

30 November 2007

**Faroe Petroleum plc (“Faroe Petroleum”, “Faroe” or the “Company”)
Acquires Cross Border Package of Shell Assets Comprising Interests in
Norwegian Exploration and Development Assets and the William Licence in the
Faroe Islands**

Faroe Petroleum, the independent oil and gas company focusing principally on exploration in the Atlantic Margin, the North Sea and Norway, is pleased to announce that it has agreed a cross-border package transaction with Shell. The transaction, which is in line with the Company’s stated strategic objectives of Atlantic Margin and Norway exploration drilling and asset portfolio diversification involves the following:

- the farm-in to the Faroe Islands high risk/high reward William exploration well;
- the acquisition of a 10% interest in the Norwegian Trym undeveloped gas field;
and
- the acquisition of a 10% interest in the Norwegian Granat exploration licence.

Faroes License L007 William (Faroe 5%)

The William oil prospect is a high risk/high reward exploration opportunity which lies within Faroes Licence 007. Joint venture partners in the licence are BP (50% and operator), Shell (20%) and Anadarko (25%). The main reservoir objective in William is in the Palaeocene and is located towards the flank of a known basalt sequence, approximately 20 kilometres north west of the “Longan” exploration well (drilled by BP in 2001), which encountered thick reservoir quality sandstones in multiple objectives.

Drilling of the well commenced on 22 October 2007 using the Transocean Rather, following its appraisal programme recently completed for Chevron on the Rosebank Lochnagar discovery West of Shetlands. The rig is located in water depth of 780 metres. The results of the well are expected to be known in the first quarter of 2008.

Faroe has agreed to farm in for a 5% interest, with a cap on its cost exposure whereby, depending on the well results, Faroe can elect to pay its share of any further costs in cash or by reducing its equity participation.

Norwegian License PL147 Trym (Faroe 10%)

The Trym gas and condensate field is located in Norway approximately 7 kilometres from the Harald platform across the border in Denmark, in 67 metres water depth. Shell is currently operator with a 50% interest, and the other joint venture partners are Bayern Gas (30%) and DONG (20%).

The Trym discovery well 3/7-4 drilled in 1990 tested gas and condensate from the Middle Jurassic reservoirs at rates of 29.6 million standard cubic feet per day (mmscfd) and 3800 barrels per day (bbls/d), respectively. The Jurassic Reservoir is composed of two distinct formations, the Lindesnes and Bryne. The base case gas reserves for the field is 120 billion cubic feet (bcf) (12 bcf net to Faroe) and condensate reserves of 4.7 million barrels (mmbbls) (0.47 mmbbls net to Faroe). The licence also benefits from several additional prospects with potential for tie back for development.

The Trym field development plan submitted by Shell to the Norwegian authorities in 2006 (FDP 2006) involved a horizontal tri-lateral sub-sea completion which allowed for two horizontal wells, with a tie-back to the Harald platform in Denmark, and onwards into the European gas transmission network. The FDP 2006 was not approved by the Norwegian Government. Since then StatoilHydro has sold its 30% interest in Trym to Bayern Gas and Shell has indicated its intention to sell down its entire 50% interest including operatorship. It is expected that following the assignment of operatorship and a subsequent period to review the project and the commercial agreements, a revised FDP will be submitted to the Norwegian authorities

Norwegian License PL381 Granat (Faroe 10%)

The Granat Licence PL381 was awarded to Shell (70% and operator) and DONG Norge (30%) in the APA 2005 licencing round. The licence covers an area of 116 square kilometres and includes part blocks 6407/5 and 6407/8 and is located 15 kilometres to the northwest of the Draugen Field and 30 kilometres east of the recent Onyx South West discovery, both of which are also operated by Shell.

In the vicinity there have been three recent nearby discoveries (Tott East, Onyx South West and Njord North West flank) and five further wells are to be drilled in the area by 2010. The Middle Jurassic Granat Prospect is the primary target of the PL381 licence. Granat is a large prospect within a proven petroleum system, located in an area of the Norwegian Shelf that is being actively explored, with recent success. A drill or drop decision is required under the licence before 6 January 2009.

Completion.

Completion of the transaction is subject to the consent of both Ministry of Trade in the Faroes, the MPE in Norway, and all joint venture parties.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

“This is a further exciting cross-border package transaction for Faroe Petroleum with a high impact exploration well drilling right now in the Faroe Islands, together with another high potential exploration prospect and a very attractive near-term gas field development in Norway. These new interests in our core areas further boost the Company’s work programme and shareholders’ exposure to substantial value creation in the portfolio.”

Ends

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Note

Andrew Roberts, who is a Geophysicist (BSc. Joint Honours in Physics and Chemistry from Manchester university), exploration manager of Faroe Petroleum Norge AS and 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 is actively building a balanced portfolio of operated and non-operated exploration and appraisal properties, with significant stakes and an active work programme. Faroe Petroleum has through successive licence applications and acquisitions built a substantial portfolio of exploration and appraisal assets in the Atlantic Margin, the UK and Norwegian North Sea and Norwegian Sea. The 34 licence portfolio provides considerable spread of risk and reward, encompasses eight licences West of Shetlands, five licences offshore the Faroe Islands, seven licences in the Moray Firth area of the UK Central North Sea, seven licences in the Southern gas basin and seven licences in the Norwegian North Sea and Norwegian Sea. The Company operates five of its Atlantic Margin licences and four of its North Sea licences. Faroe Petroleum joint venture partners include BP, Chevron, ConocoPhillips, DONG, DSM, Eni, E.ON Ruhrgas, GDF, Oilexco, OMV, RWE, Shell and Statoil all of which have an outstanding track record in oil and gas exploration and development.

Faroe Petroleum is quoted on the Alternative Investment Market (AIM) of the London Stock Exchange and has its headquarters in Aberdeen, UK. Faroe Petroleum has a highly experienced team of professionals focused on creating exceptional value for its shareholders. The company recently enhanced its capability through the establishment of a new Norway based team in Stavanger, designed to capitalise on the significant opportunities in that region; most of this new team joined Faroe from Paladin Resources Norge following Paladin's acquisition by Talisman in 2006.



Faroe Petroleum

William, Granat and Trym

