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Proposed admission to trading on AIM and ESM

US$25 million (£16.9 million) Placing

Falcon Oil & Gas Ltd. (TSXV:FO) ("Falcon" or "the Company"), is pleased to announce its application for admission ("Admission") to trading on the AIM market of the London Stock Exchange (symbol: FOG) and the ESM market of the Irish Stock Exchange (symbol: FAC) of the Company's existing share capital and the additional 120,381,973 new common shares in the capital of the Company to be issued pursuant to the concurrent conditional brokered private placement (the "Placing") of new common shares at a price of 14 pence (C$0.215) per share to raise gross proceeds of US$ 25 million (£16.9 million). It is expected that dealings will commence on AIM and ESM on 28 March 2013.

The following directors and significant shareholders, as defined in the AIM and ESM Rules, have participated in the Placing

	Existing Shareholding	Placing Participation	Enlarged Shareholding	% of Enlarged Share Capital
John Craven	500,000	2,357,143	2,857,143	0.35%
Philip O'Quigley	1,000,000	513,696	1,513,696	0.19%
Gregory Smith	420,000	50,000	470,000	0.06%
David Harris	-	150,000	150,000	0.02%
Soliter Holdings Corp	85,572,277	27,237,857	112,810,134	13.80%
Persistency	49,269,484	10,035,000	59,304,484	7.26%

Falcon is an international oil & gas company engaged in the acquisition, exploration and development of conventional and unconventional oil and gas assets. Falcon is incorporated in British Columbia, Canada and headquartered in Dublin, Ireland with a technical team based in Budapest, Hungary.

Falcon's strategy is to leverage the Group's expertise in the unconventional oil and gas industry to acquire interests in licences covering large acreages of land and to build on its internationally diversified portfolio of unconventional assets and interests, which are located in countries, which the Board believes support the exploitation of unconventional oil and gas.

The Board of Falcon believes that a listing on AIM and ESM will give the Company access to additional sources of finance not currently available to it, providing the Company with further opportunities to fund growth in the future, including work in Australia and South Africa, potential strategic acquisitions. In addition a listing on AIM and ESM is also closer to the new corporate headquarters in Dublin, Ireland and is intended to establish a broad institutional shareholder base in London and increase liquidity of the stock.

The Board intends to use the proceeds of the Placing to repay the Company's outstanding debentures, to finance the Group's work commitments in Australia and South Africa, to enable the Company to make strategic acquisitions and for general corporate purposes

Davy is acting as Falcon's nominated adviser, ESM adviser and joint broker in connection with the Placing and the Admission, and GMP Securities Europe LLP ("GMP") is acting as joint broker in connection with the Placing. Pursuant to a placing agreement, the Company has agreed to pay each of GMP and Davy one per cent on the aggregate value of Common Shares placed with certain existing shareholders prior to the Admission who are also Placees in the Placing, and five per cent on the aggregate value of the Common Shares placed pursuant to the Placing by each of Davy and GMP with Placees other than such existing shareholders. Such amounts will be withheld by Davy and GMP from the proceeds of the Placing with the balance to be paid to the Company by Davy and GMP, as applicable, on the closing of the Placing, which is currently expected to occur within three business days of Admission.

The Placing is conditional on approval from the TSXV. The new common shares whilst freely tradable on the AIM and ESM market immediately after Admission cannot trade over the TSXV for a period of 4 months and one day.

Key Highlights:

Falcon has an internationally diverse portfolio

- The Group has existing interests covering approximately 14.75 million acres.
    - Australia - four exploration permits covering approximately 7 million acres in the Beetaloo Basin.
    - South Africa - Technical Cooperation Permit covering approximately 7.5 million acres onshore Karoo Basin
    - Hungary - Makó Production Licence adjacent to Algyö field.
- The Board currently believes that these are some of the most prospective unconventional oil and gas basins in the world.

Balanced portfolio with significant upside potential

- Estimated gross unrisked recoverable prospective resources (play level) of 162 Tcf of gas and 21,345 Mmbo of oil (P50) in the Group's Beetaloo Exploration Permits in Australia.
- Gross un-risked recoverable prospective gas resources of 568 Bcf (P50) (the Algyö Play).
- Gross recoverable contingent resources of 35.3 Tcf of gas and 76.7 Mmbo of oil (P50) (the Deep Makó Trough) in the Makó Production Licence in Hungary.

Falcon has established partners in place in each country

- Partnered with significant, well-established multinational energy companies.
- Hess and Naftna Industrija Srbije Jsc ("NIS") carrying the Company through the initial respective work programmes and providing technical skills and financial resources in Australia and Hungary.
- Joint Cooperation Agreement with Chevron in South Africa,

Operating in countries that support the exploitation of unconventional oil and gas

- Regions characterised by high regional demand for energy
- Jurisdictions with governments that the Board believes are favourable towards unconventional oil and gas exploration.

Falcon has an experienced board and management team

- Individuals with established track records in acquiring and developing oil and gas assets.
- Non-Executive Chairman John Craven, Petroleum Geologist with 35 years of E&P experience. Current CEO of Discover Exploration, formerly Cove Energy, Petroceltic and Dana Petroleum.
- Chief Executive Officer Philip O'Quigley with 20 years E&P experience. Previously Finance Director of Providence Resources.

Philip O'Quigley, CEO of Falcon commented:

"I am delighted to announce our application for admission to trading on AIM and the ESM and the placing of US$25 million; we feel that this is the right time to bring the Company to AIM and ESM in order to further support the next stage of Falcon's development.

"With our established portfolio in Australia, South Africa and Hungary, we are differentiated from our peers in the unconventional sector and we believe that the Admission will be an important step in the Group's continued growth, allowing the Company access to additional sources of finance, as we and our partners strive to realise the value proposition from the large resource potential contained within our asset portfolio."

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

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The common shares to be offered have not been and will not be registered under the United States Securities Act of 1933, as amended, or under any state securities laws, and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of such Act. This release does not constitute an offer to sell nor the solicitation of an offer to buy the common shares or any other securities and shall not constitute an offer to sell or solicitation of an offer to buy, or a sale of, the common shares or any other securities in any jurisdiction in which such offer, solicitation or sale is unlawful.

INFORMATION ON THE GROUP

1. INTRODUCTION

Falcon Oil & Gas Ltd. is an international oil and gas company engaged in the acquisition, exploration and development of conventional and unconventional oil and gas assets. Falcon's interests are located in internationally diversified countries that are characterised by a high regional demand for energy and in some cases are close to existing infrastructure allowing rapid delivery of oil and gas to market. In each territory, Falcon is partnered with a large, credible multinational energy company.

