

Notice of Annual General Meeting

Falkland Oil and Gas Limited

(Incorporated in the Falkland Islands with Registered No. 12913)

Notice is hereby given that the AGM will be held at **Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London, WC2A 1PB** on **8 June 2011** at **2.00pm** for the following purposes:

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions of the Company:

Ordinary Business

1 To receive and adopt the annual report and accounts for the period ended 31 December 2010, together with the report of the auditors

2 To re-elect Timothy Jones as Director

3 To reappoint BDO LLP as auditors and to authorise the Directors to fix their remuneration

Special Business

4 To increase the authorised share capital of the Company from £4,900 to £6,400 by the creation of 75,000,000 ordinary shares of 0.002 pence each in the capital of the Company.

9 May 2011

By order of the Board,



Director, for and on behalf of **McGrigors Nominee Company (Falklands) Limited**
Company Secretary
Registered office: **56 John Street, Stanley, Falkland Islands, FIQQ 1ZZ**
(Incorporated in the Falkland Islands with registered number 12913)

(Falkland Island Registered Address: 56 John Street, Stanley, Falkland Islands FIQQ 1ZZ)

Falkland Oil and Gas Limited

32-34 Wigmore Street, London, W1U 2RR

T +44 (0)20 7563 1260

F +44 (0)20 7486 2330

E info@fogl.co.uk

VAT registration 848 9450 75

UK registration FC026234

www.fogl.com

Notes

1 A Form of Proxy is provided with this notice for use by Shareholders holding shares in certificated form. A Shareholder entitled to attend and vote at the AGM may appoint one or more proxies to attend and (on a poll) vote instead of him/her. A proxy need not be a Shareholder of the Company. Completion and return of a Form of Proxy will not prevent a Shareholder from attending the AGM and voting in person.

2 A Form of Direction is provided with this notice for use by holders of Depository Interests. If you hold your shares via the Depository Interest arrangement and would like to attend the AGM: please contact the Depository, **Capita IRG Trustees Limited at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU** (alternatively please email custodymgt@capitaregistrars.com) to request a Letter of Representation.

Requests must be received no later than **3.00pm** on **3 June 2011**. Please note that the Depository will require an original copy of the letter of request before issuing the Letter of Representation. Completion and return of a Form of Direction will not prevent a Depository Interest Holder from attending the AGM and voting in person provided he or she holds a valid Letter of Representation

3 To be effective, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be returned to **Freepost RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, BR3 4TU** or at the Company's registered office at **56 John Street, Stanley, Falkland Islands, FIQQ 1ZZ**, not less than 48 hours before the time of the holding of the AGM or any adjournment thereof.

4 To be effective, the Form of Direction and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be returned to **Freepost RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, BR3 4TU** or at the Company's registered office at **56 John Street, Stanley, Falkland Islands, FIQQ 1ZZ**, not less than 72 hours before the time of the holding of the AGM or any adjournment thereof.

5 Depository Interest Holders may instruct the Depository how to vote utilising the CREST electronic voting service. To instruct the Depository how to vote or amend an instruction to vote via the CREST system, the CREST message must be received by the issuer's agent, using the Receiving Agent ID RA10, by not less than 72 hours before the time of the holding of the AGM or any adjournment thereof. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of voting instructions through CREST should be communicated to issuer's agent by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual.

6 Shareholders registered on the register of members of the Company at **6.00pm** on **6 June 2011** or if the Meeting is adjourned, at **6.00pm** on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755) only those Depository Interest Holders registered on the Depository Interest Register maintained by Capita Registrars Limited at **6.00pm** on **3 June 2011** or if the Meeting is adjourned, at **6.00pm** on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the AGM in respect of the number of Depository Interests registered in their name at that time. Changes to the register of members or the Depository Interest Register after pm on or if the Meeting is adjourned, at **6.00pm** on the day two days prior to the adjourned meeting, shall be disregarded in determining the rights of any person to attend and vote at the AGM.

7 The Register of Directors' interests in the shares of the Company and copies of the service agreements between the Company and its directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) until the date of the AGM and also on the date and at the place of the AGM from 15 minutes prior to the commencement of the AGM until the conclusion thereof.

Falkland Oil and Gas Limited

(Incorporated in the Falkland Islands with Registered No. 12913)

Notice of the Annual General Meeting (AGM) of the Company to be held at **2.00pm** on **8 June 2011** at **Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London, WC2A 1PB** is set out on page 4.

The action to be taken by Shareholders and Depository Interest Holders is set out on page 3. Whether or not you propose to attend the AGM in person, Shareholders resident outside the Falkland Islands holding shares in certificated form are requested to complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon and return it to **Freepost RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, BR3 4TU** as soon as possible but in any event, in order to be valid, it must arrive no later than **2.00pm** on **6 June 2011**, being 48 hours (excluding weekends and bank holidays) before the time of the holding of the AGM. Holders of Depository Interests resident outside the Falkland Islands are requested to complete and return the enclosed Form of Direction in accordance with the instructions printed thereon and return it to **Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU**, as soon as possible but in any event, in order to be valid, it must arrive no later than **2.00pm** on **3 June 2011**, being 72 hours (excluding weekends and bank holidays) before the time of the holding of the AGM.

