



FALCON
OIL & GAS

Corporate Presentation September 2018

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- International oil and gas company focused on the acquisition, exploration and appraisal of unconventional oil and gas properties

Corporate strategy is to:

- Focus on large underexplored unconventional oil and gas basins
 - Conduct early stage exploration to attract suitable farminees
 - Minimise financial exposure through farmout of exploration - appraisal programs
 - Leverage technical expertise of farminees' operational capability
 - Monetise assets prior to production
-
- Main assets located in two major underexplored basins:
 - Australia's Beetaloo Sub-basin
 - South Africa's Karoo Basin



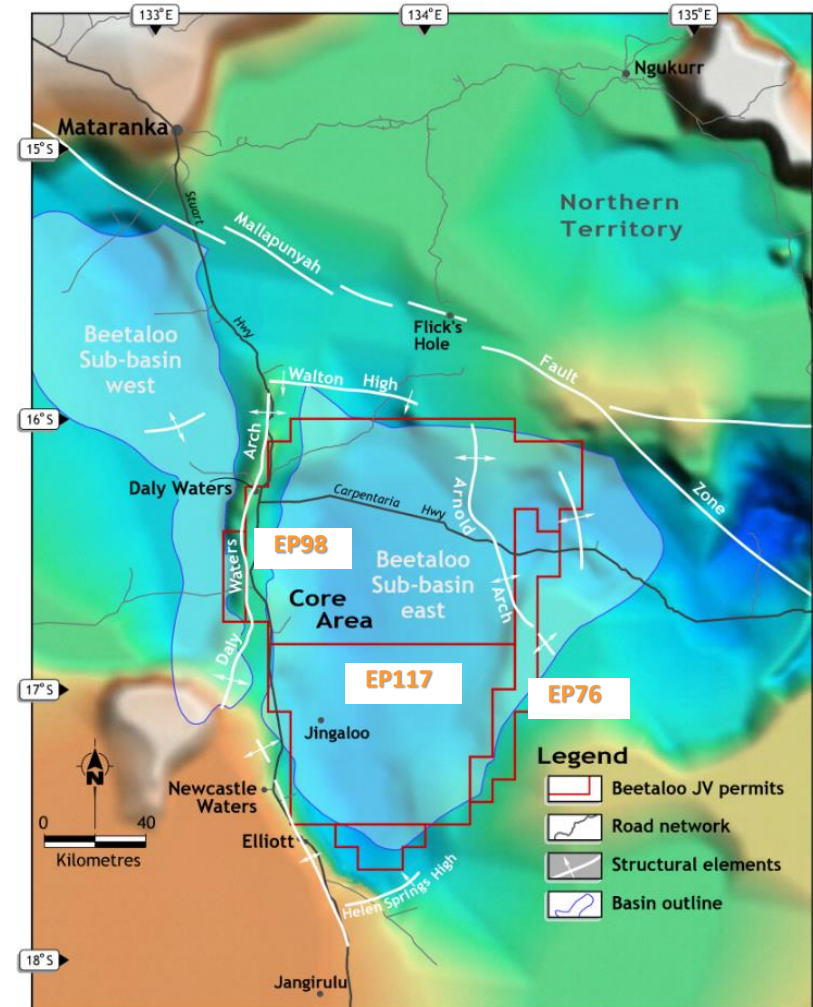
Beetaloo Sub-basin – Australia



Beetaloo Sub-basin - Asset Overview



- Falcon Australia* owns 30% of three exploration permits in the Beetaloo Sub-basin (EP76, EP98, EP117)
- Total gross acres 4.6 million, net 1.4 million acres to Falcon
- Falcon sold 70% of the Beetaloo exploration permits in a A\$200 million, nine well farm-out deal to Origin, who became Operator
- To date the joint venture has drilled four wells with five remaining
- Falcon is carried up to A\$113 million for the drilling costs of the next five wells



