



## Annual General & Special Meeting 10 December 2020



TSXV FO.V AIM FOG.L

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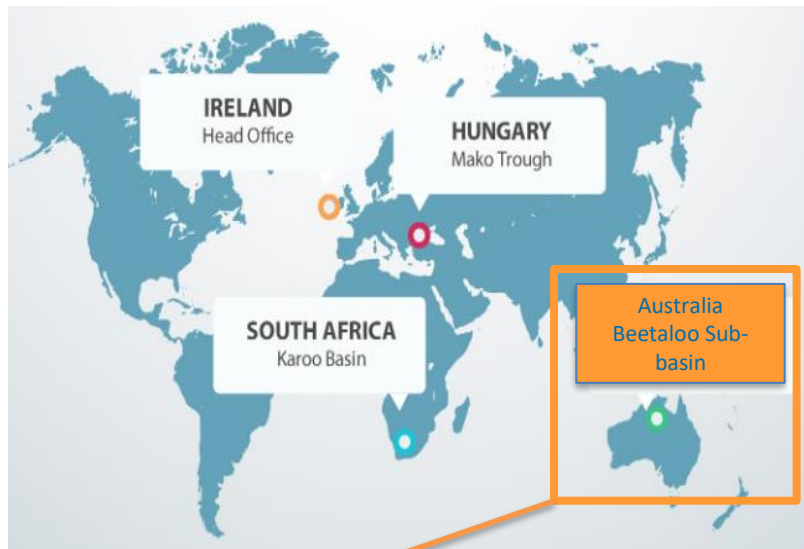
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# Company Overview and Strategy



- International oil and gas company focused on the exploration and appraisal of unconventional oil and gas assets



## Australia

- 4.6 million gross acres
- Successful Stage 1 drilling program in 2015-2016
- 6.6 TCF 2C gross contingent resource estimate discovered so far
- Stage 2 drilling operations ongoing

## Corporate strategy is to:

- Explore unconventional oil and gas basins
- Following successful exploration, continue with appraisal programs to determine commercialisation options
- Monetise assets prior to production

