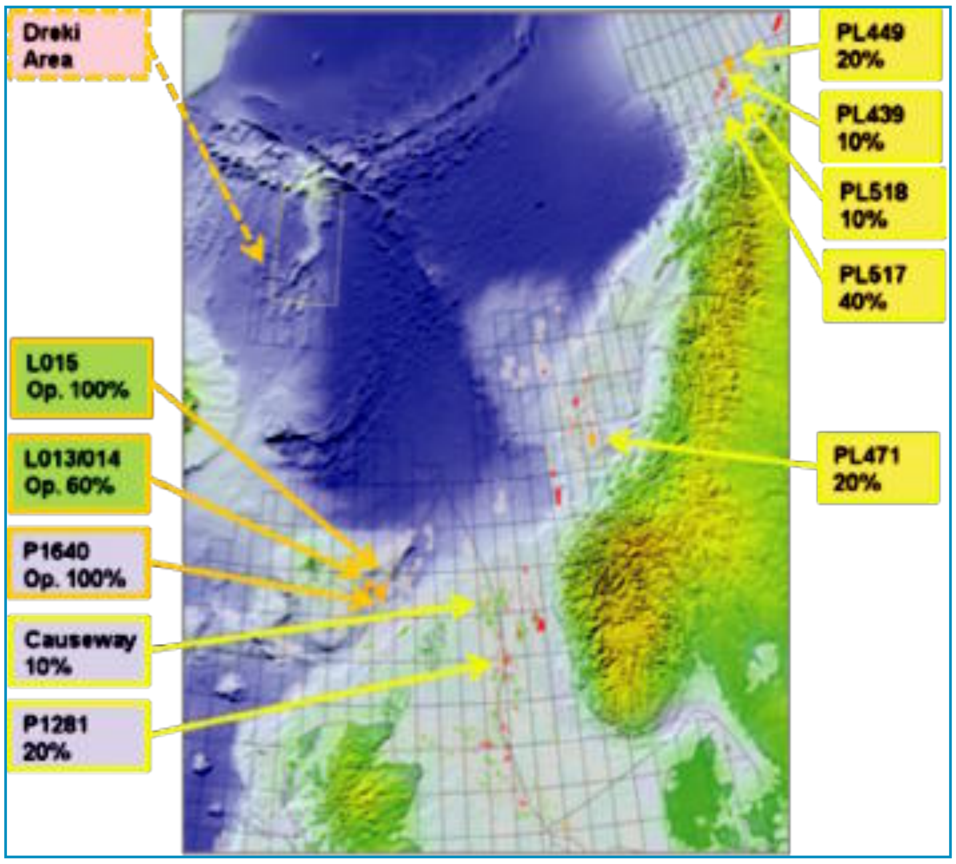
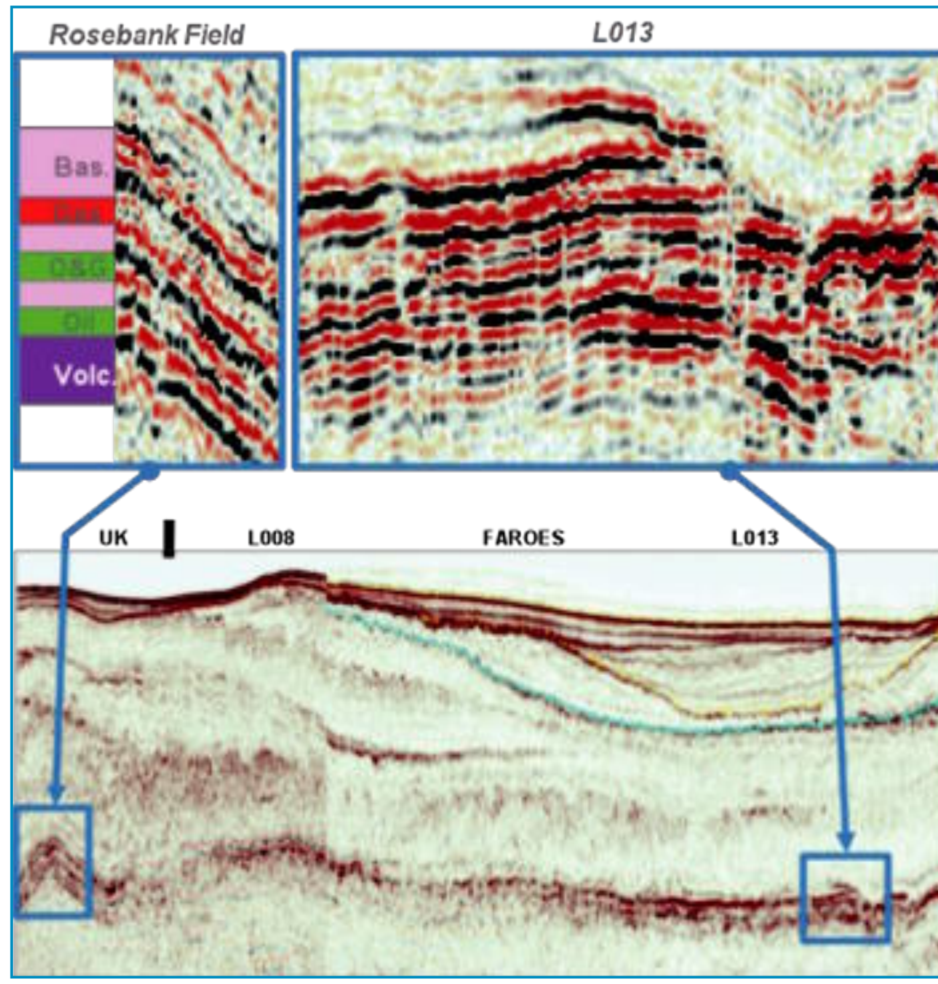
The Faroes – Still a core area for Sagex