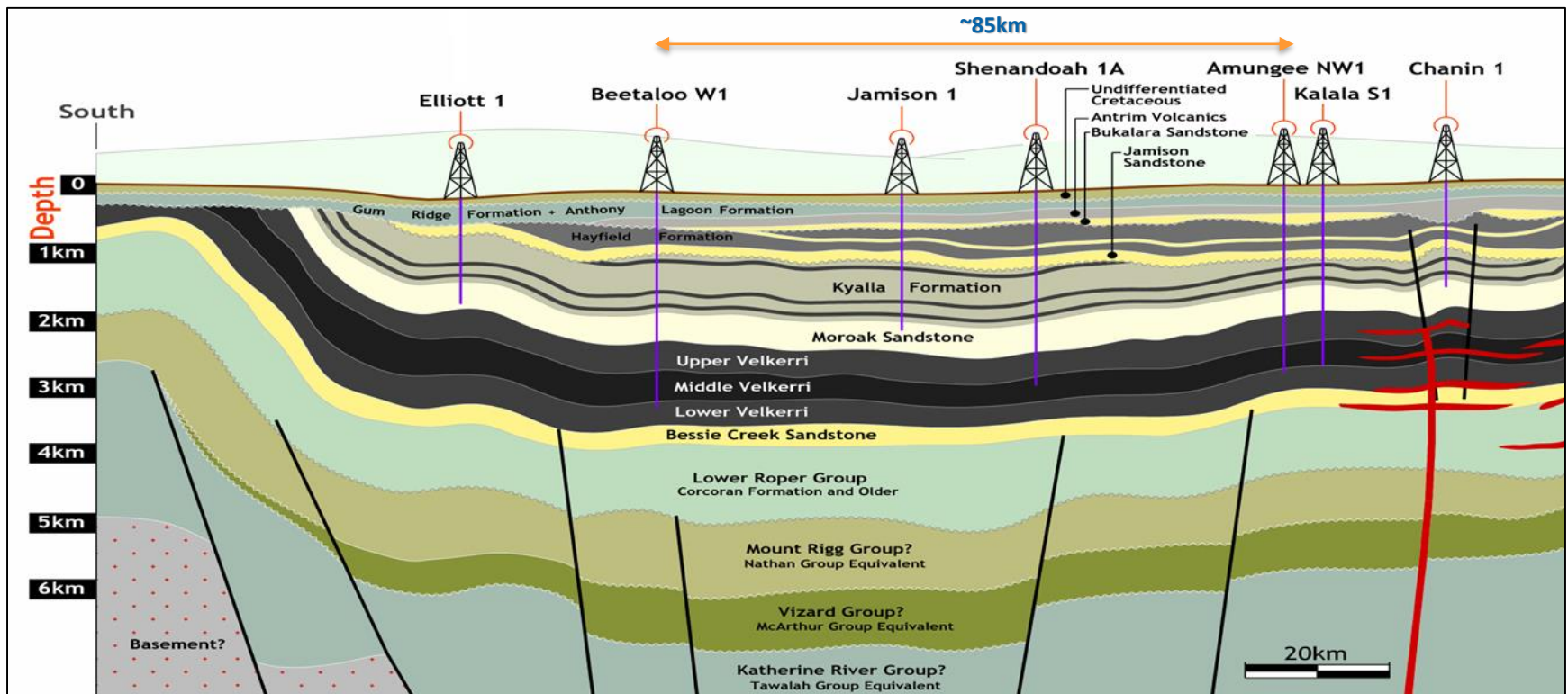
Source: Close et al. 2016

* Falcon Oil & Gas Australia Ltd. (c. 98% subsidiary of Falcon Oil & Gas Ltd.)

Beetaloo Sub-basin - Petroleum Geology



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



Beetaloo JV Work Program Strategy & Timeline

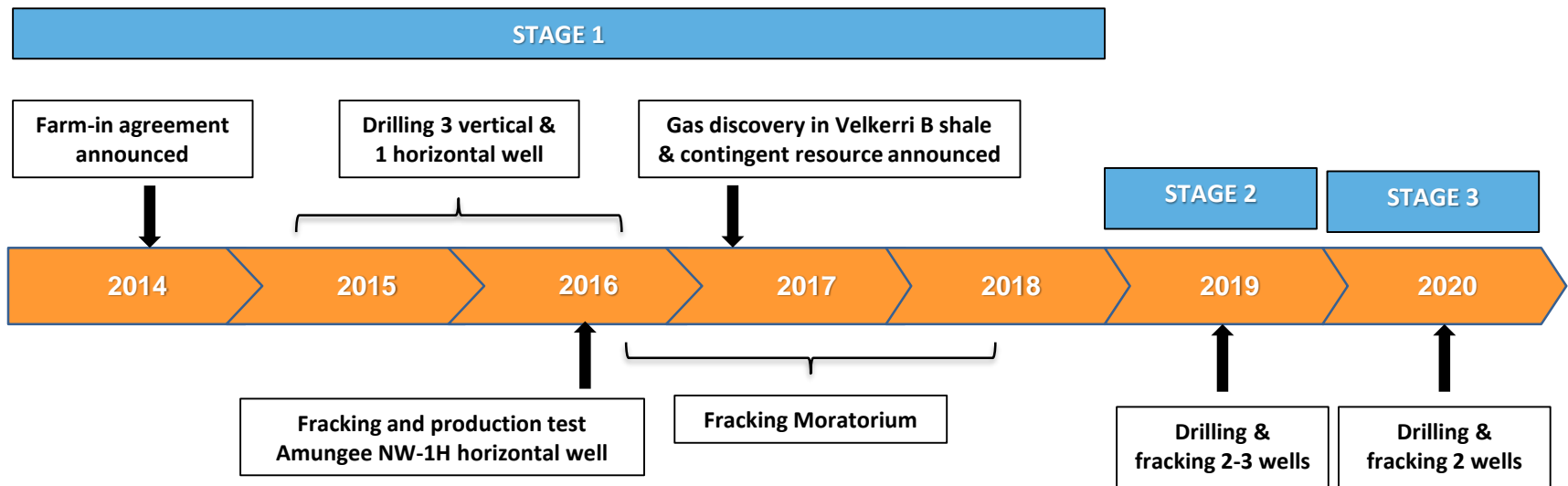


From Exploration -> Discovery -> Commerciality

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

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

Stage 3 "Test the Best" - confirm commercial production rates and EURs in most prospective play



Stage 1 Work Program Objectives & Details



Determine Velkerri reservoir and completion quality

- Presence and thickness of reservoir
- Total organic carbon (“TOC”)
- Porosity and permeability
- Rock geomechanics
- Reservoir pressure
- Gas saturation
- Gas flow rates

