Falkland Islands Holdings plc ("FIH" or "The Group")

Sale of Falkland Oil and Gas Limited Shares

Falkland Islands Holdings plc ("FIH"), the international services Group which owns essential services businesses focused on transport and logistics and which has a major shareholding in Falkland Oil and Gas Limited ("FOGL"), the oil and gas exploration company focused on licence areas to the South and East of the Falkland Islands, makes the following announcement.

On 30 November FIH sold 3 million shares in FOGL representing 20% of its holding and representing 2.1.% of the issued share capital of FOGL as enlarged .Following the sale, FIH's still retains 12 million shares in FOGL representing 8.2% of the enlarged issued share capital.

The shares were sold for a net consideration of £ 3.58 million generating a profit of £ 3.1 million for FIH. The funds will be used in FIH's existing businesses and will provide flexibility to take advantage of opportunities particularly in the Falkland Islands.

The Board of FIH has advised FOGL and Oriel Securities the broker to FOGL that FIH does not intend to dispose of any further shares in FOGL, other than in exceptional circumstances, prior to completion of the drilling of the Toroa well.

Chairman, David Hudd said:

"We have today reduced the risk profile of our Group. The proceeds of sale give us the flexibility to take advantage of investment opportunities particularly in the Falklands and will leave us with a modest level of gearing .At the same time we have retained a very meaningful shareholding in FOGL "

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