Explore



Appraise



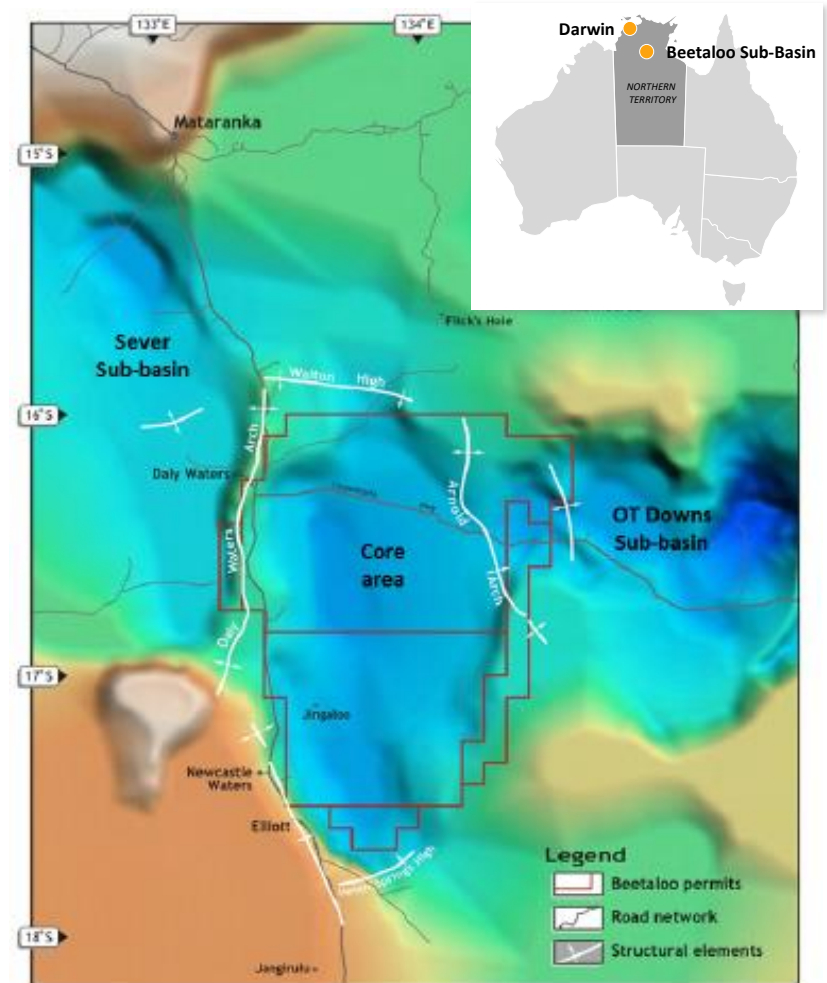
Monetise

# Beetaloo Sub-basin

## - Asset Overview



- Falcon Australia <sup>(1)</sup> owns 22.5% of three exploration permits in the Beetaloo Sub-basin (EP76, EP98, EP117)
- Total gross acres 4.6 million, net 1 million acres to Falcon Australia's 22.5% participating interest
- In 2014 Falcon Australia farmed out 70% of the Beetaloo exploration permits to Origin<sup>(2)</sup> (who became Operator) in a deal worth A\$200<sup>(3)</sup> million
- In 2020 Falcon Australia farmed out a further 7.5% to Origin, increasing the carry by A\$150 million.
- Falcon is carried up to A\$263.8 million for the costs for Stage 2 and Stage 3 in accordance with the terms of the farm-out deal
- The joint venture drilled four wells in the Stage 1 work program
- Stage 2 drilling operations ongoing



Source: Close et al. 2016 AAPG, "Unconventional Gas Potential in the Northern Territory, Australia: Exploring the Beetaloo Sub-Basin"

<sup>(1)</sup>Falcon Oil & Gas Australia Limited (c. 98% subsidiary of Falcon Oil & Gas Ltd.)

<sup>(2)</sup>Subsidiary of Origin Energy Limited.

<sup>(3)</sup>Included cash consideration, contributions to Stages 1, 2 and 3 and reduction of ORRIs

# Beetaloo Sub-basin JV Work Program Strategy



**From Exploration -> Appraisal -> Commerciality**

**Stage 1** Prove the presence, quality and continuity of the Velkerri shale dry gas play

**Stage 2** Evaluate the potential of liquids rich gas fairways in the Kyalla and Velkerri shale plays

**Stage 3** Prove flow rates of gas/liquids that provide a range of commercialisation options



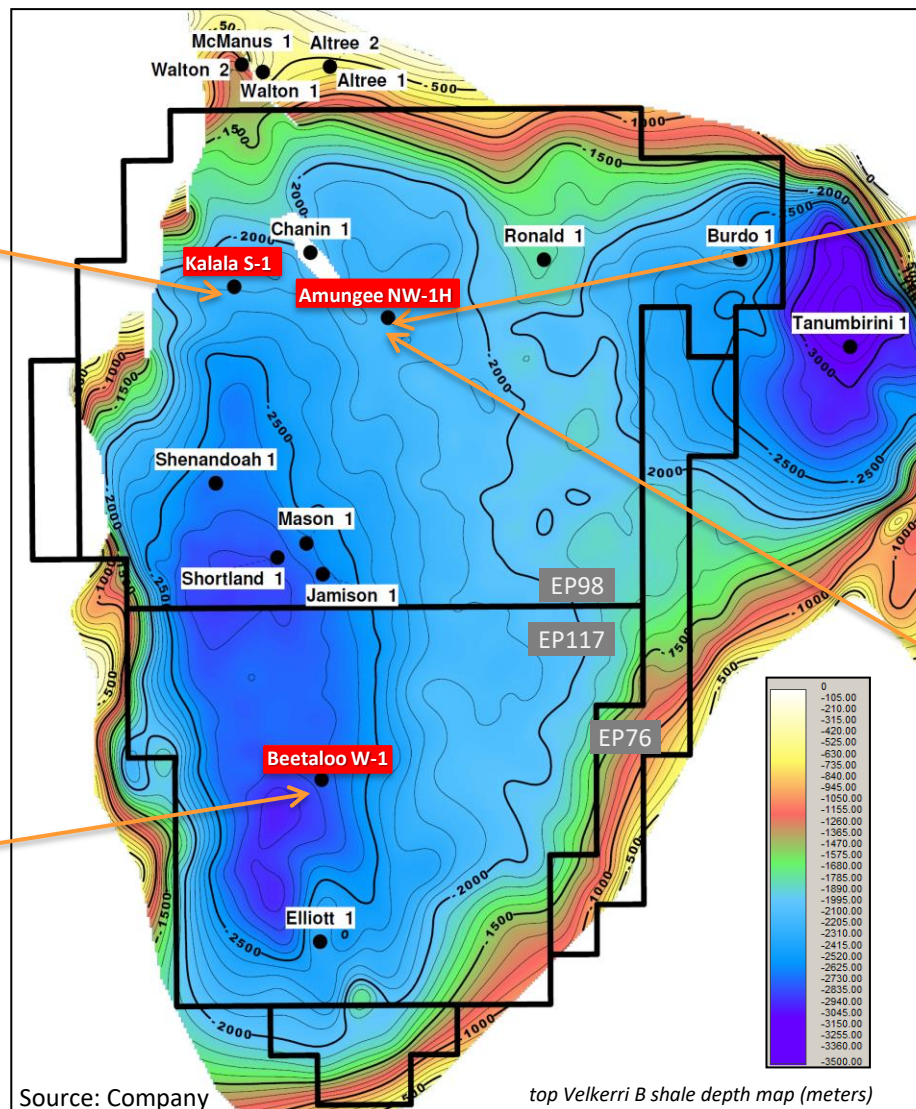
# Stage 1 – Successful Initial Drilling Program