Falcon's strategy is to leverage the Group's expertise in the unconventional oil and gas industry to acquire interests in licences covering large acreages of land and to build on its internationally diversified portfolio of unconventional assets and interests, which are located in countries that the Board believes support the exploitation of unconventional oil and gas. Falcon seeks to add value to its assets by entering into farm-out arrangements with major oil and gas companies that will fully or partially carry Falcon through seismic and drilling work programmes. The Group's principal interests are located in two major underexplored basins in Australia and South Africa and in Hungary, covering approximately 14.75 million gross acres in total.

Falcon is incorporated in British Columbia, Canada and headquartered in Dublin, Ireland with a technical team based in Budapest, Hungary. On Admission, Falcon's Common Shares will be traded on AIM, the market operated by the London Stock Exchange (symbol: FOG), the TSX Venture Exchange (symbol: FO.V) and ESM, the market regulated by the Irish Stock Exchange (symbol: FAC).

Beetaloo Basin, Northern Territory, Australia

Falcon Australia, Falcon's 72.7 per cent. owned subsidiary, is the registered holder of four exploration permits covering approximately 7 million acres (approximately 28,000 km2) in the Beetaloo Basin, a sparsely populated area of the Northern Territory. The Beetaloo Basin is a Proterozoic and Cambrian age tight oil and gas basin that the Board believes is well suited for unconventional oil and gas projects. RPS Energy, in its independent Competent Person's Report ("CPR") dated 1 January 2013, estimates gross un-risked recoverable prospective resource (play level) potential of 162 Tcf of gas and 21,345 Mmbo of oil (P50) for Falcon Australia's Beetaloo Exploration Permits. (see Note 1)

In its entirety, the Beetaloo Basin covers approximately 8.7 million acres (approximately 35,260 km2) and, as far as the Company is aware, a total of 11 wells have been drilled in the Beetaloo Basin to date. This work was undertaken by a Rio Tinto Group subsidiary company exploring for conventional hydrocarbons and while not leading to a conventional development, the data from the cores demonstrated the presence of tight oil and gas and several horizons were shown to be prospective for unconventional oil and gas.

In April 2011, Falcon Australia entered into a joint venture with Hess (the "Hess Agreement"), whereby Hess agreed to collect seismic data over an area covering three of the four Beetaloo Exploration Permits, excluding an area covering approximately 100,000 acres (approximately 405 km2) surrounding the Shenandoah-1 well-bore.

Since the date of the Hess Agreement, Hess has spent in excess of US$55 million acquiring 3,490 kilometres of 2D seismic data which is currently being interpreted. Hess has the option, valid until 30 June 2013, to acquire a 62.5 per cent working interest in the Hess area of interest in the Beetaloo Basin (the "Hess Area of Interest") by committing to drill and evaluate five exploration wells at Hess' sole cost, one of which must be a horizontal well.

Karoo Basin, South Africa

Falcon holds a Technical Cooperation Permit (the "TCP") covering an area of approximately 7.5 million acres (approximately 30,327 km2) onshore Karoo Basin, South Africa. In geological terms the Karoo refers to a geological period lasting some 120 million years and the rocks laid down during that period of time. These rocks were deposited in a large regional basin and resulted in the build-up of extensive deposits, some of which have been identified as having potential for shale gas.

The TCP grants Falcon an exclusive right to apply for an exploration right over the underlying acreage. In February 2011, a moratorium on the processing of all new applications relating to the exploration and production of shale gas in the Karoo Basin was put in place, and in April 2011 the processing of all existing applications was suspended whilst the South African Department of Mineral Resources conducted an environmental study on the effects of hydraulic stimulation and developed a system to regulate onshore exploration activities. In September 2012, the South African Government announced a decision to lift the moratorium on the processing of existing shale gas exploration permit applications following the publication of legislation (expected in Q2 2013), and consequently the Board expects that the exploration right over the acreage will be awarded in the second half of 2013.

In December 2012, Falcon entered into a Cooperation Agreement with Chevron to jointly seek unconventional exploration opportunities in the Karoo Basin. The Chevron Agreement provides for Falcon to work exclusively with Chevron for a period of five years to jointly seek to obtain exploration rights in the Karoo Basin subject to the parties mutually agreeing participation terms applicable to each right. Further details of the Chevron Agreement are provided in Section 15.2.1 of Part VI of this document.

Makó Trough, Hungary

Falcon began operations in Hungary in 2005 and it is the most developed asset in its portfolio. Falcon's subsidiary, TXM, holds the 35-year Makó Production Licence covering an area of approximately 245,775 acres (approximately 1,000 km2) located in the Makó Trough, part of the greater Pannonian Basin of central Europe. The Makó Production Licence is located approximately ten kilometres from the MOL Group owned and operated Algyö field, which the Company understands has produced approximately 2.5 Tcf and 220 Mmbo to date. The Makó Licence area is transected by existing gas pipelines, including a 12 kilometre gas pipeline built by Falcon in 2007, which together offer potential access to local and international markets.

The Makó Trough contains two distinct plays:

- a play targeting gas prospects in the Algyö Play at depths between 2,300 metres and 3,500 metres; and
- a deeper unconventional play targeting significant contingent resources in the Deep Makó Trough.

RPS Energy estimates that eight prospects in the Algyö Play contain gross un-risked recoverable prospective gas resources of 568 Bcf (P50) (see Note 1). In January 2013, Falcon agreed a three-well drilling exploration programme with NIS, owned 56 per cent. by Gazprom Group, to target the Algyö Play. NIS have made a cash payment of US$1.5 million to Falcon and agreed to drill three exploration wells by July 2014. NIS will earn 50 per cent. of net production from the first three wells, and has the option to participate in any future drilling on terms to be negotiated, after paying Falcon US$2.75 million. Falcon is to be fully carried on the drilling and testing of the three exploration wells.

Drilling preparations are already underway. NIS has informed the Company that it expects the first well to spud by the end of Q2 2013 and the three-well drilling programme to be completed before the end of 2013.

Between 2005 and 2007, Falcon acquired 1,100 kilometres of 3D seismic data and executed a six-well drilling programme on the Deep Makó Trough. Each of the six wells encountered thick sequences of hydrocarbon bearing rocks, and tests flowed hydrocarbons from each tested horizon. Early exploration efforts focused on proving hydrocarbon potential and delineation of the basin in order to secure the Makó Production Licence. Falcon may seek to partner with an industry player to re-enter and develop the Deep Makó Trough play.

