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Falkland Islands Holdings PLC  
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Falkland Islands Holdings plc

## **Falkland Oil and Gas Limited - Annual General Meeting**

Falkland Islands Holdings plc ("FIH"), an AIM quoted company operating a range of businesses in the Falkland Islands and the Portsmouth Harbour Ferry Company and Momart International Ltd in the UK, and which also has a 16.2% strategic shareholding in Falkland Oil and Gas Limited ("FOGL"), notes the announcement issued on Wednesday 14 May by FOGL, the full text of which is outlined below.

Falkland Oil and Gas Limited

("FOGL" or "the Company")

Annual General Meeting

FOGL, the oil and gas exploration company focused on its extensive licence areas to the South and East of the Falkland Islands, will hold its Annual General Meeting today. At the meeting Richard Liddell, Chairman, will make the following remarks:

"2007 was a year of significant progress. We undertook additional exploration activity to further de-risk the project; this work confirmed the high potential of the assets. In aggregate, our ten top ranked prospects have the potential to contain hydrocarbon resources in excess of 10 billion barrels oil equivalent.

"The farm-in deal secured in October 2007 with BHP Billiton includes a commitment to drill a minimum of two exploration wells. BHP Billiton has extensive deepwater drilling expertise and the deal added credibility to the exploration assets and was a crucial step in moving towards a drilling campaign next year.

"Preparation work for the drilling programme is in progress. BHP Billiton is currently reviewing a number of options to secure a suitable rig and focusing on the selection of the best prospects for drilling. An environmental impact assessment has been initiated, together with other planning activities that will be required before drilling can commence. Planning for site surveys is also underway and these are expected to be carried out in the second half of 2008.

"In conclusion, FOGL is poised to enter the exploration drilling phase with a material licence equity interest in what may well be a significant new petroleum region in the South Atlantic. We believe this is probably one of the most exciting high impact exploration projects currently being undertaken anywhere in the world.

"We hope to commence exploration drilling in 2009, the next year promises to be a very exciting one for FOGL. The rewards for success could be substantial, given the large resource volumes of the prospects being targeted."

Enquiries:

**Falkland Islands Holdings plc**

John Foster, Managing Director

01279 461 630

**Dawnay, Day Corporate Finance Ltd**

Nominated adviser to FIH

David Floyd

020 7509 4570

**Financial Dynamics**

Billy Clegg/ Georgina Bonham/ Edward Westropp 020 7831 3113

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