## Kalala S-1 (2015)

- TD 2,622m MD (measured depth)
- Confirmed the presence of 3 organic rich intervals in the Middle Velkerri target (A, B & C shales)
- Full log suite
- Core vault, sidewall cores
- DFIT

## Beetaloo W-1 (2016)

- TD 3,172m MD
- Confirmed the presence and continuity of A, B & C Velkerri shales to the south
- Confirmed the presence and continuity of the Kyalla SRRs
- Full log suite
- Full-diameter (Kyalla) and sidewall cores



## Amungee NW-1 (2015)

- TD 2,609m MD
- Confirmed the presence and continuity of A, B & C Velkerri shales
- Full log suite
- Full-diameter (C shale) and sidewall cores
- DST in Hayfield Sandstone

## Amungee NW-1 Horizontal (2015)

- Amungee NW-1 sidetrack
- Landed in the B shale, 100% in zone
- TD 3,808m MD
- Successful extended production test (57 days)
- Notice of discovery, basis of contingent resource estimate

# Stage 1 - Middle Velkerri B Shale Gas Volumetrics



## Middle Velkerri B Shale P50 Volumetric Estimates as of 15 February 2017<sup>(1)</sup>

	Gross Best Estimate	Net Attributable Best Estimate <sup>(2)</sup>
Area km <sup>2</sup> <sup>(3)</sup>	16,145	4,751
Original Gas In Place ("OGIP") (TCF)	496	146
Combined Recovery / Utilisation Factor <sup>(4)</sup>	16%	16%
<b>Technically Recoverable Resource (TCF)</b>	<b>85</b>	<b>19</b>
OGIP Concentration (BCF/km <sup>2</sup> )	31	31

## Middle Velkerri B Shale Pool 2C Contingent Gas Resource Estimates within EP76, EP98 and EP117 as of 15 February 2017<sup>(5)</sup>

Measured and Estimated Parameters	Units	Best Estimate
Area <sup>(6)</sup>	km <sup>2</sup>	1,968
OGIP <sup>(7)</sup>	TCF	61.0
<b>Gross Contingent Resource<sup>(8)</sup></b>	<b>TCF</b>	<b>6.6</b>
<b>Net Contingent Resource<sup>(2,8)</sup></b>	<b>TCF</b>	<b>1.46</b>

### Notes:

<sup>1</sup> The estimates included in the table above were not prepared in accordance with the Canadian Oil and Gas Evaluation Handbook ("COGEH")

<sup>2</sup> Falcon's working interest is 22.07% (as of 7 April 2020, previously 29.43%), net attributable numbers do not incorporate royalties over the Beetaloo JV Permits (EP76, EP98, EP117)

<sup>3</sup> Area defined by a depth range at a maturity cut-off consistent with the dry gas window within the Beetaloo JV Permits (EP76, EP98, EP117)

<sup>4</sup> The factor range was applied stochastically to the OGIP range to calculate the range of technically recoverable resource within the Beetaloo JV Permits

<sup>5</sup> Contingent resource estimates have been prepared on a statistical aggregation basis and in accordance with the Society of Petroleum Engineers Petroleum Management System (SPE-PRMS).

Contingent resource estimates are those quantities of gas (produced gas minus carbon dioxide and inert gasses) that are potentially recoverable from known accumulations but which are not yet considered commercially recoverable due to the need for additional delineation drilling, further validation of deliverability and original gas in place, and confirmation of prices and development costs. If the estimates were to be prepared in accordance with COGEH, Falcon is highly confident that there would be no change to the contingent resource estimates above

