15 November 2007

Faroe Petroleum plc
("Faroe Petroleum", "Faroe" or the "Company")

Package Farm-out Agreement with CIECO – Faroe and West of Shetland

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 entered into a farm-out agreement with CIECO Exploration and Production Limited ("CIECO") involving two high impact exploration wells in the Atlantic Margin. CIECO is a subsidiary of the Japanese trading conglomerate ITOCHU Corporation. This follows the previous Atlantic Margin farm out to Idemitsu E&P UK Ltd earlier this year and is in line with Faroe Petroleum's strategy of farming-out the majority of drilling costs to reduce its cost exposure whilst retaining material remaining interests.

In the Faroes, CIECO is farming into 12.5% of the Eni operated Anne Marie 005 licence, where an exploration well will target one of several structural prospects. The licence is operated by Eni and, in May 2006, the joint venture committed to drill a well on the licence, which is to be drilled before July 2009. The agreement with CIECO provides for a significant cost carry for Faroe Petroleum, leaving the Company with 12.5% of the licence equity.

In the UK, Faroe Petroleum has granted CIECO an option on terms which are very attractive to the Company, to farm into 2.5% of the Shell operated P.1192 licence located on the Corona Ridge, close to Chevron's successful Rosebank/Lochnagar discovery. A decision is expected to be taken by the joint venture in the near future with regard to drilling the Cardhu prospect.

These transactions are contingent upon joint venture partner consents being granted and the respective approval from the Faroese Ministry of Trade and Industry and the UK Department of Business, Enterprise and Regulatory Reform.

Graham Stewart, Chief Executive of Faroe Petroleum, commented:

"This is a further important step in Faroe Petroleum's Atlantic Margin strategy of farming out high cost exploration wells to secure a significant free cost carry, from an initially high licence equity position. CIECO has recognised the potential of our strategic Atlantic Margin portfolio position, and we are delighted to have reached agreement with them and we look forward to a very successful relationship together."

Enquiries:

Faroe Petroleum plc
Graham Stewart
Tel: 01224 652 810
gstewart@faroe-petroleum.com

Financial Dynamics
Billy Clegg
Tel: 0207 269 7157
billy.clegg@fd.com

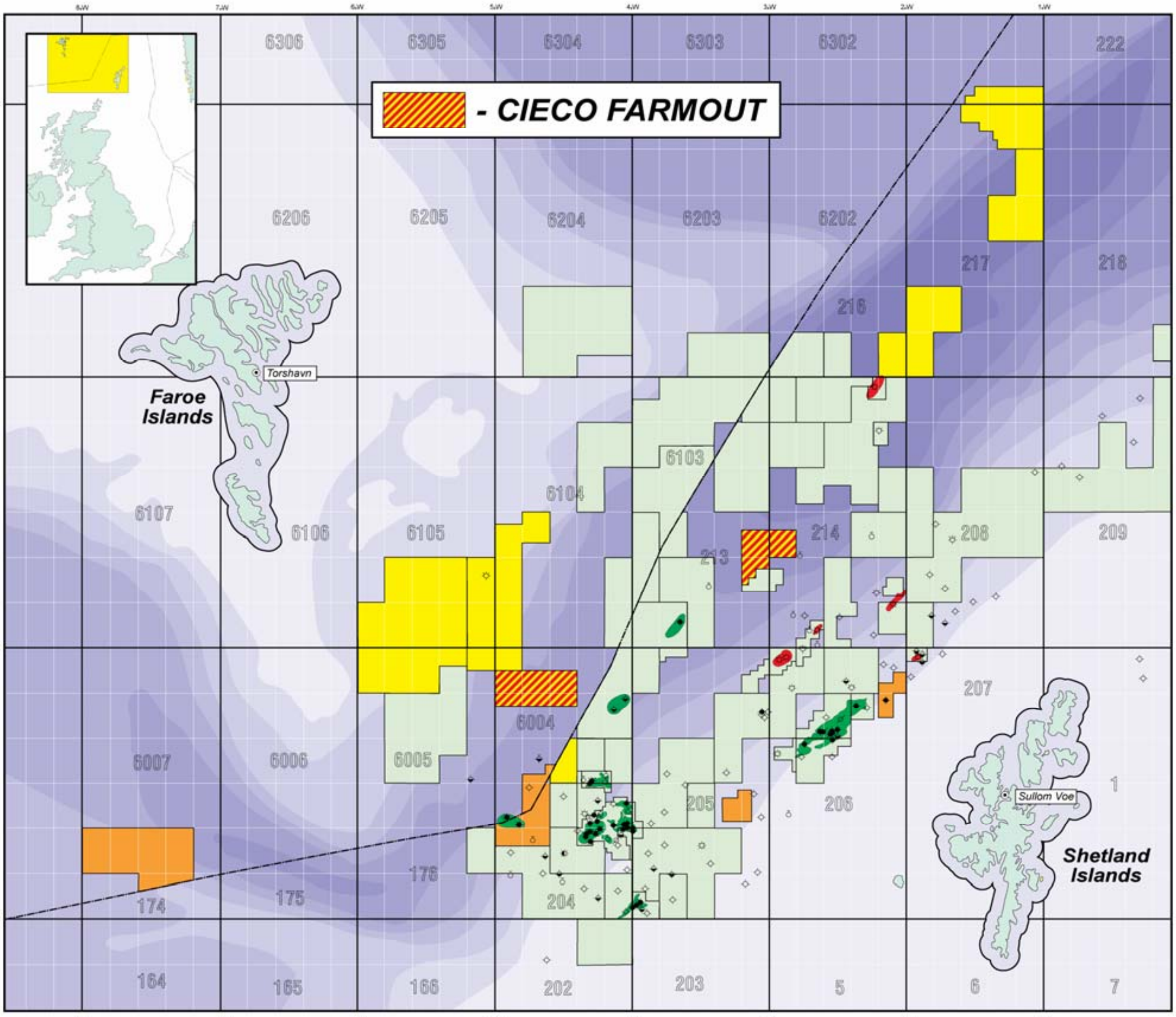
Notes on Itochu

The ITOCHU Corporation is one of Japan's largest companies with revenues of £45bn in 2006, a market capitalisation of £8bn and 43,000 employees and dates back to 1858 when the Company's founder Chubei Itoh commenced linen trading operations. Since then, ITOCHU has evolved and grown over 150 years into a *sogo shosha*, engaging in domestic trading, import/export, and overseas trading of various products such as textiles, machinery, information and communications-related products, metals, products related to oil and other energy sources, general merchandise, chemicals, and provisions and food. In addition, ITOCHU has made multifaceted investments in insurance agencies, finance, construction, real estate trading, and warehousing as well as operations and businesses incidental or related to those fields. http://www.itochu.co.jp/

ITOCHU, through its subsidiary CIECO, currently has worldwide production of around 55,000 boepd with operations in the UK, Azerbaijan, Sakhalin, Algeria, Australia, Indonesia, and the Gulf of Mexico. In the UK, Cieco first acquired production in 1992, and in addition to the Hudson field currently has production from the Alba and Caledonia fields as well as interests in the Melville discovery.

Faroe Petroleum plc

NORTH ATLANTIC MARGIN ACREAGE



Acreage

- Faroe Petroleum Operated Acreage
- Faroe Petroleum Non Operated Acreage
- Licensed Acreage

Bathymetry (m)

< 200
200 - 400
400 - 600
600 - 800
800 - 1000
1000 - 1200
1200 - 1400
1400 - 1600
> 1600

Wells

- Oil
- Gas
- Oil & Gas
- Oil Shows
- Gas Shows
- Dry

0 50 Kilometres