RPS Energy in its independent CPR estimates gross recoverable contingent resources for the Makó Production Licence of 35.3 Tcf of gas and 76.7 Mmbo of oil (P50) (see Note 1)

2. KEY INVESTMENT CONSIDERATIONS

The Directors believe that an investment in the Company should be attractive to potential investors for the following reasons:

- The Group has existing interests covering approximately 14.75 million acres in an internationally diversified portfolio and the Board currently believes that these are some of the most prospective unconventional oil and gas basins in the world;

- RPS Energy, in a report published 1 January 2013 estimates gross un-risked recoverable prospective resources (play level) of 162 Tcf of gas and 21,345 Mmbo of oil (P50) in the Group's Beetaloo Exploration Permits in Australia, gross un-risked recoverable prospective gas resources of 568 Bcf (P50) (the Algyö Play), and gross recoverable contingent resources of 35.3 Tcf of gas and 76.7 Mmbo of oil (P50) (the Deep Makó Trough) in the Makó Production Licence in Hungary;

- The Group has significant, well established partners in place in each country, and in the case of Hess in Australia and NIS in Hungary, carrying the Company through the initial respective work programmes and providing technical skills and financial resources;

- The Group has interests located in countries close to existing energy infrastructure, in jurisdictions which the Directors currently believe have governments favourable towards unconventional oil and gas exploration; and

- The Company has an experienced board and management team, including individuals with established and successful track records in acquiring and developing oil and gas assets.

3. GROUP STRATEGY

Falcon's strategy is to leverage the Group's expertise in the unconventional oil and gas industry to acquire interests in licences covering large acreages of land and to build on its internationally diversified portfolio of unconventional assets and interests, which are located in countries that the Board believes support the exploitation of unconventional oil and gas. Following acquisition, Falcon seeks to develop a deeper technical understanding of the potential of its acreage and establish good working relations with landowners, regulators and the local community. In parallel, Falcon seeks strategic joint ventures with technically capable and well-funded partners to participate in and advance their exploration efforts. The Board currently intends that Falcon will be fully or partially carried by its partners through seismic and drilling programmes by entering into farm-out arrangements in relation to its acreage positions, with the objective of retaining a material minority stake in the assets. It is the Board's current intention to proactively manage its portfolio and monetise assets at a significant premium to the acquisition costs. Falcon may also seek to take advantage of opportunities as they arise to make strategic corporate acquisitions to expand its portfolio.

4. BACKGROUND AND HISTORY

Falcon was incorporated in British Columbia, Canada in 1980 as Sanfred Resources Ltd., which was listed on the TSX Venture Exchange in 1999. It subsequently changed its name to Falcon Oil & Gas Ltd. in 1999, and in 2002 it acquired an interest in four producing gas wells in Hackett, Alberta, Canada. In February 2005, Falcon acquired the entire issued share capital of Makó Energy Corporation, in a reverse takeover. Makó Energy Corporation held a number of exploration licences in Hungary. The Group conducted a six-well drilling programme in the Deep Makó Trough between 2005 and 2007.

In September 2008 Falcon, through Falcon Australia, acquired a 50 per cent. working interest in the Beetaloo Exploration Permits from PetroHunter Energy Corporation and its subsidiary, Sweetpea and in May 2009, the Group acquired a further 25 per cent. working interest in the Beetaloo Exploration Permits. In December 2009, Falcon Australia acquired the remaining 25 per cent. interest in the Beetaloo Exploration Permits from Sweetpea in consideration for, *inter alia*, the issuance to Sweetpea of 25 per cent. of Falcon Australia's shares. In April 2010, the Northern Territory's Department of Resources confirmed Falcon Australia's ownership of 100 per cent. of the Beetaloo Exploration Permits and in the course of 2010 Falcon Australia raised approximately US$6.1 million by way of a private placement of its ordinary shares.

In 2009, the Group was granted a TCP in the Karoo Basin in South Africa. Between 2005 and 2011, the Group raised approximately US$341 million in a number of private placements of Common Shares. In addition, the Company issued Debentures worth C$10.7 million (approximately US$11 million) that mature in June 2013.

In September 2011, John Craven was appointed as Non-Executive Chairman and in May 2012 Philip O'Quigley was appointed Chief Executive Officer. In September 2012, the Company relocated its corporate headquarters from Denver, Colorado to Dublin, Ireland.

Assets (Country)	*Interest (%)*	*Operator*	*Status*	*Area (km2)*	*Expiry*
Exploration Permit EP-76 (Beetaloo Basin, Northern Territory, Australia)	72.7%[1]	Hess	Exploration	4,976.3	31/12/2013
Exploration Permit EP-98 (Beetaloo Basin, Northern Territory, Australia)	72.7%[1]	Hess[2]	Exploration	11,412.1	31/12/2013
Exploration Permit EP-99 (Beetaloo Basin, Falcon Northern Territory, Australia)	72.7%[1]	Falcon Australia	Exploration	2,587.2	31/12/2013
Exploration Permit EP-117 (Beetaloo Basin, Northern Territory, Australia)	72.7%[1]	Hess	Exploration	9,218.3	31/12/2013
Technical Cooperation Permit, (Karoo Basin, South Africa)	100%	Falcon	TCP	30,326.9	In Force[3]
Makó Production Licence (Makó Trough, Hungary)	100%	TXM	Production	994.6	21/05/2042

Notes:
1 Falcon owns 72.7 per cent. of Falcon Australia, which holds a 100 per cent. interest in the Beetaloo Exploration Permits. Of the remaining 27.3 per cent. of Falcon Australia, 24.2 per cent. is owned by Sweetpea, a wholly owned Australian subsidiary of PetroHunter Energy Corp. and 3.1 per cent. interest is held by others.

2 Falcon Australia retains operatorship in the Shenandoah-1 well and approximately 405 km2 (approximately 100,000 acres) land around the Shenandoah-1 well-bore in exploration permit EP-98.

3 In compliance with the terms of the TCP, Falcon submitted its application for an exploration permit in August 2010 prior to the moratorium being introduced in April 2011. Local counsel has confirmed that despite the TCP expiry date of October 2010 having passed, Falcon's interests remain valid and enforceable.