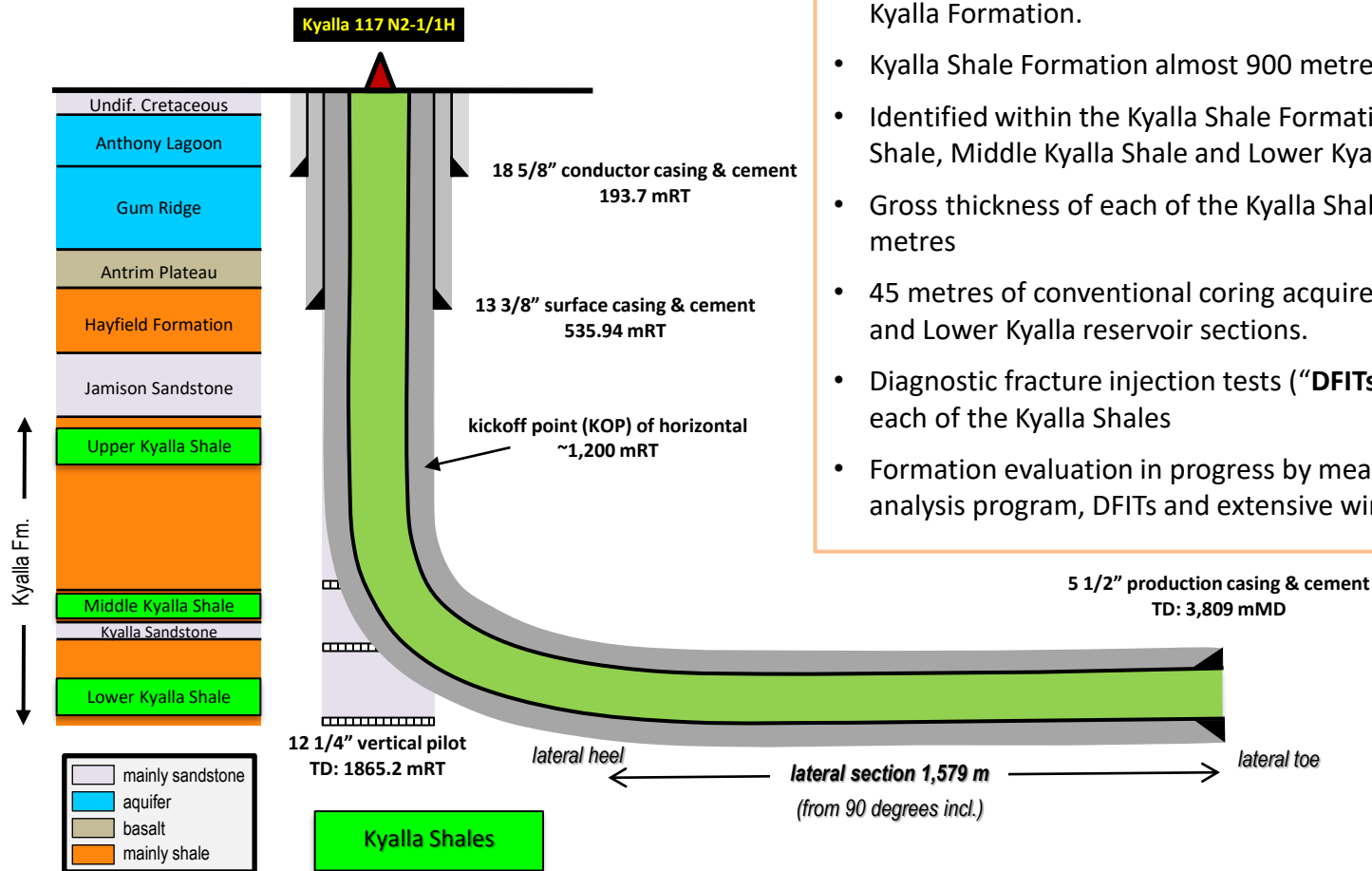
<sup>6</sup> P50 area from the contingent resource area distribution

<sup>7</sup> OGIP presented is the product of the P50 Area by the P50 OGIP per km<sup>2</sup>

<sup>8</sup> Estimated contingent gas resource category of 2C. There is no certainty that it will be commercially viable to produce any portion of the resources

\*Reference should be made to the Company's most recent Annual Information Form for further particulars regarding the resource estimates, details found at the following link <https://falconoilandgas.com/reports-and-filings-new/>