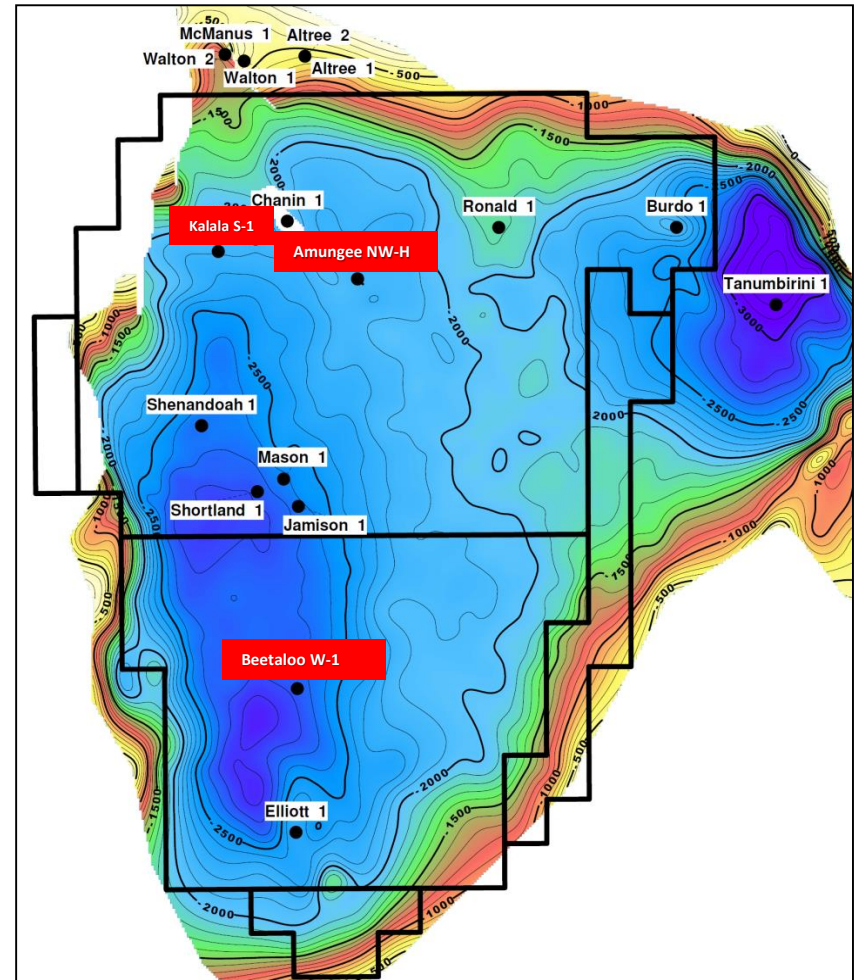
2015: 3 wells drilled

- Kalala S-1: vertical well
- Amungee NW-1: vertical well
- Amungee NW-1H: horizontal well

2016: 1 well drilled & 1 well multi-stage fracked

- Beetaloo W-1: vertical well
- Amungee NW-1H: multi-stage fracked and extended production test

Top Velkerri B shale depth map (meters)



Stage 1 Summary Detail of Wells Drilled to Date

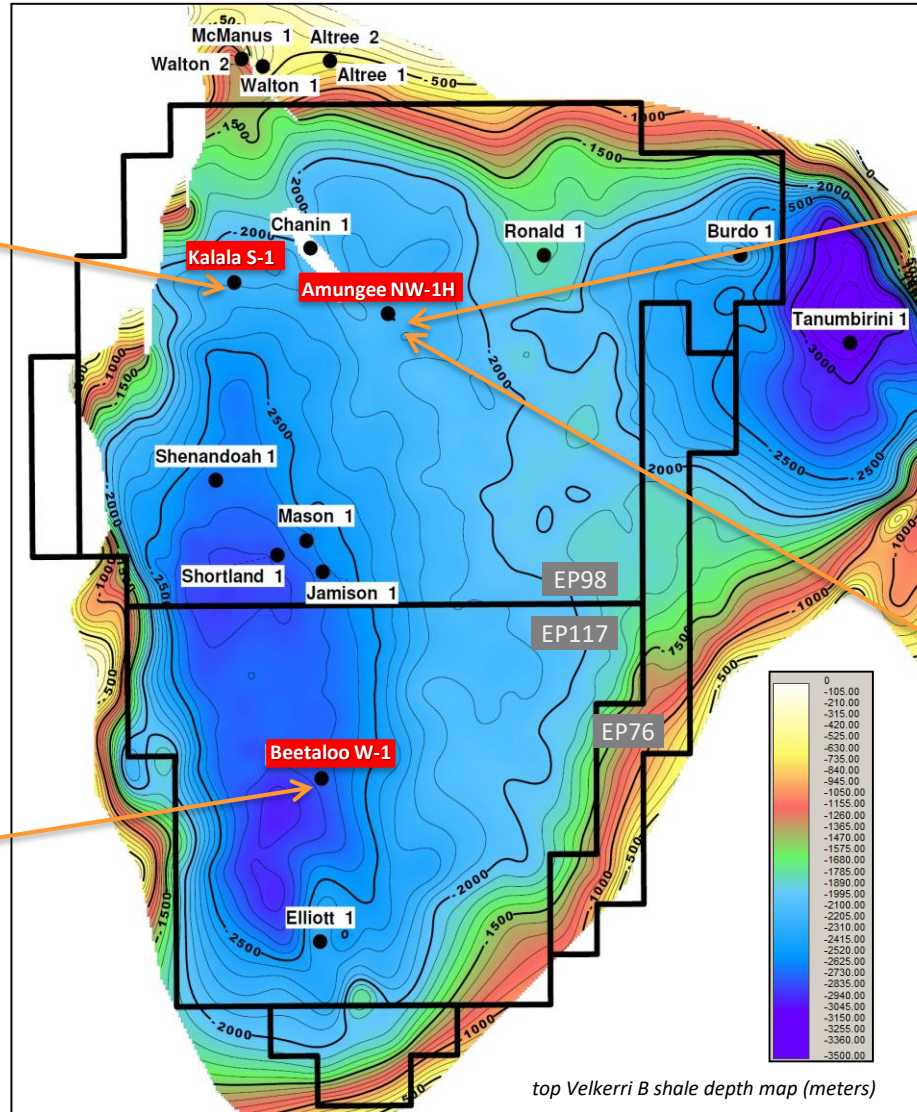


Kalala S-1

- TD 2,622 mMD
- Confirmed the presence of 3 organic rich intervals in the Middle Velkerri target (A, B & C shales)
- Full open-hole log suite
- Core vault, sidewall cores
- Extended DFIT in C shale
- Focused on Velkerri Fm.

