

30 November 2007

**Faroe Petroleum plc (“Faroe Petroleum”, “Faroe” or the “Company”)
Secures Further UK Development and Production Gas Interests and Norwegian
Exploration Licence in Swap Transaction with E.ON**

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 swap transaction with E.ON Ruhrgas. The transaction, which is in line with the Company’s stated strategy of diversifying the asset portfolio and enhancing capital efficiency, involves the additions of a Norwegian exploration licence and two UK gas fields to complement the Group’s existing interests in the Wissey, Minke, Orca and Breagh gas fields.

In exchange for half of Faroe’s 30% stake in Norwegian license PL433 Fogelberg Fogelberg (the Norwegian Licence won in the 2006 APA Round) together with cash consideration and a well carry, E.On Ruhrgas will provide:

- 4.83% unitised interest in the producing Schooner gas field (UK);
- 7.5% pre-unitised interest in undeveloped Topaz gas field (UK); and
- 10% interest in Licence PL376 (Norway)

UK Schooner Gas Field (Faroe 4.83%)

The field, operated by Tullow Oil SK Limited, is located predominantly in Block 44/26a though extending into 43/30a approximately 34 kilometres South East of the Murdoch Field. Schooner has been in production since 1996 and is expected to continue producing into 2019. Remaining gross reserves at 1 July 2007, assuming no field redevelopment, were estimated to be 64 billion cubic feet (bcf) (3.1bcf net to Faroe).

The main reservoir is in the Carboniferous Ketch formation consisting of continental, alluvial-fluvial channel sandstones and shales that thicken to the south east. Current gross production from Schooner is approximately 24 mmscf/day (net Faroe 1.16 mmscf/d equivalent to 190 boe/d). The current recovery factor is a relatively low 45%, and there is the potential for this to be significantly improved through a field redevelopment programme which commenced in 2006. This programme involves drilling new wells and sidetracks and work-overs of existing wells. To date 10 wells have been drilled from a 12 slot template from the Schooner platform.

UK Topaz Gas Field (Faroe 7.5% pre-unitised interest)

This undeveloped gas field straddles Blocks 49/1a and 49/2a and is located 14 kilometres southeast of Schooner. The Company is acquiring E.ON Ruhrgas’ 25% interest in Block 49/1a to derive a 7.5% field interest, through the unitisation agreement currently under negotiation.

RWE DEA UK SNS Limited is the operator of the field and the planned development will be a single well tieback to Schooner and the CMS system. The gross reserves are estimated to be 32bcf, with net reserves attributable to Faroe estimated to be 2.4bcf. Faroe expects the field development plan to be submitted for approval in the near future

and for development drilling to take place in the first half of 2008. Production is expected to commence in early 2009 and continue until 2017.

Norway Exploration Licence PL 376 (Faroe 10%)

Licence PL376 (the "Licence") comprises Block 35/6 and Part Block 35/9, and is located on the North East flank of the North Viking Graben. In addition to E.ON Ruhrgas (10% retained interest), the partnership includes StatoilHydro (operator with 60%) and Gaz de France (20%). No wells have been drilled on the Licence, despite being located immediately north of the Jurassic gas/oil Gjøa Field and south of the undeveloped Cretaceous Agat gas discovery. Multiple prospects have been identified in the Licence, in both structural and stratigraphic closures, with Jurassic and Lower Cretaceous reservoir objectives. The Licence has a firm Jurassic well commitment to be completed by January 2009 and the well is therefore scheduled to be drilled during the second half of 2008.

Consideration and Completion.

The total net consideration payable by Faroe to E.ON Ruhrgas under these arrangements will be a 15% interest in the Company's **Fogelberg** (Faroe retains a 15% interest), £6.8 million cash (which includes the assignment of significant Plant and Machinery Allowances) and a carry on certain costs associated with E.ON's share of the PL376 well

The Company will finance the acquisition and work programme costs from a combination of its own cash resources and bank debt (Faroe has agreed terms with a leading oil and gas bank to provide a borrowing base facility to finance the acquisition and development of these and the Company's other SNS assets).

Completion of the transaction is subject to the consent of both BERR in the UK and the MPE in Norway, all joint venture parties, [the waiver of pre-emption rights] together with the provision of suitable decommissioning security arrangements in connection with the Schooner Field.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

"This exciting cross-border swap transaction clearly demonstrates the benefit of leveraging our existing assets in a highly competitive market place. The deal brings us a further exciting near-term, Statoil-operated exploration well in Norway, and expands our portfolio of non-operated gas interests in producing- and near-producing fields in the UK Southern North Sea.

"The Company now holds interests in a total of six gas fields, which collectively are expected to make a material and capital efficient contribution towards Faroe's forward programme costs. We also look forward to the drilling of an exciting exploration well on the highly prospective PL376 licence during 2008."

Ends

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Note

David Ramsay, who is a Petroleum Engineer (MEng degree in Petroleum Engineering from Heriot-Watt university (1991)), Asset Manager at Faroe Petroleum and who has been involved in the energy industry for more than 18 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.

Maps



Faroe Petroleum

Fogelberg, Schooner, Topaz and PL376