# Kyalla 117 N2-1H ST2 Well



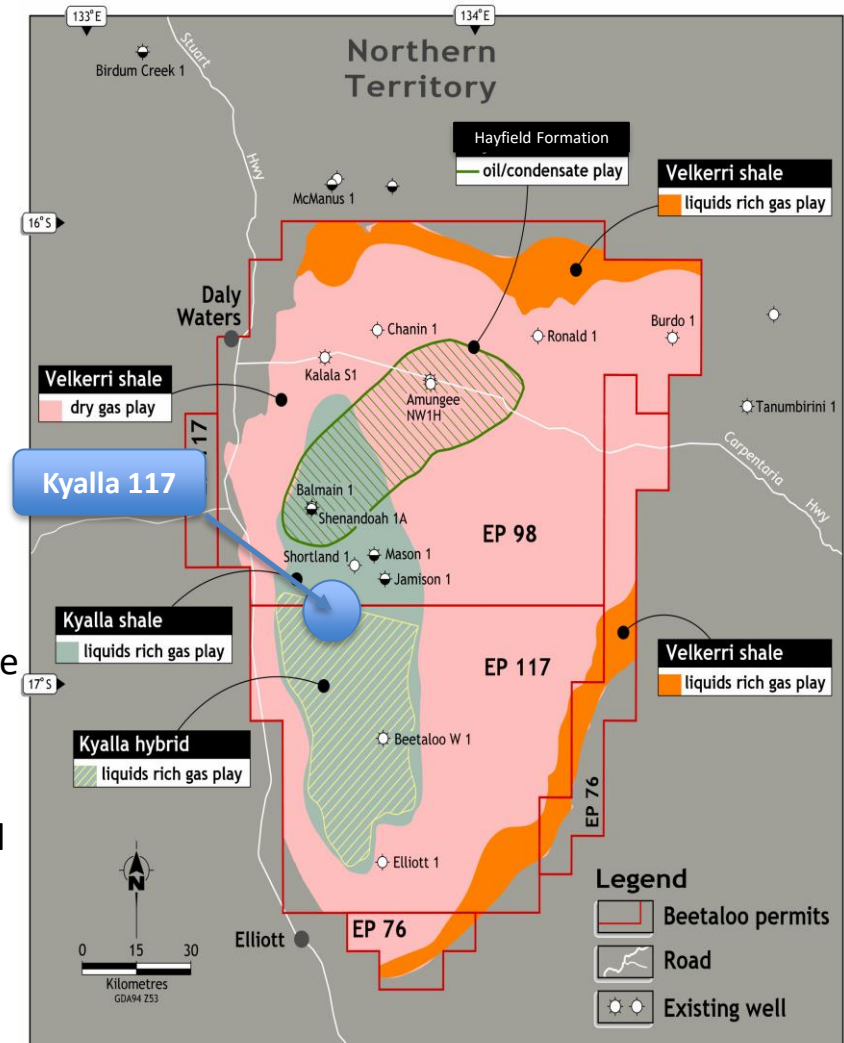
- TD 3,809m MD, including a 1,579m lateral section in the Lower Kyalla Formation.
- Kyalla Shale Formation almost 900 metres thick
- Identified within the Kyalla Shale Formation, the Upper Kyalla Shale, Middle Kyalla Shale and Lower Kyalla Shale ("**Kyalla Shales**")
- Gross thickness of each of the Kyalla Shales is between 75 -125 metres
- 45 metres of conventional coring acquired in each of the Upper and Lower Kyalla reservoir sections.
- Diagnostic fracture injection tests ("**DFITs**") were performed on each of the Kyalla Shales
- Formation evaluation in progress by means of extensive core analysis program, DFITs and extensive wireline logging