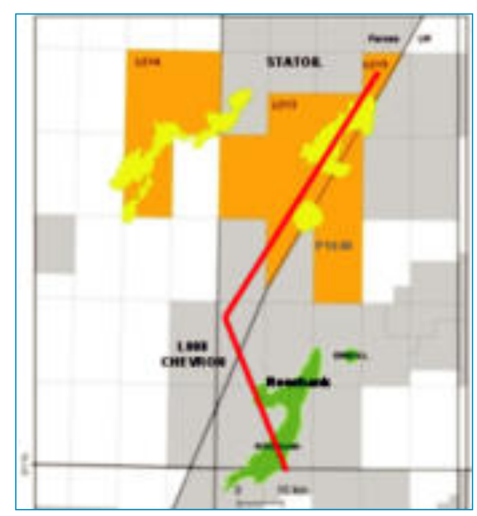




Following the merger with Sagex in 2007, Geysir Petroleum changed name to Sagex Petroleum ASA. But the Faroes remain a core area for the company, exploring for elephants and preparing to hunt them down. Sagex was awarded licence 015 in the Faroese 3rd Round and licence 1640 in the UK 25th Round on a 100% basis, holding possible extensions of some of the prospects. The Sagex portfolio, as shown on the map, now counts 11 licences, of which 4 are operated. On the Causeway Field, the development plan has been submitted to UK authorities and production is expected in 2011. Sagex has also applied in the 1st Icelandic Licensing Round on the Dreki Area south of Jan Mayen.

For the Faroese licences, more than 1200 km seismic has been acquired, more than 2000 km seismic has been reprocessed and studies on the geology carried out to mature the prospects towards drilling. And the prospects could be large, potentially of the same size as the Rosebank Field. However, mapping is difficult as the lavas give imaging problems on the seismic. Similar prospects can also be identified on the blocks to the south and north of our acreage, operated by Chevron and Statoil, respectively. This is illustrated on the seismic section located at the red line.

The line goes from the Rosebank Field in UK waters into the Chevron operated L008 in the Faroes, where there is a well defined prospect in the form of a structural high that should warrant early drilling. The line continues northwards across the Sagex operated L013. On the seismic, the layers appear continuous from the Rosebank Field, where there are sands with oil and gas between basalts and volcanic rocks, giving hopes for discoveries also on the Faroese shelf. The prospects in L013 are cut by several faults and in general the seismic imaging is challenging. Hence, reprocessing and further studies are ongoing to define the prospectivity better with the view to deciding the first drilling location. The water depth on the licences varies between 600 – 1400 m. Drilling under these conditions are both technically and commercially challenging. Additional partners may be invited to the licences prior to drilling.



Faroe Petroleum

Faroe Petroleum is an independent oil and gas company focused on value creation through exploration and appraisal drilling in the Atlantic Margin. The Company 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 50 licence portfolio provides considerable spread of risk and reward, encompasses eight licences West of Shetlands, five licences offshore the Faroe Islands, six licences in the Moray Firth area of the UK Central North Sea, ten licences in the Southern gas basin and twenty licenses in the Norwegian North Sea and Norwegian Sea.

The Company operates four of its Atlantic Margin licences. Faroe Petroleum joint venture partners include Bayern Gas, BP, Chevron, Conoco Phillips, DONG, DSM, Eni, E.ON Ruhrgas, GDF, Oilexco, OMV, RWE, Shell, Centrica and StatoilHydro all of which have an outstanding track record in oil and gas exploration and development.

Føroya Kolvetni ("FK"), was formed in 1997 and registered in the Faroe Islands in January 1998. Following a private placing in May 2000. Faroe Petroleum was established in December 2002 as the English holding company for FK, which continues to undertake the Group's Faroese operating activities. Faroe Petroleum is listed to the Alternative Investment Market.

The company has recently completed the disposal of its entire 10% interest in the Breagh Gas Field in the UK Southern North Sea Gas basin to RWE Dea UK SNS Limited, for approximately $41.6m (approximately £25.5m) plus interest and working capital adjustments. Having invested a total of £8.8m in Breagh over a two and a half year period the Company will record a gain on disposal of approximately £16.7m. With the Breagh proceeds and before completion of the cash generative Trym field swap with DONG, expected soon, Faroe will have approximately £38m of cash resources.

Last week the Company announced that the drilling has commenced on the Glenlivet prospect (Faroe 10%), west of Shetlands.

Glenlivet is a large Palaeocene gas prospect in a proven play, situated approximately 15 kilometres from the proposed Laggan gas export pipeline to Sullom Voe in the Shetland Islands. The prospect is an analogue to other undeveloped gas discoveries in the vicinity. Faroe Petroleum acquired the Glenlivet interest in 2008 through a like for like swap arrangement with DONG E&P where Faroe exchanged 10% of Faroe's Glenshee licence.

The Glenlivet well is an exciting high impact exploration prospect from our strategically significant West of Shetland acreage and is part of a 2009 two well drilling programme which Faroe is currently undertaking in this area. The other west of Shetland well we are scheduled to drill this year is the Tornado exploration well, which is expected to commence in the next few weeks, upon which a further announcement will be made in due course.

"These two wells are part of Faroe's firm and funded nine well exploration programme to be drilled over the next 24 months".