Beetaloo Basin, Northern Territory, Australia
Overview

Falcon Australia, Falcon's 72.7 per cent. owned subsidiary, is the registered holder of four exploration permits, comprising approximately 7 million acres (approximately 28,000 km2) in the Beetaloo Basin, Northern Territory, Australia. The Beetaloo Basin is located 600 kilometres south of Darwin close to infrastructure including a highway, two pipelines and a railway, offering transport options to the Australian market and beyond via the existing and proposed LNG capacity in Darwin.

The Beetaloo Basin is a Proterozoic and Cambrian tight oil and gas basin. In its entirety, the Beetaloo Basin covers approximately 8.7 million acres (approximately 35,260 km2) and is a relatively underexplored onshore exploration basin with, as far as the Company is aware, 11 exploration wells drilled in the Beetaloo Basin to date. The area is remote and sparsely populated and the Board believes that it is well suited for oil and gas projects. Australia has a developed resources industry with a stable political, legal and regulatory system.

RPS Energy, in its independent CPR dated 1 January 2013 estimates gross un-risked recoverable prospective resource (play level) potential of 162 Tcf of gas and 21,345 Mmbo of oil (P50) for Falcon Australia's Beetaloo Exploration Permits.

Exploration Permits

A summary of Falcon Australia's Beetaloo Exploration Permits is contained in the table above. The acreage interests covered by the Beetaloo Exploration Permits cover the majority of the Beetaloo Basin and are held 100 per cent. in the name of Falcon Australia.

In April 2011, Falcon Australia agreed a joint venture with Hess whereby Hess agreed to collect seismic data over an area made up of three of the four Beetaloo Exploration Permits, excluding exploration permit EP-99 and area within exploration permit EP-98 (the Shenandoah-1 well and approximately 100,000 acres (approximately 405 km2) of land around the well-bore), referred to as the Hess Area of Interest. Falcon Australia is the operator of exploration permit EP-99 and Hess is the operator of exploration permits EP-76, EP-98 and EP-117. Falcon Australia also retained operatorship in the Shenandoah-1 well and approximately 100,000 acres (approximately 405 km2) of land around the Shenandoah-1 well-bore within exploration permit EP-98. The work commitments for the Beetaloo Exploration Permits held by Falcon Australia have been met for previous years, with the exception of exploration permit EP-99, on which an extension was granted to 31 December 2013. In September 2012, Falcon Australia obtained Northern Territory Department of Resources approval for a 12 month extension of the Beetaloo Exploration Permits until 31 December 2013.

In accordance with local law and regulations, all Falcon Australia's acreage interests are subject to royalties on production values of up to approximately 12 per cent. to government and native title holders and up to approximately 13 per cent. to other parties. In addition, Falcon Australia is subject to Commonwealth Government corporation tax of 30 per cent., and to the Commonwealth Government's Petroleum Resource Rent Tax ("PRRT") levied at the rate of 40 per cent. on the taxable profits derived from the petroleum project in a year of tax.

Discoveries and Prospectivity

The Board believes that the Beetaloo Basin is relatively under-explored and has shale oil, shale gas and Basin Centered Gas Accumulation potential. As far as the Company is aware, 11 wells have been drilled in the Beetaloo Basin to date. The Company understands that this work was undertaken by a Rio Tinto Group subsidiary company exploring for conventional hydrocarbons and while not leading to a conventional development, the data from the cores demonstrated the presence of tight oil and gas and several horizons were shown to be prospective for unconventional oil and gas.

There are no existing fields but there are numerous mudlog and core oil and gas shows throughout the Beetaloo Basin in prospective formations. The Shenandoah-1 was a vertical hole well drilled by Sweetpea in 2007. The well was deepened by Falcon Australia in 2009 to finish at 2,714 metres. It was re-entered in Q3 2011 and five short tests were conducted including several fraccing operations. Gas was recovered from three zones with some liquids. One gas zone flowed gas at rates between 50 to 100 Mcfpd.

Current activity

Hess paid Falcon Australia a sum of US$20 million on signing the Hess Agreement and since then Hess has acquired 3,490 kilometres of 2D seismic data at an estimated cost in excess of US$55 million. The 2D seismic data is currently being processed and interpreted. Hess has the option, valid until 30 June 2013, to acquire a 62.5 per cent. working interest in the Hess Area of Interest by committing to drill and evaluate five exploration wells at Hess' sole cost, one of which must be a horizontal well. All costs to plug and abandon the five exploration wells will also be borne solely by Hess. The Board estimates that the gross costs associated with the five-well programme will be approximately US$75 million. Hess has agreed, subject to proceeding to the development phase, to carry Falcon Australia, on the first development well, up to a gross cost of US$10 million, which the Board currently believes will be the total gross cost of this well. Costs to drill wells after the five exploration wells and the first development well (and after the initial US$10 million) will be borne 62.5 per cent. by Hess and 37.5 per cent. by Falcon Australia. Further details of the Hess Agreement are provided in Section 15.1.1 of Part VI of this document.

Under the minimum work commitments for exploration permit EP-99, Falcon Australia must spend a minimum of US$1.5 million by 31 December 2013 in collecting 2D seismic data on the underlying acreage within exploration permit EP-99. Falcon Australia is currently finalising a 2D seismic acquisition programme for exploration permit EP-99 in order to meet this requirement in 2013. This 2D seismic data is expected to provide the necessary information to plan a potential well programme in the coming years. Falcon Australia currently intends to meet this commitment either through a farm-out arrangement or through its own resources. Falcon Australia has received expressions of interest from a number of third parties regarding a possible farm-out arrangement on the combined area outside of the Hess Area of Interest comprising exploration permit EP-99 and approximately 100,000 (approximately 405 km2) acres around the Shenandoah-1 well, measuring approximately 739,388 acres (approximately 2,992 km2) in total. The Board currently estimates that the gross costs associated with the initial drilling programme on the combined area outside of the Hess Area of Interest will be between US$25-US$50 million.

Karoo Basin, South Africa

Overview

Falcon holds a TCP covering an area of approximately 7.5 million acres (approximately 30,327 km2), in the southwest Karoo Basin, South Africa, which grants Falcon exclusive rights to apply for an exploration right over the underlying acreage. In August 2010, Falcon submitted an application to the Petroleum Agency of South Africa for an exploration right over the acreage covered by the TCP and, as part of the application process, Falcon submitted an environmental management plan in January 2011.

