

30 January 2007

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

**Faroe Petroleum awarded six new licences in Norway**

Faroe Petroleum, the AIM listed oil and gas Company focusing on exploration, appraisal and undeveloped field opportunities in the Atlantic Margin, the North Sea and Norway, announces that it has been awarded its first Norwegian licences, under the Norwegian APA Round, as announced by the Norwegian Ministry of Petroleum and Energy yesterday.

The following six awards have been made to the Company:

**Halten Terrace Area**

The Company has been awarded two licences in the prolific Halten Terrace hydrocarbon province of the Norwegian Sea. These licences offer excellent exploration and appraisal opportunities in an area which is in active development.

\* Part blocks 6506/9&12, Faroe Petroleum Interest: 30% This licence covers approximately 80 square kilometres and contains a very interesting prospect some 8 kilometres to the north of the producing Smorbukk Field. The structure is similar to the recent Morvin oil and gas discovery 10 kilometres to the southwest, which was successfully appraised in 2006. Additional 3D seismic data will be acquired over the structure to define a location for the exploration well that will be drilled on the prospect within the next four years. Partners are Centrica (operator) and Petro-Canada.

\* Part blocks 6506/12, 6406/2&3, Faroe Petroleum Interest: 30% This licence covers approximately 240 square kilometres and represents an opportunity to appraise an existing discovery in the Lower Cretaceous. The discovery lies between the Smorbukk and Smorbukk Sor fields and already has proven hydrocarbons in two wells. The work program involves the reprocessing of existing 3D seismic data to better define the distribution of reserves, prior to a decision being taken within two years on whether to drill an appraisal well. Partners are Centrica (operator) and Petro-Canada.

**Marulk Basin Area**

The Company has been awarded a licence within a prolific oil-source kitchen area located just to the north of the Tampen Spur hydrocarbon province which includes the Snorre Field. This licence offers an excellent exploration opportunity in an area which is under-explored.

\* Part blocks 33/2,3&6, 34/1&4, Faroe Petroleum Interest: 20% This licence, which covers approximately 700 square kilometres, is situated in the Marulk Basin. In terms of structural and depositional setting, the prospects identified in the license are analogous to some of the largest fields found in the North Sea. The resource potential of this licence is significant and will be clarified by the forward work programme, which involves obtaining and reprocessing 3D seismic data and a drill or drop decision within two years. Partners are ConocoPhillips(operator), Revus and Petro-Canada.

## **Utsira High**

The Company has been awarded a licence located to the east of the Frigg Field. This area represents a mature oil and gas province, with discoveries and production from many stratigraphic levels.

\* Part blocks 25/3,5&6, Faroe Petroleum Interest: 20% This licence covers approximately 570 square kilometres, and comprises several prospects at Jurassic and Paleocene levels. The Jurassic structures are adjacent and analogous to the abandoned Froy Field, which the operator (Pertra) is planning to redevelop. The work programme includes reprocessing of existing 3D seismic data prior to a decision being taken to drill an exploration well within two years. Partners are Pertra (operator), Noreco and PA Resources.

## **East of Ula**

The Company has been awarded a licence located on the flank of the prolific Central Graben, approximately 15 kilometres east of the Ula and Gyda Jurassic oil fields. This licence offers an excellent exploration opportunity in an area which is under-explored.

\* Part blocks 7/9&12, 8/7,8,10&11, Faroe Petroleum Interest: 30% This licence covers approximately 650 square kilometres. The identified prospectivity is located adjacent to an untested salt diapir and has many analogues in the Central Graben. The work programme involves reprocessing of existing 2D and 3D seismic data, with a drill or drop decision within two years. Partners are Centrica (operator) and Petro-Canada.

## **35/8 Area**

The Company has been awarded a licence in the vicinity of the Fram/Gjoa fields, in the northern part of the Norwegian North Sea. The prospectivity in this licence is relatively immature, but there are some interesting leads in more unconventional plays.

\* Part block 35/8, Faroe Petroleum Interest: 30% This licence covers approximately 175 square kilometres and is located in the Sogn Graben, 8 kilometres to the northeast of the 35/8-1 Vega discovery. There are a number of prospective levels in the licence and existing 3D seismic data will be reprocessed and evaluated prior to a decision being taken within two years to drill an exploration well. Partners are Petro-Canada (operator) and Centrica.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

'Faroe Petroleum is delighted to have been awarded its first licences in Norway. These new assets complement the Company's existing strategic licence portfolio of key Atlantic Margin and UK North Sea licences and establish Faroe Petroleum as a significant player in the region.

'Awarded in partnership with some very strong oil and gas companies, including ConocoPhillips, Centrica and Petro-Canada, these important new licences kick off our portfolio building programme for Norway. Having satisfied the Ministry's pre-qualification process, this award demonstrates clearly our team's ability to extend Faroe Petroleum's portfolio beyond the Faroes and United Kingdom, and into Norway. We now look forward to working with our new partners to create

significant shareholder value as we commence our exciting work programmes in Norway.'

- Ends -

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**Notes to Editors:**

Norway is an attractive market for Faroe Petroleum because it ranks as the world's third largest exporter of oil and gas, it has an average technical discovery rate of approximately 40% and the mean estimate for the undiscovered resources in Norway is 21 billion boe of recoverable resources, equivalent to the quantity that has been produced to date. In addition, the Norwegian Government offers a 78 per cent. rebate on all exploration expenditure.

On 27 March 2006 the Company announced that it had pre-qualified as a licence holder on the Norwegian Continental Shelf.

In February, the Company secured a first-rate Norwegian team of highly experienced professionals, and opened offices in Stavanger, Norway. The Company's decision to enter Norway relates principally to the country's vast potential for finding new resources, its outstanding exploration success rate and the fact that it remains an under-explored province. With an estimated 21 billion barrels of undiscovered resources, Norway has also recently implemented a very favourable tax structure designed to incentivise exploration

The new Norway team, all of whom have worked together for several years on the Norwegian Continental Shelf, has an outstanding track record built up with several oil companies in Norway, including Enterprise, Paladin, Shell and Statoil. The team was previously responsible for creating a high value portfolio of exploration, development and production assets in Norway, and gives Faroe Petroleum an excellent opportunity to expand rapidly its portfolio into Norway.

Heading up our Norway operation as Country Manager is Mr Helge Hammer. Mr Hammer, who has 19 years of experience in the international upstream oil and gas industry including 14 years with Shell, joins Faroe Petroleum from Paladin Resources where he was Deputy Managing Director, Norway. Mr Andrew Roberts has been appointed Exploration Manager for Norway, also joining us from Paladin Resources. Mr Roberts is a highly regarded geophysicist with over 23 years of industry experience. Mr Hammer and Mr Roberts will lead our Norway team, which will work closely with our UK and Faroes sub-surface and commercial teams in building a strong and complimentary business portfolio in Norway.

## **Key Norway Highlights**

- Norway ranks as the world's third largest exporter of oil and gas
- Oil production (including Natural Gas Liquids and condensate) stands at approximately 3 million barrels per day and net gas production exceeds 2.5 trillion cubic feet per year
- The first exploration well was drilled in 1966 and only 1,100 exploration wells have been drilled, proving 60 billion barrels of oil equivalent (boe) of recoverable resources
- The average technical discovery rate is approximately 40%
- The mean estimate for the undiscovered resources in Norway is 21 billion boe of recoverable resources, equivalent to the quantity that has been produced to date

### **Enquiries:**

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