

Falkland Islands Holdings plc

9 March 2010

Notification of Share Option Exercise and Issue of Equity

Falkland Islands Holdings plc (the "Company") announces that, on 9 March 2010, it received a notice of exercise of option from Mr David Hudd, Chairman of the Company. Such notice of exercise related to an option (the "Option") over 81,300 ordinary shares of £0.10 each in the Company ("Shares") which had been granted under the Company's Executive Share Option Scheme (the "Option Scheme") on 15 August 2002.

The stated exercise price per Share of the Option was 184.5p, so the aggregate total Option exercise price was £150,000. However, in accordance with the rules of the Option Scheme, the Option was cancelled in respect of 54,918 Shares on exercise and the intrinsic value of that cancelled part of the Option was offset against the exercise price payable in respect of the exercise of the balance of the Option. Such intrinsic value per Share of the cancelled part of the Option was calculated by reference to the market price of a Share of 410p (being the mid-market closing price of a Share on the dealing day preceding the date of exercise of the Option) minus 184.5p (being the exercise price per Share of the Option).

As a result of the exercise of the Option, 26,382 Shares were issued to Mr Hudd on 9 March 2010 after accounting for deductions of PAYE and NIC. Application for the admission of 26,382 new Shares to trading on AIM has been made by the Company. The new Shares are expected to be admitted to trading on AIM on 13 March 2010. Following admission of the new Shares to trading on AIM, the Company will have 9,097,178 Shares in issue.

Following the above transactions, Mr Hudd will own 82,382 Shares, representing 0.91% of the Company's issued share capital.. Under the Option Scheme Mr Hudd holds options over 49,411 shares with an exercise price of 425p and over 44,550 shares with an exercise price of 290p both these awards are subject to the satisfaction of performance conditions. He also holds options under the Company's Savings-related share option scheme over 3,600 shares with an exercise price of 250p.

Enquiries:

Falkland Islands Holdings plc

David Hudd, Chairman

Tel: 07771 893 267

John Foster, Managing Director

Tel: 01279 461 630

KBC Peel Hunt

Nominated adviser and broker to FIH

Matt Goode / Oliver Stratton

Tel: 020 7418 8900

Financial Dynamics

Edward Westropp / Georgina Bonham

Tel: 020 7831 3113