

Falkland Islands Holdings PLC
08 December 2004

Falkland Islands Holdings plc
Falkland Gold and Minerals Limited
and
Falkland Oil and Gas Limited

For immediate release

8 December 2004

On 25 November 2004, Falkland Gold and Minerals Limited ('FGML') announced an offer for subscription ('Offer') to raise up to £2,000,000 through the issue of up to 5,000,000 Ordinary Shares of 0.002p each at 40p per share ('Ordinary Shares'). This followed an institutional placing which raised £8 million.

FGML today announced that, as at 3.00 pm on 7 December 2004, the closing time and date of the Offer, it had received 1,543 applications for a total amount of £5,662,890, representing 14,157,225 Ordinary Shares.

As a result, the Offer is oversubscribed and applications will not all be able to be settled in full. The Offer is therefore subject to scaling back.

In accordance with the terms of the Offer set out in FGML's admission document dated 24 November 2004, the basis of allocation of new shares under the Offer has been determined by FGML in its absolute discretion.

Falkland Islands Holdings plc ('FIH') now holds 14.38% of FGML's issued share capital.

Falkland Oil and Gas Limited ('FOGL') announced on 7 December 2004 that it had been awarded an offshore production licence for an additional 50,000 sq km by the government of the Falkland Islands; the licence area is adjacent to its existing licences where FOGL is in a Joint Venture with Hardman Resources.

FOGL already holds a 77.5% interest in licences covering 33,000 sq km to the south and east of the Falkland Islands, with its joint venture partner Hardman Resources holding the remaining 22.5%, and the Company now has 100% of the new 50,000 sq km licence area.

As a result, FOGL now has an interest in a total of 83,000 sq km. Geophysical Services Incorporated ('GSI') has been contracted to undertake a 2D seismic survey on FOGL's Joint Venture acreage and that survey will now be extended to include the new area. This will enable the mobilisation and demobilisation costs to be spread over both licence areas.

It is expected that the seismic survey over both the new and the Joint Venture areas will amount to over 10,000kms of 2D seismic lines. The surveys will investigate the 8 leads already identified in the 33,000 sq km Joint Venture area as well as providing a 5,000 km reconnaissance grid of new seismic lines in the new 50,000 sq km area. This new data will be used to high grade the 8 leads, to investigate other parts of the Joint Venture licence area and to provide the first ever seismic survey of the new 50,000 sq km area. FIH holds 18.1 per cent. of FOGL's issued share capital

Enquiries

Falkland Islands Holdings plc
David Hudd, Chairman

Tel: 07771 893 267

Dawnay, Day Corporate Finance Ltd, Nominated adviser to FIH
David Floyd, Director

Tel: 020 7509 4570

The issue of this announcement has been approved by the board of FIH. The Directors of FIH are the persons responsible for the information contained in this announcement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information for which they are responsible contained in this letter is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of the directors of FIH accepts responsibility accordingly.

This announcement has been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 by Dawnay, Day Corporate Finance Limited ('Dawnay Day'). Dawnay Day, which is regulated by the Financial Services Authority, is acting for FIH and no one else and will not be responsible to anyone other than FIH for providing the protections afforded to customers of Dawnay Day or for providing advice in relation to the Offer.

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