



Falcon Oil & Gas Ltd. ("Falcon")

Draft Final Report from the scientific inquiry into hydraulic fracturing

12 December 2017 - Falcon Oil & Gas Ltd. (TSXV: FO, AIM: FOG, ESM: FAC) notes the publication of the draft Final Report ("**Report**") by the scientific inquiry into hydraulic fracturing.

The Inquiry Chair, Justice Rachel Pepper noted the following in Community Update #26:

- The work of the Inquiry is to identify and assess the environmental, social, cultural and economic risks associated with hydraulic fracturing for any onshore shale gas.
- It is not the role of the Inquiry to make a recommendation whether or not the moratorium on hydraulic fracturing in the Northern Territory should be lifted, that is a matter for Government.
- The overall conclusion is that risk is inherent for an onshore shale gas industry. However, if the recommendations made in the Report are adopted and implemented in full, those risks may be mitigated or reduced - and in many cases eliminated altogether - to acceptable levels having regard to the totality of the evidence.

Summary of draft Final Report

The summary of the draft Final Report provided the following conclusion:

"No industry is completely without risk. And the development of any onshore shale gas industry in the NT [Northern Territory] is no exception. But having considered the most current available scientific literature and data from a wide range of sources, and noting the recent and continuing technological improvements in the extraction of onshore shale gas, the conclusion of this Inquiry is that the challenges and risks associated with any onshore shale gas industry in the NT are manageable by, among other things:

- *releasing land that is environmentally, socially and culturally appropriate for use for shale gas development;*
- *the completion of a SREBA [strategic regional environmental and baseline assessment] to gather essential baseline data prior to any onshore shale gas industry being developed;*
- *implementing an area or regional-based approval system;*
- *mandating world leading engineering standards for the construction, maintenance and decommissioning of all onshore shale gas wells and for the extraction of shale gas by hydraulic fracturing;*
- *implementing new technologies where relevant as soon as they become available;*

- *requiring the comprehensive monitoring and reporting of all aspects of onshore shale gas operations with real-time public scrutiny of the resulting data;*
- *ensuring that the regulator is independent insofar as the agency that is responsible for promoting any onshore shale gas resource is not the same agency responsible for its regulation;*
- *reforming the current regulatory framework governing onshore shale gas development in the NT to strengthen transparency and accountability of all decision-making and to ensure a stringent system of compliance and enforcement; and*
- *introducing full fee recovery to fund the necessary regulatory reforms and to ensure that strong oversight is maintained.*

Of course, nothing is guaranteed. And with any new industry it is not uncommon for problems to emerge. However, it is the Panel's opinion that, provided that the recommendations made in this Report are adopted and implemented, not only should the risk of any harm be minimised to an acceptable level, in some instances, it can be avoided altogether."

Draft Final Report

The full Report can be found on the scientific inquiry website at the following link:

<https://frackinginquiry.nt.gov.au/inquiry-reports/draft-final-report>.

Community Update 26

The community update which accompanied the Report can be found at the following link:

<https://frackinginquiry.nt.gov.au/news/community-update-26>

Final Report

The Final Report will be published in March 2018, following a final round of consultations that will commence in late January 2018.

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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

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