

13 January 2012

FALKLAND ISLANDS HOLDINGS PLC

Purchase of Falkland Oil and Gas Limited Shares

Falkland Islands Holdings plc ("FIH" and the "Group"), the international group which owns essential services businesses focused on transport and logistics and which has a substantial shareholding in Falkland Oil and Gas Limited ("FOGL"), makes the following announcement.

On 12 January 2012, FIH agreed to participate in the placing of new shares by FOGL by subscribing for 2 million new shares. The £860,000 cost of the shares will be met from the Group's existing cash resources and the purchase will be undertaken by the Group's Falkland based subsidiary, Erebus Limited. Following the purchase, the Group will own 14 million shares in FOGL, equivalent to 4.4% of FOGL's enlarged share capital. That shareholding will have an aggregate book cost of £2.8million equivalent to 20.2p per FOGL share.

FIH's shareholding in FOGL is subject to an agreement that restricts FIH from selling FOGL shares prior to 31 May 2012 without the consent of FOGL's broker.

FIH Chairman, David Hudd said:

"We are pleased to support FOGL's exploration activity in the South and East Falkland Basins by subscribing to FOGL's fundraising and to have increased our shareholding at an attractive price prior to the commencement of the drilling programme.

"It has always been part of FIH's strategy to assist, and to seek to benefit from, oil exploration and development in the Falkland Islands through our support services businesses there, as well as through our substantial shareholding in FOGL. With the Leiv Eiriksson oil rig arriving in the Falklands later this month, we believe that this is an opportune time to increase our exposure to FOGL's drilling programme without compromising the financial strength of the Group.

"Shareholders in FIH now have an effective interest in 1.5 FOGL shares for every FIH share they own."

- Ends -

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