not to scale

# Stage 2- Kyalla 117 N2-1H ST2

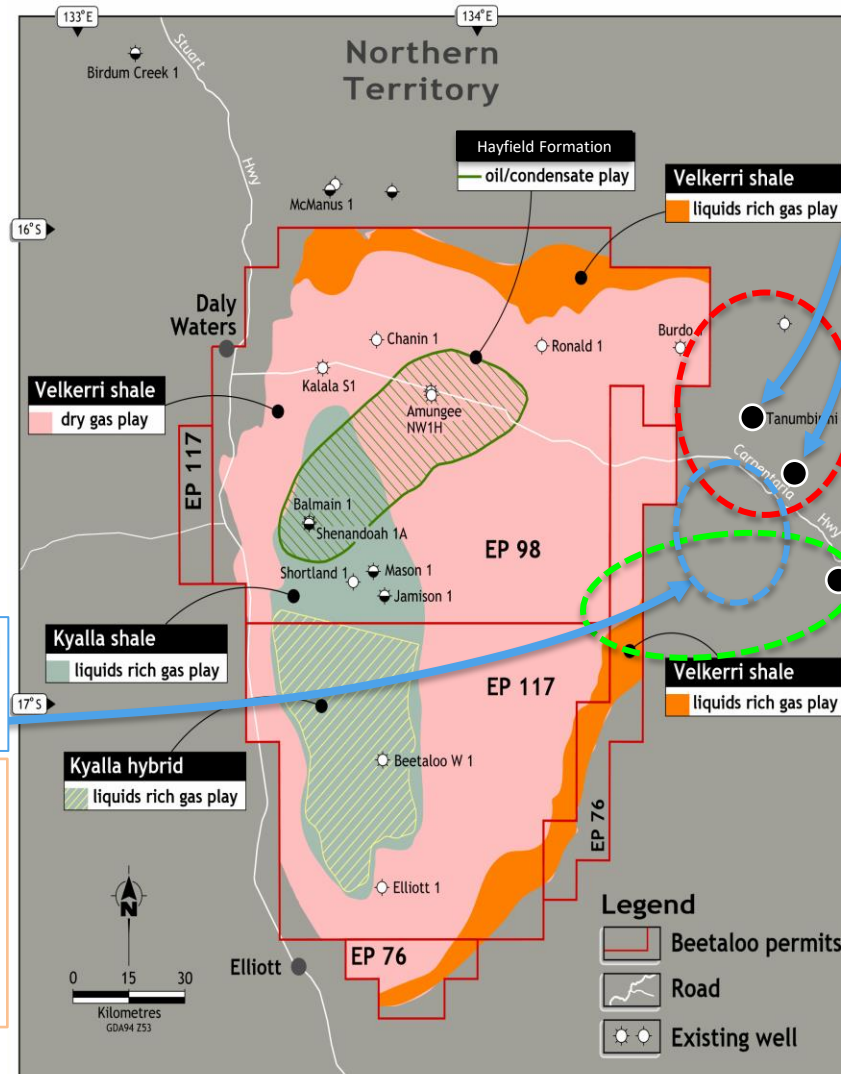


- Confirmed continuation of the Kyalla formation between Beetaloo W-1 and Amungee NW-1H
- Elevated gas show with relatively high C3, C4 and C5 components, indicative of liquid hydrocarbon/condensate content
- Completed 11 hydraulic stimulation stages along the lateral section, with stimulation treatments successfully executed
- Flowback operations are ongoing but no measurable gas breakthrough to date
- Analysis of the data is showing greater pressure in the well than in the reservoir, due to saline content and density of flowback fluid
- Plan to introduce nitrogen to lift the fluids in the well and lower pressures to assist with achieving a gas breakthrough will be executed without delay



Source: Côté et al. 2018 APPEA, "Australia's premier shale basin: five plays, 1 000 000 000 years in the making"

# Potential Regional Activity 2021-22



- Tanumbirini-1 lateral wells into deep Velkerri dry gas play, fracture stimulation & EPT
- Step-out vertical drilling at Inacumba-1 location

**Velkerri shale dry gas play**

**Velkerri shale liquids rich gas play**



- Vertical stratigraphic well to test Velkerri gas play
- With vertical well success fracture stimulation & extended production test ("EPT")



- Fracture stimulation and testing Carpentaria-1 vertical well
- Upon success, Carpentaria-1 lateral wells into deep Velkerri dry gas play, fracture stimulation & EPT

Image Source: Côté et al. 2018 APPEA, "Australia's premier shale basin: five plays, 1 000 000 000 years in the making"

# Market Overview – Gas Infrastructure



## Key LNG Projects

### Ichthys LNG

Major partners: Inpex, Total

Start date: 2018

Annual capacity: 8.9 MT (~427BCF)

Cost estimate: US\$45bn



### Darwin LNG

Major partners: ConocoPhillips, Santos, Inpex, ENI

Start date: 2006

Annual capacity: 3.7 MT (~178BCF)

Cost estimate: US\$1.5bn



## New Pipeline Infrastructure

### Northern Gas Pipeline (NGP)

The A\$800m, 622km Northern Gas Pipeline, commenced operations in January 2019



November 2020 announced an MOU with Tamboran to expedite plans to invest over \$5 billion to increase the capacity of its NGP and extend the NGP from the Beetaloo Basin to the Wallumbilla Gas Hub in Queensland

## Other Beetaloo Explorers





## Appendices

# Appendix A

## Corporate Information



### Share Capital & Cash

Common shares in issue	981,847,425
Share options outstanding	35,333,334
Fully diluted share capital	1,017,180,759
Cash at 30 September 2020	US\$11.5 m

### Major Shareholders

Lamesa Holding S.A.	16.00 %
Nicolas Mathys	5.15 %
Burlingame Asset Management	4.97%
Bankruptcy Estate of Petrohunter Energy Corporation	4.90%