On 1 February 2011, the Minister of Mineral Resources (the "Minister") published a notice in the Government Gazette declaring a moratorium on the processing of all new applications relating to the exploration and production of shale gas in the Karoo Basin. This moratorium did not extend to existing applications, such as Falcon's, that were submitted prior to 1 February 2011. In April 2011, the Minister announced a further moratorium, which was not officially declared in terms of a notice in the Government Gazette, prohibiting all new applications and suspending the processing of all pending application whilst the South African Department of Mineral Resources conducted an environmental feasibility study on the effects of hydraulic stimulation and developed a system to regulate onshore exploration activities (the "Undeclared Moratorium"). The Undeclared Moratorium has no legal effect since it is a requirement of the South African petroleum legislation that all such moratoriums be published in the Government Gazette. In September 2012, the South African Government announced a decision to lift the Undeclared Moratorium on shale gas exploration. The Minister has indicated that although the Undeclared Moratorium has been "lifted", pending exploration right applications will not be processed and awarded until the regulations regarding hydraulic fracturing have published. These regulations are currently expected to be published in Q2 2013. Consequently, the Board currently expects that the exploration right over the acreage will be awarded in the second half of 2013.

The South African Government is entitled to a royalty on the sale of mineral resources of up to seven per cent. of gross sales (in the case of unrefined resources) and five per cent. of gross sales (in the case of refined resources, such as oil and gas). The Liquid Fuels Charter provides that an oil and gas company must reserve not less than nine per cent. for Historically Disadvantaged South Africans ("HDSA") to buy-in to any offshore production right granted. On the advice of South African counsel, the Board believes that the HDSA buy-in will also apply to onshore production rights in South Africa, including any right granted pursuant to the TCP. Similarly, the State has an option to acquire an interest of up to ten per cent. in any production right granted. However, it is not required to pay any consideration for its ten per cent. interest or contribute to past costs, but must contribute pro rata in accordance with its interest towards production costs going forward.

Corporation tax in South Africa is imposed at a rate of 28 per cent. of taxable income. Dividends tax is imposed on the shareholder at a rate of 15 per cent.

Discoveries and Prospectivity

In its entirety, the Karoo Basin is approximately 173 million acres (approximately 700,000 km2) in size located in central and southern South Africa and contains thick, organic rich shales such as the Permian Whitehill Formation. The Karoo describes a geological period lasting some 120 million years and the rocks laid down during that period of time, covering the late Palaeozoic to early Mesozoic interval. These were deposited in a large regional basin and resulted in the build-up of extensive deposits.

Until recently, the Karoo Basin was not considered prospective for commercial hydrocarbons resulting in very limited modern hydrocarbon exploration onshore in South Africa. In an independent report dated April 2011, the U.S. Energy Information Administration ("EIA") estimated that there are 485 Tcf technically recoverable resources in the Karoo Basin which would rank it fifth in the world after China, USA, Argentina and Mexico for shale gas potential. In particular, the EIA stated that the Permian Ecca group contains three potential shales identified as having potential for shale gas. The shale in the Whitehall Formation, in particular, is ubiquitous, has a high organic content and is thermally mature for gas.

Current activity

In December 2012, Falcon entered into an exclusive Cooperation Agreement with Chevron to jointly seek unconventional exploration opportunities in the Karoo Basin. The Chevron Agreement provides for Falcon to work exclusively with Chevron for a period of five years to jointly seek to obtain exploration rights in the Karoo Basin subject to the parties mutually agreeing participation terms applicable to each right. As part of the Chevron Agreement, Chevron made a cash payment to Falcon of US$1 million in February 2013 as a contribution to past costs.

Makó Trough, Hungary

Overview

Falcon has been active in the Makó Trough since 2005 when it acquired two exploration licences, the Makó and the Tisza exploration licences. Between 2005 and 2007, Falcon pursued a work programme consisting of the acquisition of 1,100 kilometres of 3D seismic data and a six-well drilling programme. Each of the six wells encountered thick sequences of hydrocarbon bearing rocks, and tests flowed hydrocarbons from each tested horizon. In 2007, Falcon's subsidiary, TXM, was awarded the 35-year Makó Production Licence which covers some of the acreage originally covered by the Makó and the Tisza exploration licences.

Hungary is an established oil and gas producing country and the Makó Production Licence is in the vicinity of the largest producing field in Hungary, the MOL Group owned and operated Algyö field, which has produced approximately 2.5 Tcf and 220 Mmbo to date, and is located approximately ten kilometres to the west of the Makó Production Licence boundary. The Makó Production Licence area is transected by existing gas pipelines and infrastructure, including a 12 kilometre gas pipeline built by Falcon in 2007, together offering transport and potential access to local markets and larger distribution centres for international markets.

Makó Production Licence

The Makó Production Licence was granted by the Hungarian Mining Authority over a gas exploration project in the Makó Trough, located in south-eastern Hungary. The lands within the Makó Production Licence were formerly part of the Group's two hydrocarbon exploration licences – the Tisza exploration licence and the Makó exploration licence.

The Makó Production License covers approximately 245,775 acres (approximately 1,000 km2) and is held 100 per cent. by TXM, a wholly owned subsidiary of the Group. Under the terms of the Makó Production Licence, the Group is obliged to pay a 12 per cent. royalty to the Hungarian Government on any unconventional production and has a further five per cent. royalty payable under an agreement with Prospect Resources Inc., the previous owners of the acreage covered by the Makó Production Licence. Corporate profits are taxed at 19 per cent. In 2009, an additional profit based energy industry tax, levied on energy supplying companies, was introduced. The rate was originally set at eight per cent but, as part of Hungary' third package of austerity measures, the rate has increased to 31 per cent for 2013, with deductions allowable for certain capital expenditures. TXM is the operator and there are no outstanding work commitments on the Makó Production Licence.

Discoveries and Prospectivity

The Makó Trough contains two plays;

- a play targeting gas prospects in the Algyö Play at depths between 2,300 metres and 3,500 metres; and
- a deeper unconventional play targeting significant contingent resources in the Deep Makó Trough.

