



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

Update on Amungee NW-1H Horizontal Well

and

Spudding of Beetaloo W-1 Vertical Well

25 July 2016 - Falcon Oil & Gas Ltd. (TSXV: FO, AIM: FOG, ESM: FAC) is pleased to announce the successful re-entry and casing of Amungee NW-1H horizontal well and the spudding of the Beetaloo W-1 vertical well in the Beetaloo Basin, Australia.

Amungee NW-1H

The Amungee NW-1H well was drilled to a total measured depth of 3,808 metres last November, including a 1,100 metres horizontal section in the "B Shale" interval of the Middle Velkerri formation. The horizontal section was successfully cased and cemented earlier this month and preparations are now being finalised to conduct a multi-stage hydraulic stimulation. The hydraulic stimulation is expected to commence around mid-August and will involve up to 10 stages and will take up to 2 weeks to complete. This will then be followed by an extended production testing program.

Beetaloo W-1

The Beetaloo W-1 well is the fourth of Falcon's fully carried five well 2015-2016 drilling and evaluation programme, the initial phase of a nine well drilling and evaluation programme.

- This well, targeting the unexplored southern Beetaloo Basin for shale and hybrid shale-sand plays in the Velkerri and Kyalla formations, was spudded on 22 July 2016.
- The well is designed to test the presence, depth, thickness and physical reservoir properties of the organic rich mudstones of the Kyalla Formation and the Middle Velkerri member.
- The well is located approximately 85 kilometres south of the first well drilled, Kalala S-1; within exploration permit 117 with drilling estimated to be to a total depth of 3,045 meters.
- Rig 185, an ATS 400 originally commissioned for the drilling of Kalala S-1, Amungee NW-1 and Amungee NW-1H from Saxon Energy Services Australia Pty. Ltd, is being used.
- Drilling is estimated to take between 35 - 50 days.
- The drilling of Beetaloo W-1 will be operated by Origin Resources Limited ("Origin") (35%) with partners Sasol Petroleum Australia Limited ("Sasol") (35%) and Falcon (30%).

Philip O'Quigley, CEO of Falcon commented:

"The multi-stage hydraulic stimulation of the horizontal section of the Amungee NW-1H well, scheduled to be completed next month, could go a long way towards proving up the resource potential of the Beetaloo Basin.

The Beetaloo W-1 well represents another exciting phase of the exploration program given that it will be the first well to penetrate the Middle Velkerri member in the south of the basin.

We look forward to updating the market on both of these key operations as information becomes available."

Ends.

Background – Australia

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 Falcon 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.

For further information, please contact:

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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 with market leading positions in energy retailing (approximately 4.2 million customer accounts), power generation (approximately 6,000 MW of capacity owned and contracted) and natural gas production (1,093 PJ of 2P reserves and annual production of 82 PJe).

Through Australia Pacific LNG, its incorporated joint venture with ConocoPhillips and Sinopec, Origin is developing Australia’s biggest CSG to LNG project based on the country’s largest 2P CSG reserves base.

www.originenergy.com.au

About Sasol

Sasol is an international integrated chemicals and energy company that leverages technologies and expertise of its 30,400 people working in 36 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 Exploration and Production International (“E&PI”) develops and manages the group’s upstream interests in oil and gas exploration and production in Mozambique, South Africa, Australia, Canada and Gabon. It produces natural gas and condensate from Mozambique’s Pande and Temane fields, shale gas from their share in the Farrell Creek and Cypress A assets in Canada, and oil in Gabon through their share in the offshore Etame Marin Permit. E&PI sells Mozambican gas under long-term contracts to Sasol Gas and external customers, condensate on short term contracts, while selling Canadian gas into the market at spot prices. Oil is sold to customers under annual contracts. For more information go to www.sasol.com.

Glossary of terms

A\$	Australian dollar
CSG	Coal seam gas
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
MW	Megawatt
PJ(E)	Petajoule (equivalent)
Km	Kilometers

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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, schedule, stimulating, testing and objectives of the wells to be drilled in the Beetaloo basin Australia, expected contributions of the partners, the prospectivity of the Middle Velkerri & Kyalla shale plays and the prospect of the exploration programme being brought to commerciality. 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.