

15 August 2011

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

Drilling of Norwegian North Sea Butch exploration well commences

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 drilling has commenced on the Butch prospect (Faroe 15%) located in the Norwegian North Sea.

The Butch prospect (block 8/10) is situated in the Norwegian North Sea, some seven kilometres east of the Ula field, 10 kilometres north east of the Tambar field and some 20 kilometres north of the Gyda field. The prospect is a stratigraphic pinch-out trap resting on the side of a salt dome and the primary target is the upper Jurassic Ula Formation which is the producing reservoir in the Ula, Tambar and Gyda fields.

The drilling operation, to be undertaken by Centrica as operator using the Maersk Guardian drilling rig, is expected to be completed in Q4 2011.

Licences PL405 and 405BS containing the Butch prospect were awarded to the Company in the APA 2006 licensing round. The other equity holders in these licences are Centrica 40% (operator), Suncor ASA 30%, Spring Energy Norway AS 15%. In March 2009 the Company assigned a 15% interest in these licences to Spring Energy in return for a partial carry on the well.

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

“We are pleased to announce the spudding of the first of our three near term Norwegian exploration wells, part of our fully funded drilling programme. The Butch prospect offers an exciting opportunity to test a good prospect in the Jurassic Ula Formation, which has proved so successful in the nearby Ula, Tambar and Gyda fields.

Elsewhere in our portfolio, drilling is also ongoing on the Fulla prospect West of Shetland, which is our first operated well, and for which results are expected to be announced later this month.”

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Ida Veland, Business Development Manager for Norway who has an M.Sc in Petroleum Engineering from the Norwegian University of Science and Technology and over 10 years of oil industry experience, has read and approved the technical disclosure in this regulatory announcement.

Notes to Editors

The Company 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. 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's 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 currently has interests in six producing oil and gas fields in the UK and Norway, including the recently completed acquisition of an 18% equity interest in the Blane oil field in the UK. Faroe Petroleum announced in April 2011 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.

The Company has delivered considerable exploration success in the past two years with four significant discoveries spanning the West of Shetlands and Norway.

Faroe Petroleum is quoted on the AIM Market of London Stock Exchange plc with offices in Aberdeen, Stavanger and Torshavn. The Company is well financed with a fully funded drilling programme extending into 2013 and 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.



Location Map for licences PL405 & 405BS

