

2 November 2012

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

Relinquishment of West of Shetland P1161 Licence

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, announces that it intends to cease operations on the P1161 licence (Freya and Fulla), west of Shetland (Faroe Petroleum 50% and operator).

In July 2011 the Company drilled an exploration well (206/5a-3) on the Fulla prospect and the targeted Clair and Whiting reservoir sands were found to be oil-bearing. Extensive modelling has since been undertaken to establish the resource potential and assess a means of economically developing the Fulla discovery in conjunction with the 1980 Freya discovery, located immediately to the south in the adjoining Block 206/10a. The results of this work confirm relatively poor oil quality, smaller than expected resource size and limited access to infrastructure. No economically viable solution has been found to bring these discoveries to development at this time, and consequently the licence will be relinquished.

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

“Faroe Petroleum adheres to a strict policy of protecting shareholder interests such that substantial development investments are only made where there is good potential for an attractive return, and unfortunately the P1161 licence does not satisfy our economic criteria. The high potential West of Shetlands area continues to be a core element of Faroe Petroleum’s strategy. The Company has considerable knowledge and experience in this important region, holding a large portfolio position there, including the Glenlivet and Tornado gas discoveries, which are progressing towards development.

“In addition, the Company announced on 21 September this year the acquisition of an interest in the producing East Foinaven oil field, and provisional awards of exploration licences were also announced last week which included four in the west of Shetlands area, of which three are operated by Faroe Petroleum.”

“In the meantime we await the results of two UK exploration wells currently being drilled, namely the N.Uist well (6.25%) (West of Shetland) and the, Spaniards East well (8.4%) (UK North Sea).”

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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 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 50 licences located in the Atlantic margin (West of Shetlands), the UK North Sea and Norway. In addition Faroe has interests in 10 producing oil and gas fields in the UK and Norway, including interests in the Blane oil field in the UK and the Brage, Hyme, Njord, Ringhorne East and Jotun oil and gas fields in Norway.

Faroe Petroleum plc 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 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.