The Algyö Play

The Algyö Play is a relatively shallow play of between 2,300 and 3,500 metres. A number of Falcon wells have been drilled through the Algyö Play in recent years, some of which encountered gas shows, but to date none of these wells tested the shallow play concept at an optimal location, as these wells targeted the Deep Makó Trough, at intervals of up to 6,000 metres. Multiple Algyö prospects have subsequently been identified by the Group through extensive AVO analysis, and 3D seismic data has shown the presence of possible gas zones above the Szolnok formation (part of the Deep Makó Trough). In total, ten prospects have been identified within the Algyö Play from which RPS Energy, in its independent CPR estimates eight prospects contain gross unrisked recoverable prospective gas resources of 568 Bcf (P50). (See Note 1)

In January 2013, Falcon agreed a three-well drilling exploration programme with NIS to target the Algyö Play, whereby NIS made a cash payment of US$1.5 million to Falcon in February 2013, and agreed to drill three exploration wells by July 2014. NIS will earn, after undertaking the three-well drilling obligation, 50 per cent. of the net production revenues from the three wells drilled. The Board estimates that the gross costs of the three-well drilling programme will be approximately US$21 million. In addition, NIS will have an option to acquire a right of first negotiation for future drilling operations in the Algyö Play, sharing any potential future costs and revenue with the Group, on terms to be negotiated, after paying Falcon US$2.75 million. Falcon will be fully carried on the drilling and testing of three exploration wells and will retain 100 per cent. interest in the Deep Makó Trough. Further details of the NIS Agreement are contained in Section 15.3.1 of Part VI of this document.

The Deep Makó Trough

This is a deeper unconventional play targeting gas, and to a lesser extent oil, in the low permeability and low porosity rocks in the deeper horizons of the basin. RPS Energy in its independent CPR (contained in Part IV of this document) estimates gross recoverable contingent resources for the Deep Makó Trough of 35.3 Tcf of gas and 76.7 Mmbo of oil (P50). (See Note 1)

Between 2005 and 2007, Falcon acquired 1,100 kilometres of 3D seismic data and executed a six-well drilling programme on the Deep Makó Trough. Early exploration efforts focused on proving hydrocarbon potential and delineation of the basin in order to secure the Makó Production Licence. Each of the six wells encountered thick sequences of hydrocarbon bearing rocks, and tests flowed hydrocarbons from each tested horizon. Several wells flowed gas on test and one well, the Magyarcsanád-1, tested light oil. The deepest well was the Makó-7 which, along with the Makó-4, was not tested. The Makó-7 results demonstrated the presence of a very large column of hydrocarbons in the well-bore. In 2007, Falcon constructed a 12 kilometre gas pipeline which connected the Makó-6 and Makó-7 wells with a MOL operated pipeline, offering potential access to local and international markets. The Company plans to re-enter the untested Makó-7 and Makó-4 wells and will seek a technically and financially capable partner to test and produce the shale gas and tight gas formations in the Deep Makó Trough. The Board estimates that the gross costs of re-entering and testing the Makó-7 and Makó-4 wells will be approximately US$25 million.

Current Activity

Drilling preparations are already underway in the Algyö Play. NIS has informed the Company that it expects the first well to spud by the end of Q2 2013 and the three-well drilling programme to be completed before the end of 2013.

Alberta, Canada

For the 12 months ended 31 December 2011, Falcon had revenue of US$33,000 (2010: US$28,000) which was earned from non-operating working interests in three producing, and one recently shut-in, natural gas wells located in Alberta, Canada. Falcon does not currently anticipate any further exploration or development of these wells and no further material revenue is expected to be generated or material costs incurred.

6. REASONS FOR THE PLACING AND ADMISSION

The Board believes that a listing on AIM and ESM will give the Company access to additional sources of finance not currently available to it, providing the Company with further opportunities to fund growth in the future. A listing on AIM and ESM is also closer to the new corporate headquarters in Dublin, Ireland and is intended to establish a broad institutional shareholder base in London and increase liquidity.

7. CURRENT TRADING, TRENDS AND PROSPECTS

The Group currently has no material revenue generating operations. Cash and cash equivalents as at 30 September 2012 were US$5.6 million. In Q3 2012, the Company relocated its corporate headquarters from Denver, Colorado to Dublin, Ireland. As a result, the Company recorded an estimate of the expenses related to this restructuring, including severance and employee related benefits and certain other expenses, totalling approximately US$1.9 million.

On 12 December 2012, Falcon entered into the Chevron Agreement to jointly seek unconventional exploration opportunities in the Karoo Basin. The Chevron Agreement provides for Falcon to work exclusively with Chevron for a period of five years to jointly seek to obtain exploration rights in the Karoo Basin subject to the parties mutually agreeing participation terms applicable to each right. As part of the Chevron Agreement, Chevron made a cash payment to Falcon of US$1 million in February 2013 as a contribution to past costs.

On 21 January 2013, the Group announced the completion of the acquisition of 2D seismic data by Hess over the Hess Area of Interest in the Beetaloo Basin, Northern Territory, Australia. During 2011 and 2012, Hess acquired 3,490 km of 2D seismic data at an estimated cost in excess of US$55 million, which is currently being interpreted.

On 22 January 2013, Falcon agreed a three-well drilling exploration programme with NIS to target the Algyö Play. NIS has made a cash payment of US$1.5 million to Falcon and agreed to drill three exploration wells by July 2014. NIS will earn 50 per cent. of net production from the first three wells, and has the option to participate in any future drilling on terms to be negotiated, after paying Falcon US$2.75 million. Falcon is to be fully carried on the drilling and testing of the three exploration wells.

On 24 January 2013, the Group announced that an independent CPR carried out by RPS Energy estimates gross recoverable prospective resources for the Group's Beetaloo Exploration Permits in Australia of 162 Tcf of gas and 21,345 Mmbo of oil (P50), gross recoverable prospective gas resources in the Algyö Play of 568 Bcf (P50) and gross recoverable contingent resources in the Deep Makó Trough of 35.3 Tcf of gas and 76.7 Mmbo of oil (P50), both in Hungary. (See Note 1)

In Q2 2013, the Company currently intends to repay approximately C$10.7 million (approximately US$10.4 million) relating to outstanding Debentures which have a maturity date of 30 June 2013.

Under the terms of Falcon Australia's exploration permit EP-99, which is not covered by the Hess Agreement, Falcon Australia must spend a minimum of US$1.5 million by 31 December 2013 in collecting 2D seismic data on acreage within exploration permit EP-99. Falcon Australia currently intends to meet this commitment either through a farm-out arrangement or through its own resources.

On receipt of an approved exploration right in South Africa, the Group will be required to make a payment to the South African government of approximately US$0.7 million as part of the process to obtain an approved work programme and an exploration permit. The Group is not currently planning any independent technical operations in Hungary other than joint operations with NIS, and as such no material capital expenditures are expected.