Beetaloo W-1

- TD 3,172 mMD
- Confirmed the presence and continuity of A, B & C Velkerri shales to the south
- Re-confirmed the presence and continuity of the Kyalla shales
- Full open-hole log suite
- Full-diameter (Kyalla) and sidewall cores
- Full evaluation of Kyalla



Amungee NW-1

- TD 2,609 mMD
- Confirmed the presence and continuity of A, B & C Velkerri shales
- Full open-hole log suite
- Full-diameter core (C shale) and sidewall cores
- Focused on Velkerri fm
- DST in Hayfield Sandstone

Amungee NW-1H

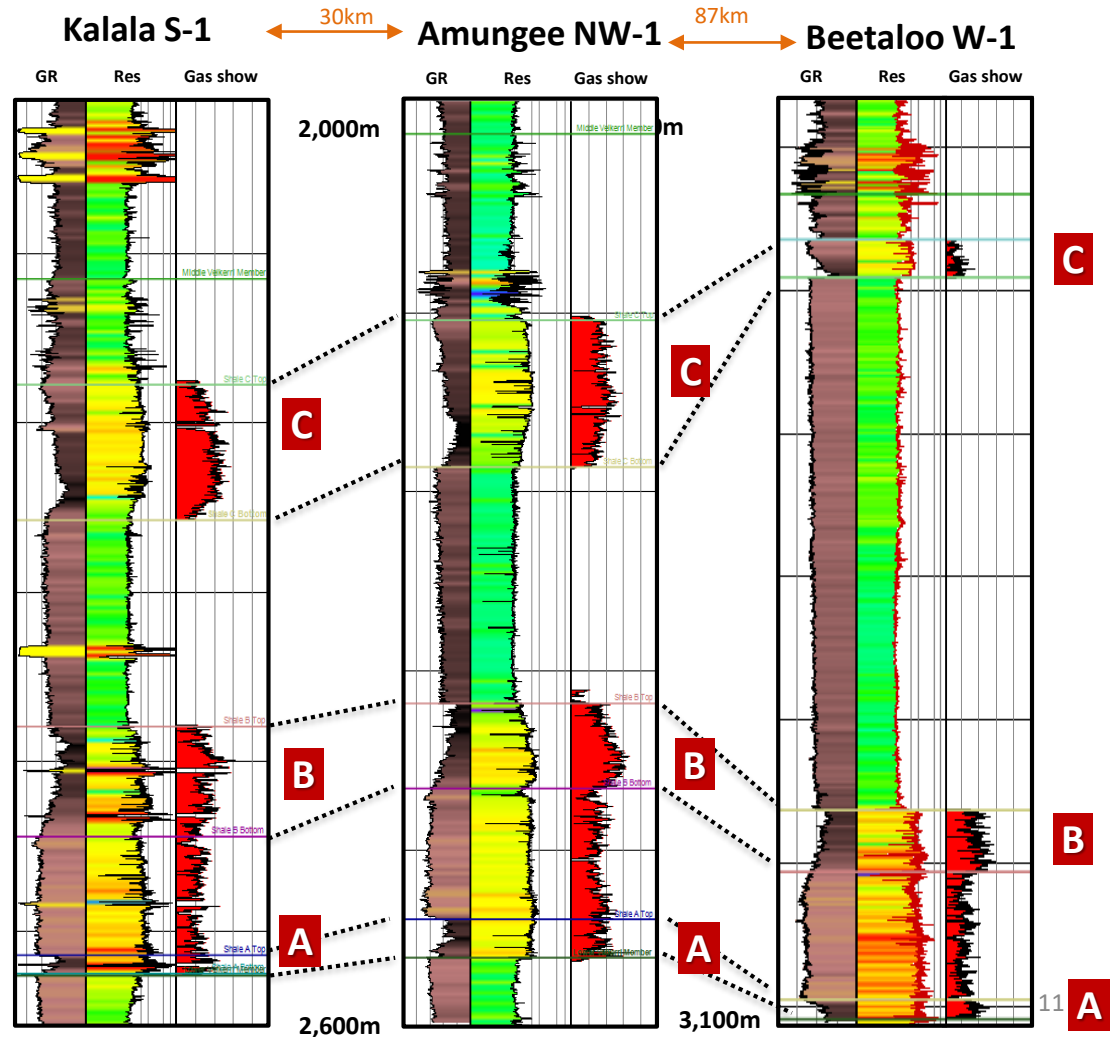
- Amungee NW-1 sidetrack
- Landed in B shale, 100% in zone
- TD 3,808 mMD
- Successful fracking (11 stages), extended production test (57 days)
- Notice of discovery, basis of contingent resource

