



**Falcon Oil & Gas Ltd.
("Falcon" or the "Group")**

Commencement of Drilling Operations in the Beetaloo Basin, Australia

29 May 2015 - Falcon Oil & Gas Ltd. (TSXV: FO, AIM: FOG, ESM: FAC) is delighted to announce that drilling operations have commenced on its initial three well fully funded drilling campaign in the Beetaloo Basin, in the Northern Territory of Australia.

Highlights:

- Civil works on the first well, "Kalala S-1" are now under way with the spudding on target for the end of June 2015.
- Kalala S-1 is located within exploration permit 98, with access from the existing Carpentaria Highway and will be drilled to a total depth of approximately 2,800 meters.
- The well is targeting the Middle Velkerri formation to assess hydrocarbon saturation and reservoir quality.
- Kalala S-1 is to be operated by Origin Resources Limited ("Origin") (35%) with partners Sasol Petroleum Australia Limited ("Sasol") (35%) and Falcon (30%).

Kalala S-1 is the first of Falcon's fully carried, 2015 three well drilling and evaluation programme in the Beetaloo Basin, Northern Territory, Australia, operated by Origin. It is anticipated that the mobilisation of the rig to "Kalala S-1" well site will happen shortly with the spudding of this first exploration well on target for the end of June.

It is expected that Kalala S-1 will be drilled to a total depth of approximately 2,800 meters and that drilling will take approximately 35 to 50 days. Kalala S-1 is located within exploration permit 98, with access from the existing Carpentaria Highway.

Falcon is fully carried for all 2015 drilling and evaluation costs, retaining its 30% interest in the Beetaloo Basin with co-venture partners Origin and Sasol.

The principal objectives of the 2015 three well drilling programme are to:

- penetrate the Middle Velkerri formation to assess hydrocarbon saturation and reservoir quality;
- evaluate oil versus gas maturity and determine the most prospective areas and depth window;
- provide further information on the aerial distribution of the target Middle Velkerri formation; and
- collect data points for subsequent vertical/horizontal drilling, completion and production testing.

Formation evaluation and reservoir characterisation will be carried out from these initial three wells through petrophysical interpretation, core analysis, geomechanical studies and stimulation design.

Philip O'Quigley, CEO of Falcon commented:

"We are delighted to announce the commencement of drilling operations and the expected spudding of the first of our three well fully funded drilling campaign by the end of June 2015, in this highly attractive basin. We

look forward to exploring the potential of the Beetaloo Basin in Australia with our partners and updating the market with further details in due course”.

Background

On 2 May 2014, Falcon announced it had entered into a Farm-Out Agreement and Joint Operating Agreement with Origin and Sasol (collectively referred to herein as the “Farminees”) with each farming into 35% of the Falcon’s exploration permits in the Beetaloo Basin, Australia through its 98% subsidiary, Falcon Oil & Gas Australia Ltd. (“Falcon Australia”). The Farminees will carry the Group in a nine well exploration and appraisal programme from 2015 to 2018.

- Farminees will pay for the full cost of completing the first five wells estimated at A\$64 million, and will fund any cost overruns, with work expected to be completed between 2015 and 2016.
- Farminees to pay the full cost of the following two horizontally fracture stimulated wells, 90 day production tests and micro seismic data collection with a capped expenditure of A\$53 million, any cost overrun funded by each party in proportion to their working interest. This work programme is expected to be undertaken in 2017.
- Farminees to pay the full cost of the final two horizontally fracture stimulated wells and 90 day production tests capped at A\$48 million, any cost overrun funded by each party in proportion to their working interest. This work programme is expected to be undertaken in 2018.
- Farminees may reduce or surrender their interests back to Falcon Australia only after:
 - The drilling of the first five wells or
 - The drilling and testing of the next two horizontally fracture stimulated wells.

Ends

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This announcement has been reviewed by Dr. Gábor Bada, Falcon Oil & Gas Ltd’s Head of Technical Operations. Dr. Bada obtained his geology degree at the Eötvös L. University in Budapest, Hungary and his PhD at the Vrije Aniversiteit Amsterdam, the Netherlands. He is a member of AAPG and EAGE.

About Falcon Oil & Gas Ltd.

Falcon Oil & Gas Ltd is an international oil & gas company engaged in the acquisition, exploration and development of conventional and unconventional oil and gas assets, with the current portfolio focused in Australia, South Africa and Hungary. Falcon Oil & Gas Ltd is incorporated in British Columbia, Canada and headquartered in Dublin, Ireland with a technical team based in Budapest, Hungary.

For further information on Falcon Oil & Gas Ltd. please visit www.falconoilandgas.com

About Origin Energy

Origin Energy (ASX: ORG) is the leading Australian integrated energy company focused on gas and oil exploration and production, power generation and energy retailing. A member of the S&P/ASX 20 Index, the Company has approximately 6,900 employees and is a leading producer of gas in eastern Australia. Origin is Australia's largest energy retailer servicing 4.3 million electricity, natural gas and LPG customer accounts and has one of the country's largest and most flexible generation portfolios with approximately 6,010 MW of capacity, through either owned generation or contracted rights. Origin's strategic positioning and portfolio of assets provide flexibility, stability and significant opportunities for growth across the energy industry. Through Australia Pacific LNG, its incorporated joint venture with ConocoPhillips and Sinopec, Origin is developing one of Australia's largest CSG to LNG projects based on Australia's largest 2P CSG reserves base.

In New Zealand, Origin is the major shareholder in Contact Energy, a leading integrated energy company, operating geothermal, thermal and hydro generation facilities totalling 2,359 MW and servicing approximately 562,000 electricity, gas and LPG customers across both the North and South islands. Origin also operates several oil and gas projects in New Zealand and is one of the largest holders of petroleum exploration acreage in the country.

Origin has a strong focus on ensuring the sustainability of its operations, is the largest green energy retailer in Australia and has significant investments in renewable energy technologies. For more information go to www.originenergy.com.au

About Sasol

Sasol is an international integrated energy and chemicals company that leverages the talent and expertise of our more than 33,000 people working in 37 countries. Sasol develop and commercialise technologies, and build and operate world-scale facilities to produce a range of high-value product streams, including liquid fuels, chemicals and low-carbon electricity.

Sasol, through its subsidiary Sasol Canada, owns a 50% working interest in two natural gas fields in British Columbia. Sasol entered Canada in early 2011 through a \$2 billion acquisition for a 50% working interest in Talisman Energy's natural gas assets in one of the most prolific shale plays in North America: the Montney shale basin located in northeast British Columbia. Progress Energy acquired the remaining Talisman interest in 2014. The Sasol/Progress partnership holds 108,000 total net acres of land in the Montney basin.

For more information go to www.sasol.com

Glossary of terms

CSG	Coal seam gas
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
A\$	Australian dollars
MW	Megawatt

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Certain information in this press release may constitute forward-looking information. This information is based on current expectations that are subject to significant risks and uncertainties that are difficult to predict. Such information may include, but is not limited to comments made with respect to the type, number and objectives of the wells to be drilled in the Beetaloo basin Australia, the prospectivity of the Middle Velkerri shale play and the prospect of the exploration programme being brought to commerciality and comments made with respect to the mobilisation and spudding of the 2015 programme. Actual results might differ materially from results suggested in any forward-looking statements. Falcon assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward looking-statements unless and until required by securities laws applicable to Falcon. Additional information identifying risks and uncertainties is contained in Falcon's filings with the Canadian securities regulators, which filings are available at www.sedar.com.