The prospects for Falcon are dependent on, inter alia, the decision by Hess to exercise its option to acquire a 62.5 per cent. working interest in the Hess Area of Interest, the outcome of the drilling of the initial three wells by NIS in the Algyö Play, the award of an exploration right over the Group's acreage interest in South Africa and the success of the Company in implementing its strategy.

8. DIRECTORS AND SENIOR MANAGEMENT

John Craven: Non-Executive Chairman (63)
Mr. Craven has been Non-Executive Chairman of the Board since September 2011 and has over 35 years of experience in technical, commercial, financial and leadership roles at major international upstream oil companies and junior independents. John is currently CEO of Discover Exploration and his career has been noted for a series of successful new venture negotiations, the exploration of which led to major discoveries in Mozambique, Algeria, Colombia, offshore Ghana and Indonesia. Along with his co-directors, he led Ardmore Petroleum, Dana Petroleum, Petroceltic International and recently Cove Energy through the acquisition of major upstream assets and key exploration and

developmental milestones. During this time Mr. Craven has been actively involved in corporate finance and was responsible for raising initial capital through private sources and floating Petroceltic International on the Irish Stock Exchange and Cove Energy on AIM. Mr. Craven holds an MSc in Petroleum Geology from the Royal School of Mines in London and an MBA from Queen's University in Belfast.

Philip O'Quigley: Chief Executive Officer (49)
Mr. O'Quigley has been a member of the Board since September 2012 and has been Chief Executive Officer of Falcon since May 2012. Mr. O'Quigley brings 20 years' experience in senior management positions in the oil and gas industry. His career, which spans a number of London and Dublin listed exploration and production companies, includes experience working in countries such as Argentina, the United States, Algeria, the UK and Ireland. Most recently, he served as Finance Director for Providence Resources, an Irish oil and gas exploration and production company and he remains on the board of Providence Resources as a non-executive director. Mr. O'Quigley is a Fellow of the Institute of Chartered Accountants in Ireland and qualified as a Chartered Accountant with Ernst & Young in Dublin.

Dr. György Szabó: Director (72)
Dr. Szabó has been a Director of Falcon since 2006. He has also previously served as Consultant and Mining Bureau Registered Technical Responsible Person for Falcon's wholly-owned subsidiary TXM. Dr. Szabó is a widely recognized authority in the Hungarian and international petroleum industry. In addition to being a university professor, Dr. Szabó has overseen the design and implementation of the deepest HP-HT well ever drilled in Hungary. In 1991 he was in charge of successful fire control and well abandonment operations by Hungarian teams in Kuwait. He was instrumental in the privatisation and the strategy related to the capitalisation and structure of Hungary's former national oil company (presently MOL Group), as well as the landmark listing of the company on domestic and international securities exchanges in1995. Dr. Szabó graduated from Miskolc University and received a degree in petroleum engineering in 1963. He received his Ph.D. in 1975.

Daryl H. Gilbert: Non-Executive Director (61)
Mr. Gilbert has been a member of the Board since September 2007 and is a Professional Petroleum Engineer with over 35 years experience in both the Canadian and international oil and gas industries. Mr. Gilbert serves as a director of several energy related public entities in addition to Falcon including AltaGas Ltd. and Penn West Petroleum Ltd. He is also currently a Managing Director of JOG Capital Inc. a private equity oil and gas investment firm located in Calgary Alberta. The greater part of Mr. Gilbert's career was spent in the independent energy evaluation consulting sector. In 1979, he joined the predecessor oil and gas engineering and geological firm which became Gilbert Laustsen Jung Associates Ltd. ("GLJ") where he served as a Principal Officer beginning in 1988 and as President and Chief Executive Officer from 1994 through to his retirement from consulting in 2005. Mr. Gilbert has a BSc from the University of Manitoba in Civil Engineering and is a member of the Association of Petroleum Engineers, and Geoscientists of Alberta, the Society of Petroleum Engineers and the Society of Petroleum Evaluation Engineers.

Joachim Conrad: Non-Executive Director (48)
Mr. Conrad has been a member of the Board since October 2008 and is currently a Senior Advisor at Gazprom Germania GmbH and Managing Director of BosphorusGaz Corporation, Turkey, Istanbul (a 71 per cent. Gazprom owned company). With a strong track record in the European natural gas industry, he was formerly serving in the position as Managing Director of Gazprom Marketing and Trading GmbH (100 per cent. Gazprom owned) and as member of the group executive board of Elektrizitätsgesellschaft Laufenburg AG ("EGL"), a European energy trading company with its own energy producing assets listed on the Swiss stock exchange, where he was responsible for EGL's gas division. At the same time, Mr. Conrad was member of the supervisory board of certain of EGL's foreign subsidiaries including the Trans Adriatic Pipeline AG, a joint venture of EGL and StatoilHydro. Prior to joining EGL, Mr. Conrad was Head of Trading at WINGAS GmbH, Germany, a joint venture of Wintershall and Gazprom. He served in various management functions for 10 years in the German oil and gas corporation Wintershall. Mr. Conrad graduated with an Economics degree from Georg-August Universität, Germany, in 1992 focusing on Economics and Information Technology, Graduation in Artificial Intelligence.

Gregory Smith: Non-Executive Director (65)
Mr. Smith has been a member of the Board and Chairman of the Audit Committee since December 2009 and is a Chartered Accountant and President of Oakridge Financial Management Inc., a provider of financial and management consulting services to private and public companies. He is also the CFO and a director of Maglin Site Furniture Inc., a corporation that manufacturers and distributes public site furniture primarily in Canada and the United States. He is currently a director and chairman of the audit committee of Armistice Resources Corp and a director of a number of private corporations. He is a past director and audit committee chairman of a number of public and private resource corporations, including director and chairman of the audit committees of TriWestern Energy Inc., Manson Creek Resources Ltd., CDG Investments Inc. and Tyler Resources Inc. Mr. Smith was admitted to the Institute of Chartered Accountants of Alberta in 1975 and holds a Bachelor of Commerce degree from the University of Calgary.