Please note that Shareholders and holders of Depository Interests who are resident in the Falkland Islands are requested to complete and return the enclosed Form of Proxy and/or Form of Direction (as appropriate) to the Company's registered office at **56 John Street, Stanley, Falkland Islands FIQQ 1ZZ** within the relevant time periods specified above.

This document is important and requires your immediate attention

If you are in any doubt about the contents of this document or what action you should take you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or from another appropriately authorised independent financial adviser if you are resident in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your Shares or Depository Interests in Falkland Oil and Gas Limited, please send this document, together with the accompanying Form of Proxy (or, if applicable, Form of Direction), without delay to the purchaser or transferee or to the stockbroker, bank, or other person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares. This document should be read in conjunction with the annual report and accounts in respect of the period ended 31 December 2010.

Notice of Annual General Meeting

Falkland Oil and Gas Limited

(Incorporated in the Falkland Islands with registered number 12913)

(Falkland Island Registered Address: 56 John Street, Stanley, Falkland Islands FIQQ 1ZZ)

Directors

Richard Liddell Chairman

Tim Bushell Chief Executive Officer

David Hudd Non-executive Director (Deputy Chairman)

Timothy Jones Non-executive Director (Finance Director)

Colin More Exploration Director

Dear Shareholder,

Annual General Meeting 2011

I am writing to inform you that the AGM will be held at **2.00pm on 8 June 2011** at **Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London, WC2A 1PB**. The formal Notice of the AGM and the resolutions to be proposed are set out on page 4. The resolutions to be put to the AGM will address the following matters:

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions of the Company:

Ordinary Business

1 To receive and adopt the annual report and accounts for the period ended 31 December 2010, together with the report of the auditors

2 To re-elect Timothy Jones as Director

3 To reappoint BDO LLP as auditors and to authorise the Directors to fix their remuneration

Special Business

4 To increase the authorised share capital of the Company from £4,900 to £6,400 by the creation of 75,000,000 ordinary shares of 0.002 pence each in the capital of the Company.

Action to be taken

Instructions for Shareholders holding shares in certificated form resident in the Falkland Islands

You will find enclosed a Form of Proxy for use at the AGM. Please complete, sign and return the enclosed Form of Proxy as soon as possible in accordance with the instructions printed thereon, whether or not you intend to be present at the AGM. Forms of Proxy should be returned so as to be received at the Company's registered office at **56 John Street, Stanley, Falkland Islands, FIQQ 1ZZ**, no later than **2.00pm on 6 June 2011**, being 48 hours (excluding weekends and bank holidays) before the time of the holding of the AGM.

Instructions for Shareholders holding shares in certificated form resident outside the Falkland Islands

You will find enclosed a Form of Proxy for use at the AGM. Please complete, sign and return the enclosed Form of Proxy as soon as possible in accordance with the instructions printed thereon, whether or not you intend to be present at the AGM. Forms of Proxy should be returned to be received by **Freepost RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, BR3 4TU**, no later than **2.00pm on 6 June 2011**, being 48 hours (excluding weekends and bank holidays) before the time of the holding of the AGM.

Instructions for holders of Depository Interests resident in the Falkland Islands

You will find enclosed a Form of Direction for use at the AGM. Please complete, sign and return the enclosed Form of Direction as soon as possible in accordance with the instructions printed thereon, whether or not you intend to be present at the AGM. Forms of Direction should be returned so as to be received at the Company's registered office at **56 John Street, Stanley, Falkland Islands, FIQQ 1ZZ**, no later than **2.00pm on 3 June 2011**, being 72 hours (excluding weekends and bank holidays) before the time of the holding of the AGM.

Instructions for holders of Depository Interests resident outside the Falkland Islands

Please complete, sign and return the enclosed Form of Direction as soon as possible in accordance with the instructions printed thereon, whether or not you intend to be present at the AGM. Forms of Direction should be returned so as to be received by **Freepost RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, BR3 4TU**, no later than **2.00pm on 3 June 2011**, being 72 hours (excluding weekends and bank holidays) before the time of the holding of the AGM.

Completion and return of a Form of Proxy will not preclude you from attending the AGM and voting in person should you so wish.

If you hold shares via the Depository Interest arrangement and would like to attend the AGM

Please contact the Depository, **Capita IRG Trustees Limited at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU** (alternatively, please email custodymgt@capitaregistrars.com) to request a Letter of Representation. Requests must be received no later than **3.00pm on 3 June 2011**. Please note that the Depository will require an original copy of the letter of request before issuing the Letter of Representation. Completion and return of a Form of Direction will not prevent a Depository Interest Holder from attending the AGM and voting in person provided he or she holds a valid Letter of Representation.

Recommendation

Your Directors consider that the proposals described in this letter are in the best interests of Shareholders and Depository Interest Holders as a whole and the Directors unanimously recommend Shareholders and Depository Interest Holders to vote in favour of the resolutions to be proposed at the AGM, as they intend to do (other than in respect of their own appointments as directors) in respect of their own beneficial holdings, amounting in aggregate to 535,185 ordinary shares, representing approximately 0.37 per cent. of the Company's issued ordinary shares at the date of this document.

Yours sincerely



Richard Liddell
Chairman

Notice of Annual General Meeting