### Trading Details

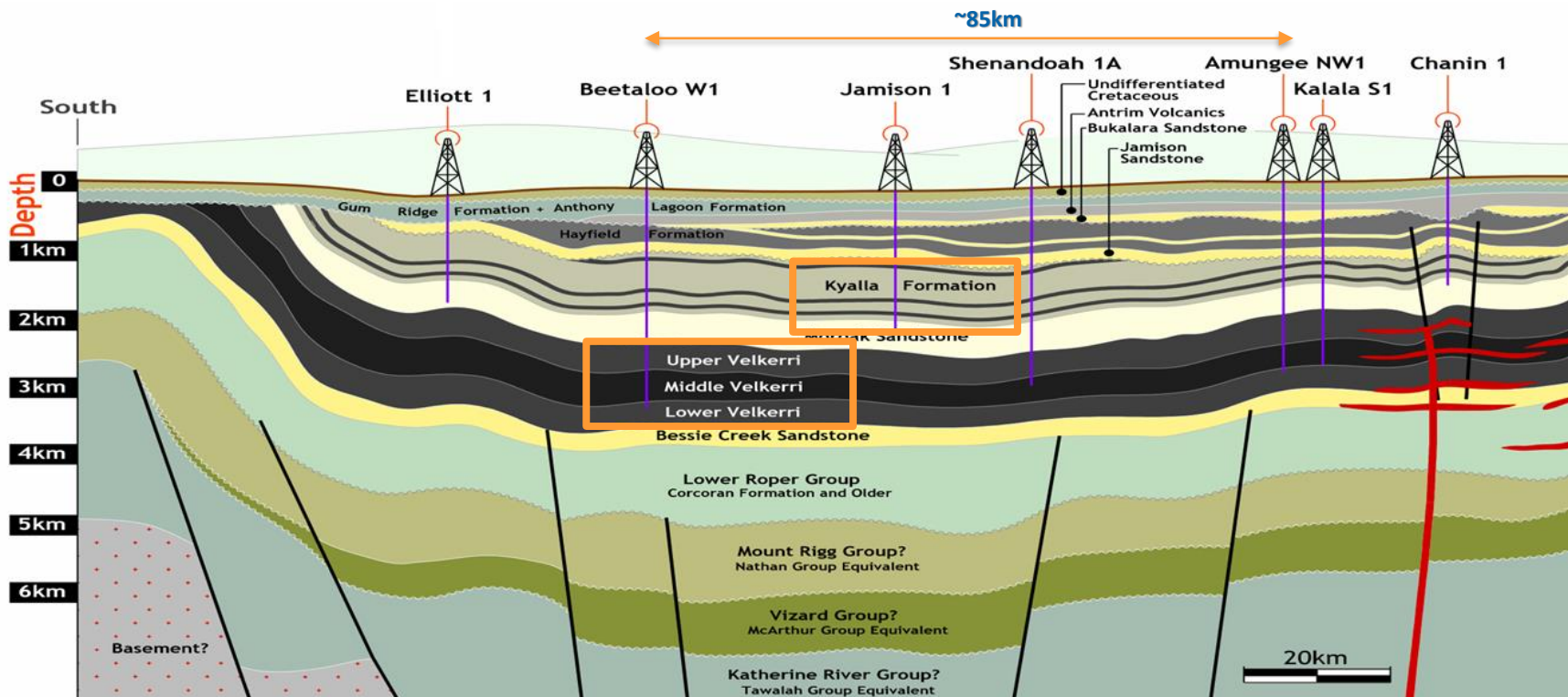
Toronto: TSXV	Ticker: FO.V
London: AIM	Ticker: FOG.L

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# Beetaloo Sub-basin - Petroleum Geology