Igor Akhmerov: Non-Executive Director (47)
Mr. Akhmerov has been a member of the Board since December 2010. He was also on the Board from September 2007 until May 2008. Mr. Ahkmerov graduated from the Moscow Institute of Management in 1989, Wharton Business School in 1995, and Lauder Institute of Business and International Relations, also in 1995. From 1989 through 1993 Mr. Akhmerov worked at the Moscow office of Bain & Company, specialised in privatisation and banking. After graduation from Wharton Business School, Mr. Akhmerov joined the Boston office of Bain & Company. In 1998 Mr. Akhmerov returned to Russia and joined Sputnik Group, the largest Russian private equity investment group, as a partner. In 2001 he moved to TNK as First Vice President for planning, budgeting, investment governance, taxes, and reporting. From 2004 until 2006 he served as chief financial officer of Renova Group. He has served as Chief Executive Officer of Avelar Energy Group since 2007. Mr. Igor Akhmerov is also a non-executive member of the board of directors of Kerself SpA, a leading player in the Italian solar market, since 24 September 2008.

David Harris: Non-Executive Director (53)
Mr. Harris has been a member of the Board since September 2012. Since 2010 Mr. Harris has operated as the sole proprietor of DGH International GeoConsulting (“DGH”). DGH has been involved in a wide variety of projects, ranging from brief opinion letters on investment opportunities to the assessment of the unconventional potential of various countries, to detailed technical assessments of farm-in opportunities and acquisitions. These have been done for Investment Banks, Energy Research Firms, private equity firms, boards of directors and management teams. Prior to this, Mr. Harris spent 22 years at GLJ Petroleum Consultants, where he held the roles of Senior Vice President, Senior Partner and director of the firm. His responsibility was oversight of the GeoSciences Group, which included 13 geologists, geophysicists and support staff. Mr. Harris holds a B.Sc. in Geology (with Honours) from University of Calgary (1981).

Senior Management Team

Eoin Grindley: Chief Financial Officer (43)
Eoin Grindley was appointed Chief Financial Officer of Falcon in July 2012. Eoin has over 20 years of financial management experience and has worked in senior management positions at Sandvik Mining and GE Energy. Eoin is a member of the Chartered Institute of Management Accountants since 1996, having graduated from Trinity College Dublin with a B.Sc (Management) in 1991.

Dr. Gábor Bada: Technical Operations (43)
Dr. Gábor Bada is a geologist with 15 years of experience in oil and gas exploration, research and assessment. Over the last six years, Dr. Bada has primarily focussed on exploring unconventional resources, including tight gas, shale gas and shale oil plays in various basins in Africa, Australia, the US and Central and Eastern Europe. Dr. Bada has published more than 150 scientific and technical papers. He obtained his geology degree at the Eötvös L. University in Budapest, Hungary and his Ph.D. at the Vrije Aniversiteit Amsterdam, the Netherlands. He is a member of the American Association of Petroleum Geologists, the European Association of Geoscientists & Engineers and the Society of Petroleum Engineers.

\- ENDS -

Note 1
The RPS Energy CPR Report, dated January 1, 2013, entitled "Evaluation of the Hydrocarbon Resource Potential Pertaining to Certain Acreage Interests in the Beetaloo Basin, Onshore Australia and Mako Trough, Onshore Hungary" (the "Report") can be found at www.sedar.com. The Report on the hydrocarbon resource potential of the Beetaloo Basin and the Mako Trough describes a possible distribution of the un-risked prospective (recoverable) portion of un-risked "undiscovered original oil-in-place resources," as defined by the Canadian Oil and Gas Evaluation Handbook ("COGEH") and does not represent an estimate of reserves or contingent resources. The Report has been prepared in accordance with the Canadian standards set out in the COGEH and is compliant with National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities."
Under Section 5.2 of COGEH: Undiscovered Petroleum Initially-In-Place (equivalent to undiscovered resources) is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. There is no certainty that any portion of the undiscovered resources will be discovered and that, if discovered, it may not be economically viable or technically feasible to produce any of the resources.

Forward-looking Statements

Forward-looking statements include, but are not limited to, statements with respect to: Falcon's goal of having its Common Shares listed on the AIM and ESM markets; the focus of capital expenditures; the sale, farming in, farmin g out or development of certain exploration properties using third party resources; the impact of changes in petroleum and natural gas prices on cash flow; drilling plans; processing capacity; operating and other costs; the existence, operation and strategy of the commodity price risk management program; the approximate and maximum amount of forward sales; Falcon's acquisition strategy, the criteria to be considered in connection therewith and the benefits to be derived therefrom; Falcon's goal to sustain or grow production and reserves through prudent management and acquisitions; the emergence of accretive growth opportunities; Falcon's ability to benefit from the combination of growth opportunities and the ability to grow through the capital markets; development costs and the source of funding thereof; the quantity of petroleum and natural gas resources or reserves; treatment under governmental regulatory regimes and tax laws; liquidity and financial capital; the impact of potential acquisitions and the timing for achieving such impact; expectations regarding the ability to raise capital and continually add to reserves through acquisition and development; the performance characteristics of Falcon's petroleum and natural gas properties; realization of the anticipated benefits of acquisitions and dispositions; Falcon's ability to establish a broad institutional shareholder base in London and increase the volume of trading in Common Shares; expectations regarding the ability of Falcon to access additional sources of funding not currently available following the Admission; and Falcon's ability to leverage its experience in the unconventional oil and gas industry to acquire interests in licenses.

Some of the risks and other factors, which could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the Republic of Hungary, the Commonwealth of Australia, the Republic of South Africa and globally; supply and demand for petroleum and natural gas; industry conditions, including fluctuations in the price of petroleum and natural gas; governmental regulation of the petroleum and natural gas industry, including income tax, environmental and regulatory matters; fluctuation in foreign exchange or interest rates; risks and liabilities inherent in petroleum and natural gas operations, including exploration, development, exploitation, marketing and transportation risks; geological, technical, drilling and processing problems; unanticipated operating events which can reduce production or cause production to be shut-in or delayed; the ability of our industry partners to pay their proportionate share of joint interest billings; failure to obtain industry partner and other third party consents and approvals, when required; stock market volatility and market valuations; competition for, among other things, capital, acquisition of reserves, processing and transportation capacity, undeveloped land and skilled personnel; the need to obtain required approvals from regulatory authorities; and the other factors considered under "Risk Factors" in Falcon's annual information form ("AIF") dated December 31, 2011. Risks and uncertainties that could cause Falcon's actual results to materially differ from current expectations have not changed from those disclosed in Falcon's Management's Discussion and Analysis ("MD&A") as at September 30, 2012. The AIF and MD&A have been filed with Canadian securities regulatory authorities and are available at www.sedar.com. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement. Falcon disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulation.

In addition, other factors not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. 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. Actual results might differ materially from results suggested in any forward-looking statement. 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 Canadian 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.