

**Falkland Gold and Minerals Limited**  
**(the “Company”)**

**Shareholder Update**

10 September 2007

The Board of Falkland Gold and Minerals today updates shareholders on developments since the Interim results were announced on 12 June 2007

The work programme in the Falklands was designed to identify the source of the alluvial gold recovered from the streams. This gold is associated with a zone of tight, east-west folding which has affected the Bluff Cove and Port Sussex Formations amongst other rock sequences. These formations contain favourable interbedded shales and sandstone units that could, given the correct structural traps, be favourable targets for Slate Belt type gold and in particular “Saddle Reef” styled mineralisation. The saddle reefs are currently being investigated but the Board believes that these are unlikely to generate ore bodies of economic size. The work programme has also been amended having regard to the recommendations of Professor Viljoen and although minor uranium anomalies have been detected these were not of economic interest. This work and the completion of the current drilling programme elsewhere is expected to be complete by the end of 2007.

The Board has decided that unless the remaining work programme identifies deposits likely to be of commercial interest, it will cease exploration activities in the Falklands. At that time the Company will have cash balances of approximately £3.5million and an experienced exploration team fully equipped with 2 drills and sample processing equipment. The Board intends to seek opportunities elsewhere in the World and has initially identified gold, molybdenum and uranium as the metals most likely to be of interest. Shareholders will be updated as soon as possible on the Board's proposals for the next stage of the Company's development.

The Board is disappointed that the exploration programme in the Falklands has to date not been successful and would like to express its appreciation of the efforts of its employees and the cooperation of the Government and people of the Falklands.

**Enquiries:**

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