

7 December 2011

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

Butch oil discovery - successful first side-track drilled

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 the completion of a successful initial side-track well on the Butch oil discovery (Faroe 15%) located in the Norwegian North Sea.

As announced on 18 October 2011, the Butch exploration well (8/10-4 S) encountered net oil pay of approximately 50 metres in the Upper Jurassic reservoir of the Ula formation and an initial side-track (8/10-4 A) was drilled to appraise for additional volumes of oil further down-dip. The initial side-track (8/10-4A) was water-bearing and due to technical issues, a technical side-track (8/10-4 T2) was drilled with the main objective of acquiring pressure data to establish the oil-water contact.

The technical side-track has been completed successfully and the operator (Centrica) has calculated a preliminary resource estimate of 30 - 60 million barrels of oil equivalent.

Drilling of a second side-track well is planned to commence in the coming days. The objective of this exploration side-track well is to prove additional oil volumes in the same formation but in an exploration prospect further south on the salt structure and outside the Butch main discovery.

The Butch discovery is situated in 66 metres water depth in the Norwegian North Sea, close to significant existing infrastructure with the producing fields Ula, Tambar and Gyda approximately seven kms to the west, 10 kms to the south west and 20 kms to the south respectively

Equity holders in the Butch licence are Faroe 15%, Centrica 40% (operator), Suncor Norge AS 30% and Spring Energy Norway AS 15%.

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

“We are very pleased to announce the results of this successful initial side-track well on the Butch discovery, which proves further resource potential in the discovery. We are also pleased to be progressing directly to a second side-track well to test an analogous exploration prospect to the Butch discovery, located further south on the salt dome.”

“Meanwhile, drilling operations on the T-Rex well continue according to schedule. We look forward to providing further updates on the progress of both the second Butch exploration side-track well and the Norwegian Sea T-Rex well (Faroe 30%) over the coming period, as we prepare to commence our very active 2012 exploration drilling programme which will include Kalvklumpen (Norway), North Uist (UK, west of Shetlands), Clapton (Norway), Cooper (Norway) and Santana (Norway).”



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Jan-Tore Paulsen, Exploration Manager Norway of Faroe Petroleum and a Geophysicist (MSc. in Geophysics from University of Bergen), who has been involved in the energy industry 15 years, has read and approved the technical disclosure in this regulatory announcement.

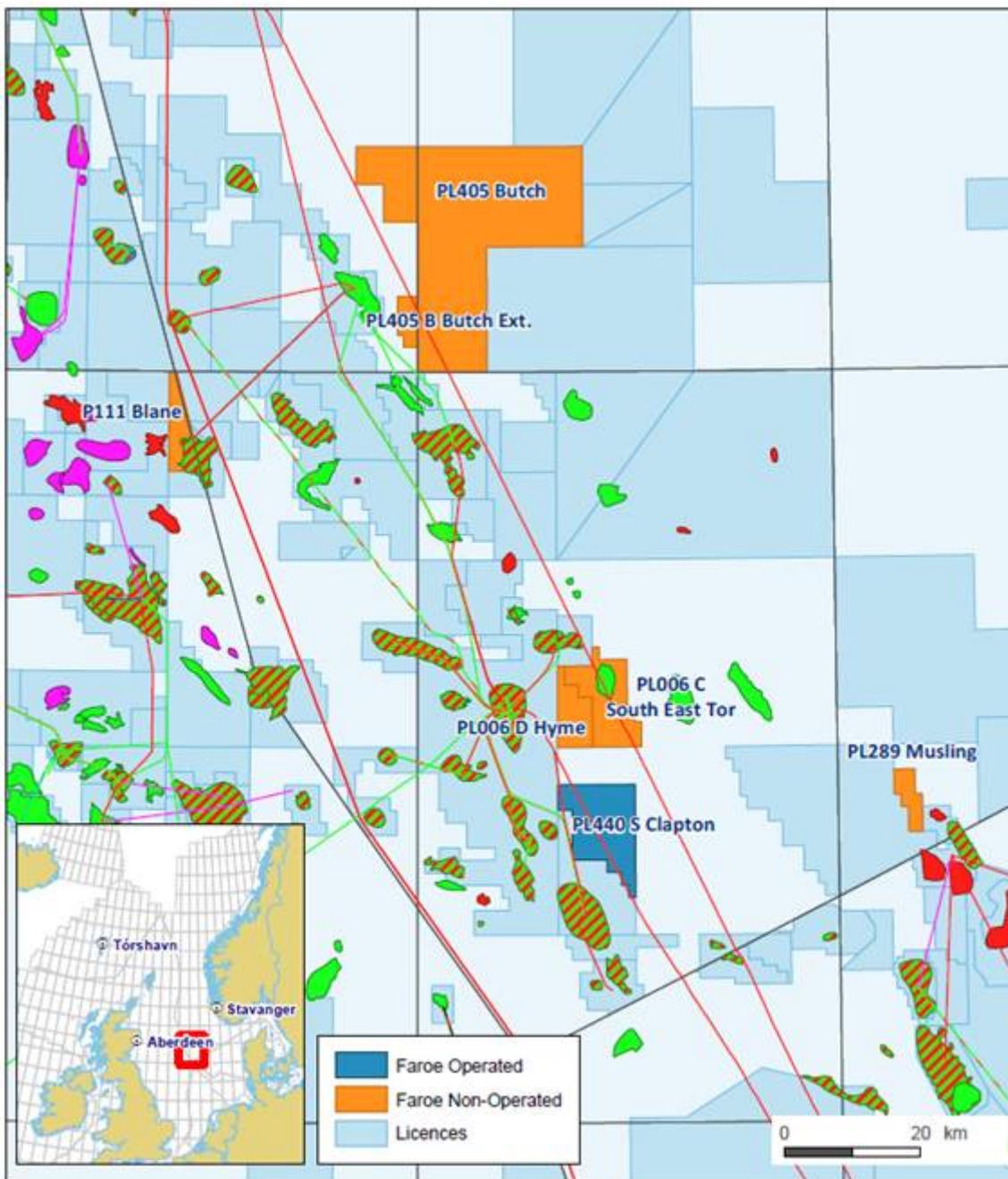
All reserve and resource estimates have been compiled in accordance with the 2007 Petroleum Resources Management System produced by the Society of Petroleum Engineers.

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 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 now has interests in 10 producing oil and gas fields in the UK and Norway, including the recently completed acquisition of an interest in the Blane oil field in the UK and interests in the Brage, Hyme, Njord, Ringhorne East and Jotun fields in Norway.

Faroe Petroleum plc 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 a highly experienced technical team 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

Showing location of Butch well