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Faroe Petroleum - 2011 an exceptional year of success

Pressrelease from Faroe Petroleum (Faroe Petroleum, Faroe, the Company or the Group) Audited Preliminary Results for the Year Ended 31 December 2011 Faroe Petroleum, the independent oil and gas group focused on oil and gas exploration and production in the Atlantic Margin, Norway and the North Sea, announces its audited Preliminary Results for the year ended 31 December 2011. HIGHLIGHTS Activity ? Transformation into strong E&P Company with a high quality balanced portfolio of non-operated Norwegian and U.K. production, and an outstanding portfolio of world class exploration and appraisal opportunities ? More than five-fold increase in proven and probable (2P) reserves Competent Persons Report estimates 2P reserves at 23.8 million boe as per 1 January 2012 (1 January 2011 - 4.3 million boe) ? Completion of Maria swap and Blane acquisition the Company now has a balanced production portfolio of four principal oil and gas fields and six secondary fields o Average production of approximately 2,500 boepd (economic production averaged approximately 10,100 boepd) o Completion of Maria swap netted settlement proceeds of £53.0m, and avoided approximately £250m of development expenditure o Blane acquisition scheduled to repay investment less than 12 months after deal completion ? Continued exploration successes o Discoveries on Butch in Norway and first UK operated well, Fulla o Award of 7 new licences (3 operated) in Norway 2011 APA Round Financial ? Planned drilling programme fully funded from cash, cash flow and Norwegian tax rebates ? Cash of £111.6m (31 December 2010 - £132.2m) ? Turnover increased more than five-fold to £80.2m (2010 - £15.1m) ? EBITDA1 increased significantly to £40.9m (2010 - £6.0m) ? Profit before tax, increased to £14.3m (2010 - £26.0m loss) ? Significant expansion of credit facilities completed in year both facilities substantially undrawn at

year end o \$250m (approximately £156m) reserve based lending facility; and o NOK1bn (approximately £110m) Norwegian exploration facility ? 2012 UK budget provides incentive for development of small fields and deep water West of Shetland oil fields together with clarity on tax relief for decommissioning arrangements 1 EBITDA (earnings before interest, taxation, depreciation and amortisation) is gross profit plus depreciation on producing assets Faroe Petroleum plc Audited 2011 Preliminary Results Page 2 of 19 Outlook ? 2012 capital expenditure of up to £180m, including up to £100m on exploration (pre-tax rebate in Norway) and up to £80m on developments and producing fields all fully funded o Provides shareholders with multiple opportunities for step-change in value growth o Exciting multi-well exploration programme continues with five planned for 2012 - three in Norway (Clapton, Cooper and Rodriguez South), and two in UK (North Uist and Spaniards) o Gearing up to drill Faroes first operated well in Norway on Clapton prospect in Q2 2012 o Production to consolidate through development of Hyme satellite field tied-back sub-sea to Njord, plus several planned in-fill wells on Njord, Brage, Ringhorne East, Glitne and Schooner ? Assessing opportunities to extend our exploration model in new areas Graham Stewart, Chief Executive, commented - 2011 has been a truly exceptional year of success for the Company, with a dramatic boost to production, proven reserves and cash flow, together with continuing success delivered from our high quality exploration portfolio. The acquisition of 18% of Blane was completed in May 2011 and the groundbreaking deal to monetise our significant 2010 Maria discovery by exchanging it for high quality, long life oil and gas production from four Norwegian fields was completed in December 2011. These transactions further demonstrate Faroes ability to deliver solid value for shareholders both through the drill-bit and transactions. The considerable increase in cash flow from our substantially enlarged production base, combined with cash balances and available but undrawn debt facilities ensures we are well funded going forward. Our portfolio of exploration licences ensures Faroe has a very exciting drilling programme ahead, including around five high impact exploration and appraisal wells per annum and a very active long term programme of production in-fill wells. As we prepare to drill our first operated exploration well in Norway in the near future, targeting the Clapton prospect in the North Sea, we look forward to a very exciting period ahead.