Stage 1 Results of the Three Vertical Wells



Middle-Velkerri Shale Correlation

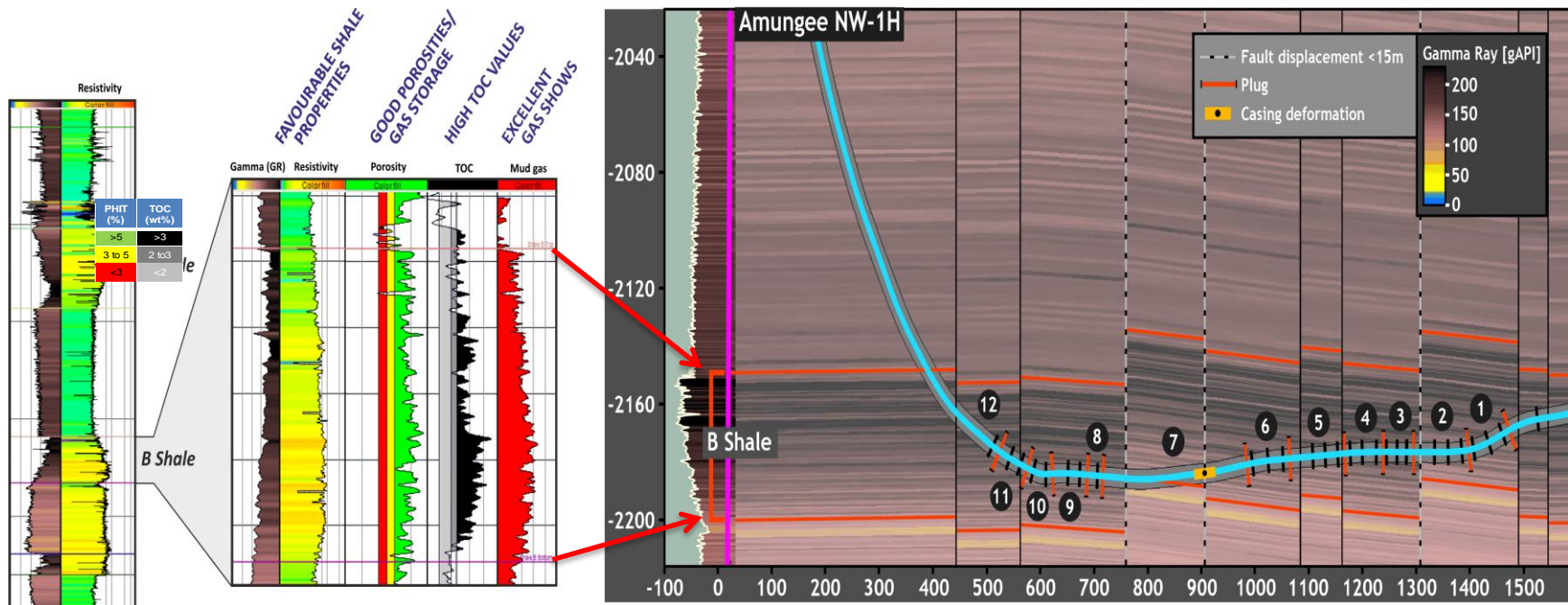
- Middle Velkerri shales as pervasive, stacked play fairways in various maturity windows (dry to wet gas); continuous over >80 km
- 3 organic rich shale intervals (A, B & C shales) identified
- Gross thickness of mid-Velkerri ~500m, net pay in B and C shales in excess of 50 meters each
- Average TOC 3%-4%
- Excellent gas shows, reservoir and completion quality
- Favourable geomechanics for good frackability
- Estimated gas in-place density comparable to successful North American shale plays



Stage 1 Amungee NW-1H Horizontal Well



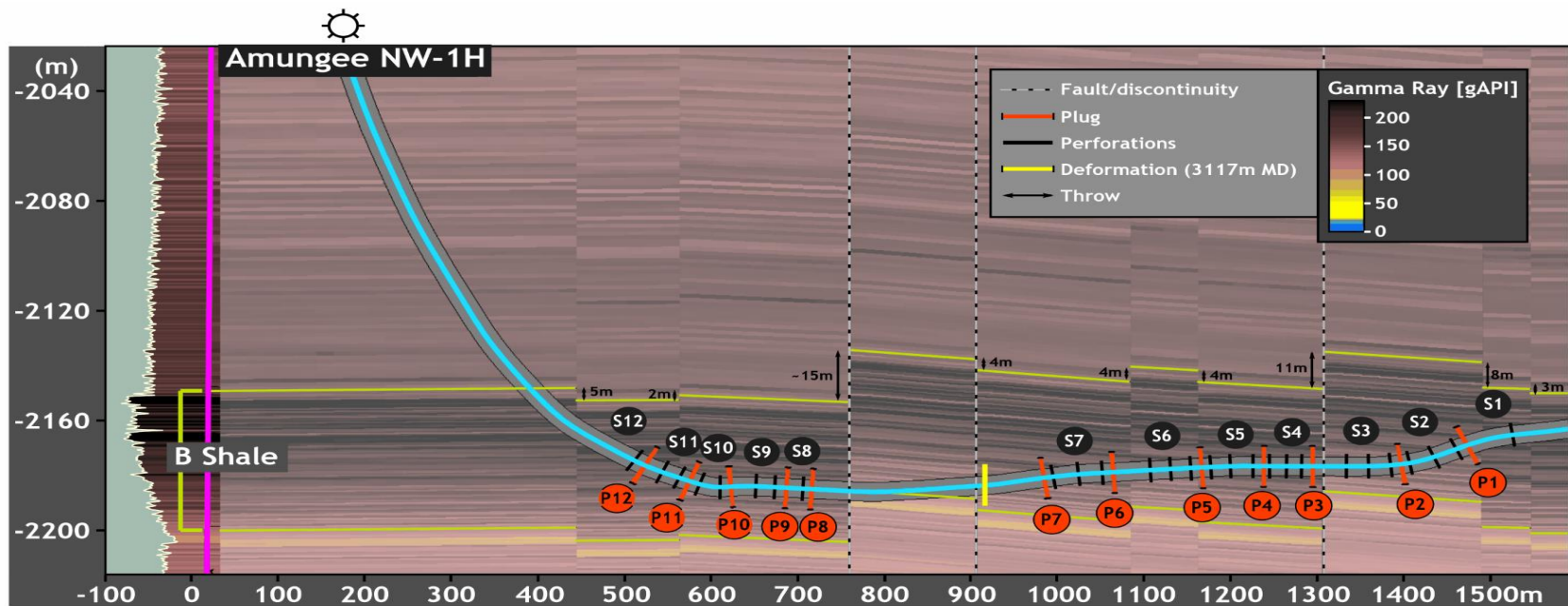
- Favourable shale properties qualified the area as a prospective and laterally extensive sweet spot
- Successfully landed in B shale, drilled through excellent quality and laterally consistent shales
- High gas saturation across entire horizontal section
- Consistent lithology, clay mineral composition, and total gas readings provided resounding evidence to conduct a multi-stage hydraulic fracturing



