

4 December 2012

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

Faroe Petroleum provisionally awarded new licences on the Icelandic Continental Shelf

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 provisional exploration licence awards in the Dreki area on the Icelandic Continental Shelf in the Icelandic 2nd Licensing Round. The licences are extensive, encompassing seven licence blocks located to the south of the Jan Mayen Ridge, which in turn is located inside the Arctic Circle to the north east of Iceland.

The new offshore licence is located to the south of the Jan Mayen Island, on a ridge which forms part of the Jan Mayen microcontinent. This microcontinent lies between the conjugate margins of both East Greenland and the Norwegian Continental Shelf, where several giant oil and gas fields have been developed. Recent samples taken from the seabed within the northern part of the new licence area have indicated the presence of both Mesozoic sedimentary rocks and a working hydrocarbon system. These are key components associated with many of the oil accumulations found in offshore fields in Norway and the UK.

Faroe Petroleum has mapped several very large structures within the licence area and is very excited to get the opportunity to explore and derisk these prospects with our proposed work programme. Faroe’s team have significant relevant experience from the UK, Faroes and Norway, which will be brought to bear in exploring these important new licences.

The Ministry of Petroleum and Energy in Norway has confirmed its intention to participate in the award covering Blocks IS6708/8,9,10,11,12 via the State-owned oil company Petoro AS, with a 25% participating equity interest, as provided for under the terms of an agreement between Iceland and Norway. This participation is subject to ratification by the Norwegian Parliament.

Faroe Petroleum will be operator of these provisionally awarded licences with a 67.5% interest in Blocks IS6708/8,9,10,11,12 together with Petoro (25%) and Iceland Petroleum (7.5%) and a 90% interest in Blocks IS6708/1,2 together with Iceland Petroleum (10%), which are located outside the Norway/Iceland co-operation area.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

“We are very pleased to announce our entry into Iceland’s offshore, which represents an important extension of our frontier exploration portfolio in the UK west of Shetlands, Norwegian Sea and Norwegian Barents Sea. As with our Norwegian Barents Sea licences, this new Icelandic Jan Mayen Ridge licence has significant hydrocarbon potential, and is located in ice-free waters. We look forward to working with the Icelandic Government and our partners, in progressing these important opportunities.

“In the meantime we await the results of our North Uist well (6.25%, west of Shetland) and look forward to our forthcoming 2013 exploration programme which will commence shortly with the Norwegian South Rodriguez well followed by the Darwin well located in the Norwegian Barents Sea in Q1 of next year.”

- Ends -



For further information please contact:

Faroe Petroleum plc
Graham Stewart, CEO

Tel: +44 1224 650 920

Panmure Gordon (UK) Limited
Katherine Roe/Callum Stewart

Tel: + 44 20 7886 2500

Oriel Securities Limited
Michael Shaw/Ashton Clanfield

Tel: +44 20 7710 7600

FTI Consulting
Billy Clegg/Edward Westropp

Tel: +44 20 7831 3113

Andrew Roberts, who is a Geophysicist (BSc. Joint Honours in Physics and Chemistry from Manchester university), Group Exploration Manager of Faroe Petroleum who has been involved in the energy industry for more than 25 years, has read and approved the technical disclosure in this regulatory announcement.

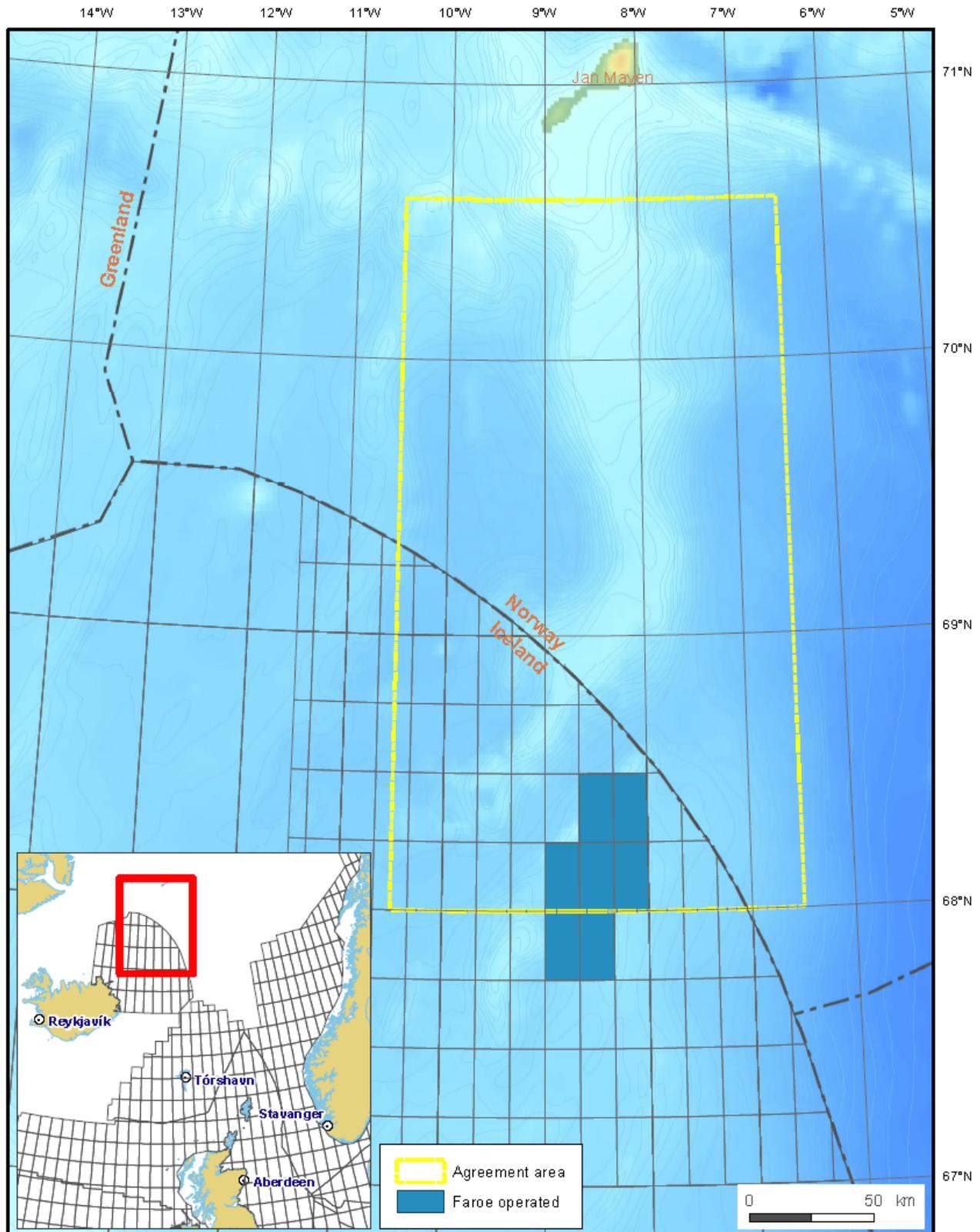
Notes to Editors

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 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.





Icelandic Licence Award