) is initially committed by the banks, and a further US\$125 million is available on an uncommitted “accordion” basis. This facility is available to finance approved capital expenditure, operating costs and acquisitions. The facility will mature on 30 June 2016, with an amortising repayment profile from June 2013.

Six participating banks have been selected and brought together as one group to provide the two facilities pro rata. The participating banks are BNP Paribas and Lloyds TSB Bank plc, as Mandated Lead Arrangers, together with Commonwealth Bank of Australia, DnB NOR Bank ASA, Royal Bank of Scotland plc and SEB. BNP Paribas are also acting as Facility Agent and Security Trustee under both facilities, with Lloyds TSB Bank plc acting as Technical and Modelling Bank under the Reserve Base Lending facility.

At 1 July 2011 the Group had cash balances of approximately £84.2m and, together with the cash flow from its existing producing assets, which now include the Blane oil field, and the forthcoming production income from the Brage, Njord, Ringhorne East and Jotun fields in Norway, the Group is well financed.

Commenting on the new facilities, Iain Lanaghan, Finance Director, said:

“We are delighted to have concluded this financing exercise, and to have received such strong support from our banks, all of whom took part in a competitive process to participate in these facilities. The new facilities provide us with substantial new funding to support the growth of the Group.”

“With an exciting drilling programme ahead, of which the majority of wells will be drilled in Norway, the new Norway Exploration Financing Facility provides us with a powerful and efficient means of maximising our equity participation for minimum cost. The combination of our new Reserve Base Lending facility and strong cash flow from our significantly enhanced portfolio of producing assets ensures that Faroe Petroleum is well funded for investment growth in our core areas.”



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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 over 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 delivered considerable exploration success in the past two years with four significant discoveries spanning the West of Shetlands and 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.