Stage 1 Amungee NW-1H Multi-Stage Fracking



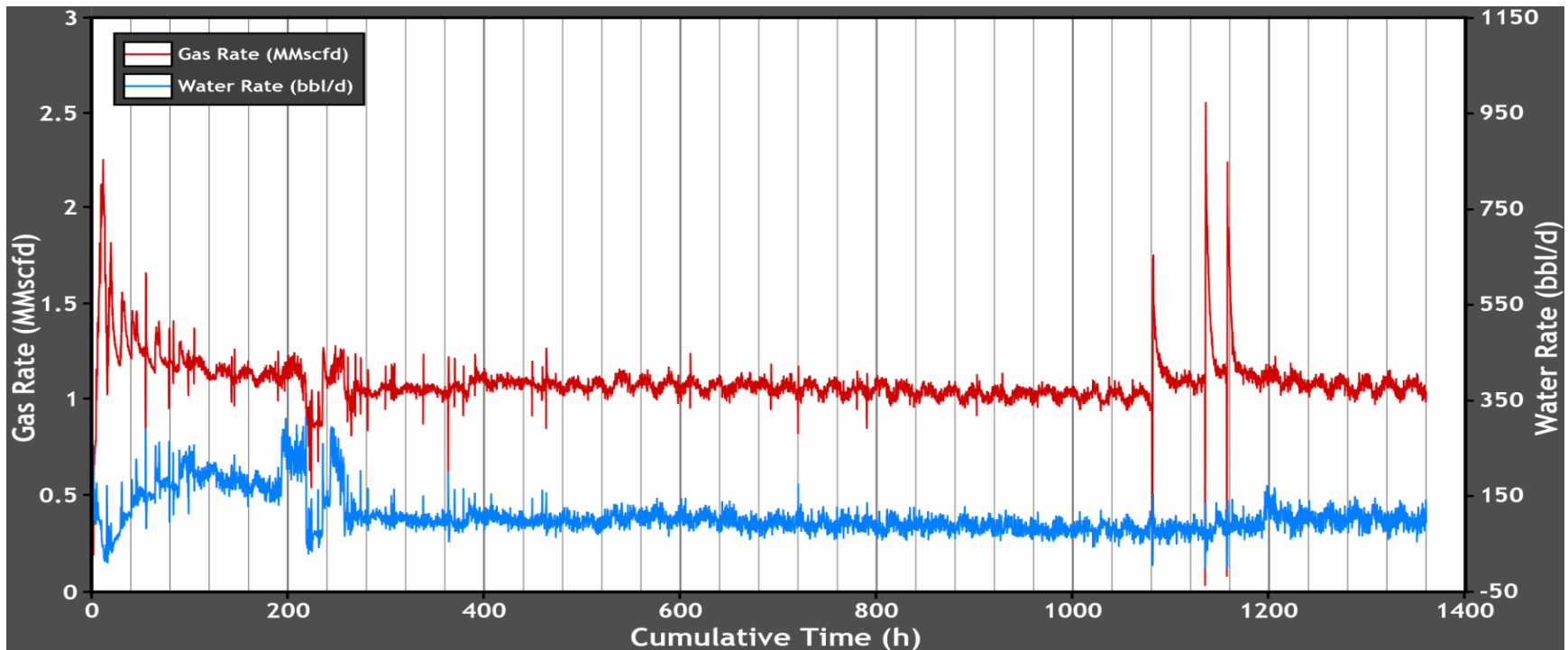
- 11 stage stimulation treatments successfully executed over 1,000m
- 2.5MM lbs proppant (95% programmed) and 67,000 bbl frack fluid placed
- Proppant concentration ~850 lbs/ft; 12,400 bbl flowback of fluid over test duration
- 5 flow-through bridge plugs were milled out due to casing deformation
- Approximately 600m (~60%) of the lateral has been effectively stimulated – this will improve to >90% in development wells



Stage 1 Amungee NW-1H Test Results



- Extended well test duration: 57 days, with cumulative production of 63 MMscf
- Early stage gas flow rates through 4-1/2" production casing regularly reached over 1-1.5 MMscf/d
- Extended flow test rates through 2-3/8" production tubing range between 0.8-1.2 MMscf/d and 100-400 bbl/d water
- Proved up discovery of shale gas accumulation

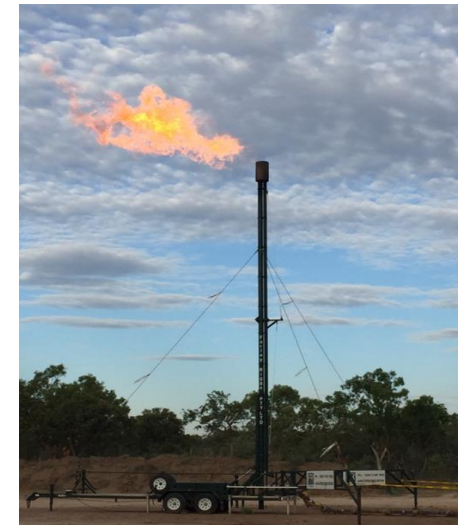


Stage 1 Work Program Achievements



Key achievements for the Middle Velkerri shale gas play:

- ✓ Thickness of reservoir
- ✓ Total organic carbon (“TOC”)
- ✓ Porosity and permeability
- ✓ Rock geomechanics
- ✓ Reservoir pressure
- ✓ Gas saturation
- ✓ Gas flow rates
- ✓ Proving up the areal extent



1.5Ga old gas flared at Amungee NW-1H

And..... **Declaration of Discovery**



Amungee site 2016

Stage 1 Middle Velkerri B Shale Gas Volumetrics



Middle Velkerri B Shale P50 Volumetric Estimates ¹

	Gross Best Estimate	Net Attributable Best Estimate
Area km ²	16,145	4,751
Original Gas In Place ("OGIP") (TCF)	496	146
Combined Recovery / Utilisation Factor	16%	16%
Technically Recoverable Resource (TCF)	85	25
OGIP Concentration (BCF/km ²)	31	31

Middle Velkerri B Shale Pool 2C Contingent Gas Resource Estimates within EP76, EP98 and EP117 ²

Measured and Estimated Parameters	Units	Best Estimate
Area	km ²	1,968
OGIP	TCF	61.0
Gross Contingent Resource	TCF	6.6
Net Contingent Resource	TCF	1.98

Notes:

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

² Contingent resource estimates were prepared on a statistical aggregation basis and in accordance with the Society of Petroleum Engineers Petroleum Resources Management System ("SPE-PRMS").