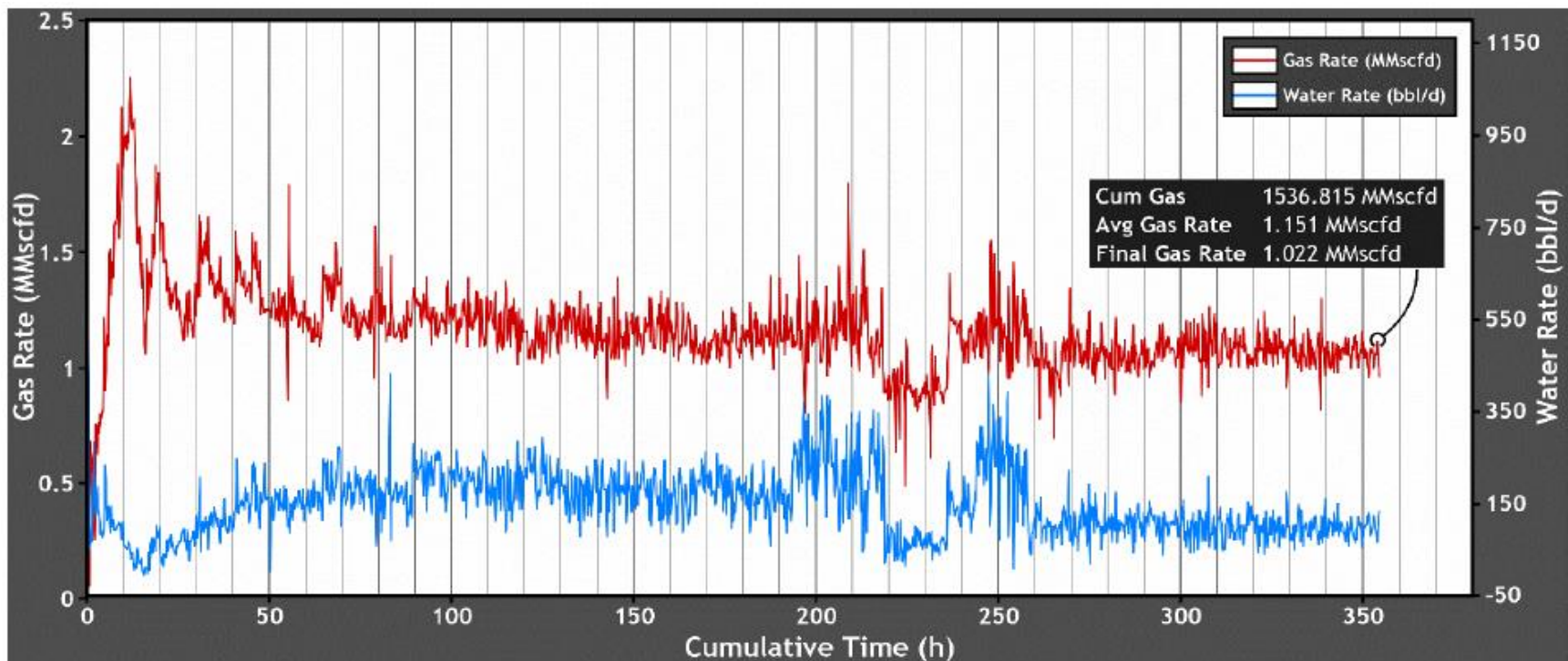
- Identified plays in the Beetaloo Sub-basin include:
  - Velkerri shale dry gas play
  - Kyalla shale and hybrid liquids rich gas plays
  - Velkerri shale liquids rich gas play



# Stage 1 - Amungee NW-1 Horizontal Test Results



- Extended well test duration: 57 days, with cumulative production of 63 MMscf
- Variable gas rates through 2-3/8" production tubing ranged between 0.8-1.2 MMscf/d
- Proved up discovery of shale gas accumulation



Source: Close et al. 2017 AGES presentation, "Proterozoic shale gas plays in the Beetaloo Basin and the Amungee NW-1H discovery"

# Appendix B Middle Velkerri Characterisation

## - Comparision with US basins



	Marcellus Shale <sup>1</sup>	Barnett Shale <sup>1</sup>	Middle Velkerri Shale
Estimated Basin Area (km <sup>2</sup> )	246,050	12,950	17,070 <sup>4</sup>
Typical Depth (m)	1,220-2,590	1,980-2,590	1,000-2,500
Gross Thickness (m)	60	60-305	45- >420
Net Thickness (m)	15-105 (45)	30-215 (90)	60-86 (73) <sup>2</sup>
Reported Gas Contents (scf/ton)	60-150	300-350	100 <sup>2</sup>
Porosity (%)	4-12 (6.2)	4-6 (5)	2-8
Gas-filled Porosity (%)	4	5	2.5 <sup>2</sup>
Water Saturation (%)	43	38	58 <sup>2</sup>
Permeability Range (average) (nD)	0-70 (20)	0-100 (50)	10-100 (50)
Reported Silica Content (%)	37	45	49 (1-77)
% Ro (average range)	1.5 (0.9-5)	1.6(0.85-2.1)	1.5->2.5 <sup>3</sup>
TOC present-day (average in wt%)	4.01 (2-13)	3.74 (3-12)	3.74 (1-10)

Source: Close et al. 2016 AGES, "Unconventional gas potential in Proterozoic source rocks: Exploring the Beetaloo Sub-basin"

<sup>1</sup>Jarvie DM, 2012. Shale Resource Systems for Oil and Gas: Part 1—Shale-gas Resource Systems: in Breyer JA (editor). 'Shale Reservoirs: Giant Resources for the 21st Century'. AAPG Memoir 97, 69–87

<sup>2</sup>Origin Energy Ltd estimated average values from C, B, and A shale in Kalala S-1 and Amungee NW-1

<sup>3</sup>Value represent Equiv. %Ro estimated from alginite reflectance

<sup>4</sup>Based on Beetaloo JV permit area