

26 July 2012

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

**Increased banking facility 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 an increased bank credit facility, to provide substantial additional finance to underpin the Company’s growth plans.

The committed amount under the Company’s Reserve Base Lending Facility has been doubled to US\$250 million (approx. £160 million) from the initial US\$125 million commitment. This facility is available to finance approved capital expenditure, operating costs and acquisitions. The maturity date of the facility has been extended by one year to 30 June 2017, with an amortising repayment profile from June 2014.

Seven banks are participating in the increased facility with the six existing banks, BNP Paribas and Lloyds TSB Bank plc, as Mandated Lead Arrangers, together with Commonwealth Bank of Australia, DNB Bank ASA, Royal Bank of Scotland plc and SEB, together with a new lender, SR Bank.

At 30 June 2012, the Company had cash balances of approximately £103m and together with the cash flow from its existing producing assets, including the Blane, Brage, Njord, Ringhorne East and Jotun fields, is well financed for its forward work programmes.

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

“We are very pleased to have concluded this financing exercise, and for the strong continuing support from our banks; all of whom agreed to increase and extend this facility.

“Alongside our robust production cashflows, this available credit provides us with greater funding capacity to support the development of the Group in our core areas and both in terms of organic and acquisition growth.”

- Ends -

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### **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.

Faroe Petroleum is quoted on the AIM Market of London Stock Exchange plc with offices in Aberdeen, Stavanger, London 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.