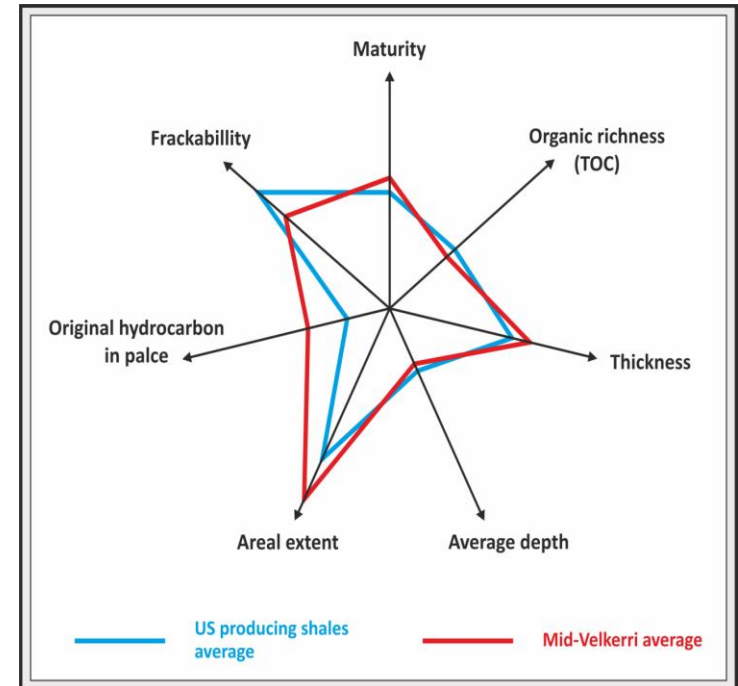
Stage 1 Shale Characterisation and Comparison



7 key Velkerri shale parameters for economic success

- Maturity: mostly in dry gas window
- Average TOC ~3-4%
- Thickness: ~500m
- Average depth: 2-3,000 m
- Areal extent: >4M acres
- In-place hydrocarbon volumes: multi-TCF gas play
- Frackability: low clay, high quartz content

	Marcellus Shale	Barnett Shale	Middle Velkerri Shale
Basin Area (km ²)	245,000	13,000	17,000
Typical Depth (m)	1,200-2,600	2,000-2,600	1,000-2,500
Gross Thickness (m)	60	60-300	50-500
Net Thickness	15-105	30-215	60-86
Gas Contents (scf/ton)	60-150	300-350	100-150
Porosity Range (%)	4-12	4-6	2-8
Gas Filled Porosity (%)	4	5	2.5-4
Water Saturation (%)	43	38	58
Permeability Range (nD)	0-70	0-100	50-500
Silica Content (%)	37	45	49
Maturity (%Ro)	1.5	1.6	1.5-2.5
TOC present-day (wt%)	4	3.7	3.7



World-class Velkerri shale in the Beetaloo Sub-basin compares well with major US producing shales

Potential Additional Plays – Further Work Required

Kyalla shale and hybrid liquids rich gas plays

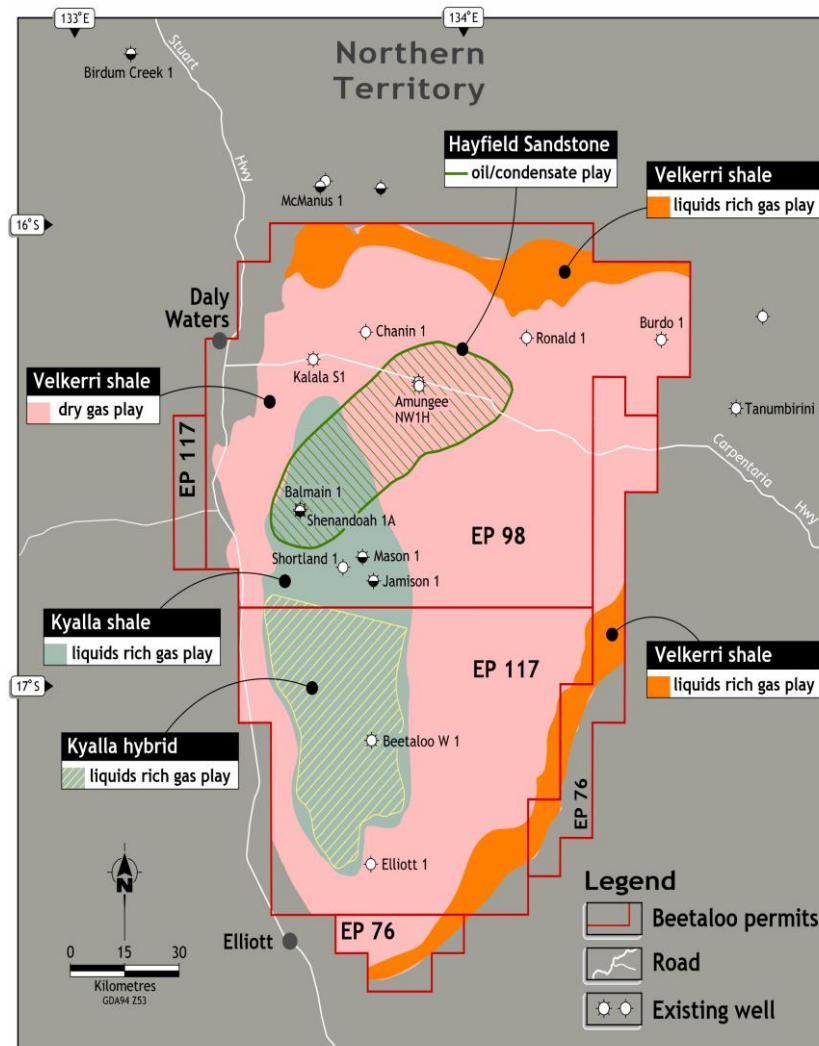
- Two source rock and two hybrid target intervals in Kyalla Fm.
- Estimated CGR at 15-60 bbl/MMscf
- Kyalla Fm. prospective areas confined to central part of JV permits
- Likely cost advantage over the Velkerri given it is shallower (1,500m v's 2,500m)
- Likely to be wet gas that could also improve economics considerably
- Could lead to a 'stacked' play development along with Middle Velkerri shales

Velkerri shale liquids rich gas play

- Liquids rich gas play fairway along the northern and south-eastern flanks at 1,200-2,000 mTVD
- Good reservoir and completion quality in wet gas window, estimated CGR at 5-40 bbl/MMscf
- Indications that porosity and permeability are higher in these areas.

Hayfield sandstone oil/condensate play

- Regionally extensive sandstone in the northern part of permits
- Tight sand, stratigraphic trapping
- Penetrated, DST'd in Amungee NW-1 well



Moving Forward – Stage 2 & 3



Stage 2 Exploration and Appraisal Drilling Program

- Evaluate the potential of the liquids-rich gas fairways in both the Kyalla and Velkerri plays to determine the most commercially prospective play to be targeted during Stage 3
- Exploration and appraisal activities planned for 2019 include the drilling of one vertical well and the drilling and hydraulic fracture stimulation of two horizontal wells

Stage 3 Early Capital Commitments

- An early commitment to Stage 3 capital expenditure during 2019, enabling an efficient transition from Stage 2 to Stage 3, in the case that Origin and Falcon agree to proceed to Stage 3



Commercialisation Options and Infrastructure



- Beetaloo Sub-basin's proximity to Darwin
- Darwin is a developing major LNG hub
- INPEX investment of US\$34 billion on 2 LNG trains, with potential to increase to 6 trains based on future discoveries
- Existing pipeline north to Darwin via the Beetaloo Sub-basin
- Volatile domestic energy market highlighting the importance of gas
- A\$800m, 600km NGP pipeline nearing completion to address the shortfall
- Beetaloo Sub-basin Commercialisation options:
 - Capitalising on Asian market demand
 - Strategic player in Australian market



* North Gas Pipeline



Karoo Basin – South Africa



Karoo Basin Asset Highlights



Summary

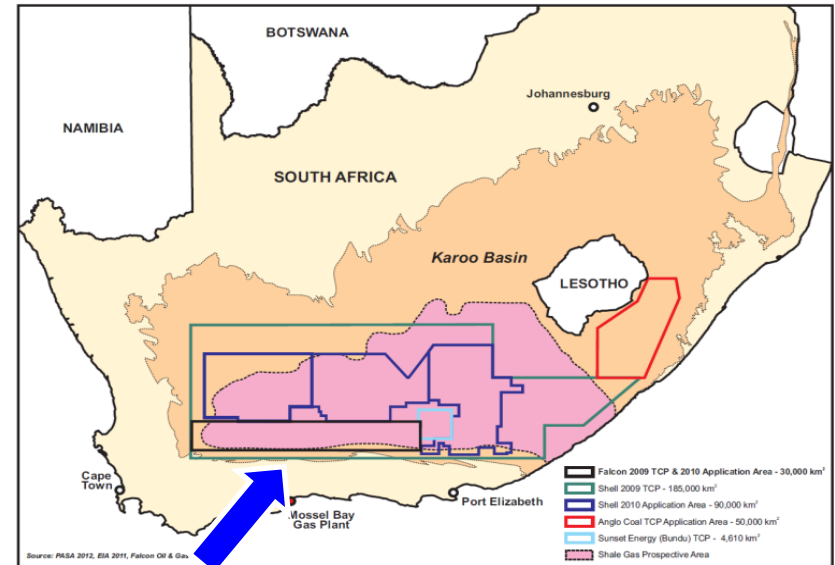
- Exclusive Technical Cooperation Permit granted in 2009
- Covers 30,000km² ~7.5M acres

Petroleum System and Potential Resource

- Target is the organically rich and thermally mature Whitehill Formation
- Effective petroleum system, mostly dry gas at several stratigraphic levels
- 390 TCF of technically recoverable shale gas resources estimated for the Karoo basin (EIA, June 2015)

Envisaged Work Program

- Conduct early stage exploration to attract suitable farminees





Corporate Information

Corporate Information



Share Capital & Cash

Common shares in issue	931,304,183
Share options outstanding	41,033,334
Warrants outstanding	10,000,000
Fully diluted share capital	982,337,517
Cash as at 30 June 2018	US\$7,722,000

Major Shareholders

Lamesa Holdings S.A.	16.87 %
Sweetpea / Petrohunter	8.66 %
Nicolas Mathys	5.43 %
Burlingame Asset Management	5.24%
Retail / Other Institutions	63.80%

Source: Company

Trading Details

Toronto: TSXV	Ticker: FO.V
London: AIM	Ticker: FOG.L
Dublin: ESM	Ticker: FAC:ID

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