Falcon Oil & Gas Ltd.

Interim Condensed Consolidated Financial Statements
Three Months Ended 31 March 2016 and 2015

(Presented in U.S. Dollars)

25 May 2016

To the shareholders of Falcon Oil & Gas Ltd.

Notice of No Auditor Review

The accompanying unaudited interim condensed consolidated financial statements as at and for the three months ended 31 March 2016, have been prepared by the Management of the Company and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements.

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Falcon Oil & Gas Ltd.
Interim Condensed Consolidated Statement of Operations and Comprehensive Loss
(Unaudited)

	Notes	Three months ended 31 March 2016 $'000	Three months ended 31 March 2015 $'000
Revenue			
Oil and natural gas revenue	3	**-**	3
		-	3
Expenses			
Exploration and evaluation expenses		**(90)**	(376)
Production and operating expenses		**(3)**	(6)
Depreciation	7	**(7)**	(8)
General and administrative expenses		**(541)**	(616)
Share based compensation	10	**(820)**	(162)
Foreign exchange gain		**56**	921
		(1,405)	(247)
Results from operating activities		**(1,405)**	(244)
Fair value gain - outstanding warrant	13	**136**	128
Finance income	4	**18**	4
Finance expense	4	**(31)**	(125)
Net finance expense		**(13)**	(121)
Loss and comprehensive loss for the period		**(1,282)**	(237)
Loss and comprehensive loss attributable to:			
Equity holders of the company		**(1,280)**	(235)
Non-controlling interests		**(2)**	(2)
Loss and comprehensive loss for the period		**(1,282)**	(237)
Loss per share attributable to equity holders of the company:			
Basic and diluted	5	($0.001)	($0.000)

The notes are an integral part of these interim condensed consolidated financial statements.

Falcon Oil & Gas Ltd.
Interim Condensed Consolidated Statement of Financial Position
(Unaudited)

	Notes	At 31 March 2016 $'000	At 31 December 2015 $'000
Assets			
Non-current assets			
Exploration and evaluation assets	6	**39,618**	39,618
Property, plant and equipment	7	**57**	64
Trade and other receivables		**25**	22
Restricted cash	8	**2,327**	2,239
		42,027	41,943
Current assets			
Cash and cash on deposit	9	**11,914**	12,683
Trade and other receivables		**291**	268
		12,205	12,951
Total assets		**54,232**	54,894
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		**382,853**	382,853
Contributed surplus		**43,736**	42,916
Retained deficit		**(383,822)**	(382,542)
		42,767	43,227
Non-controlling interests		**704**	706
Total equity		**43,471**	43,933
Liabilities			
Non-current liabilities			
Decommissioning provision	14	**9,598**	9,565
		9,598	9,565
Current liabilities			
Accounts payable and accrued expenses	15	**864**	961
Derivative financial liabilities	13	**299**	435
		1,163	1,396
Total liabilities		**10,761**	10,961
Total equity and liabilities		**54,232**	54,894

The notes are an integral part of these interim condensed consolidated financial statements.

Falcon Oil & Gas Ltd.
Interim Condensed Consolidated Statement of Changes in Equity
(Unaudited)

	Notes	Share capital $'000	Contributed surplus $'000	Retained deficit $'000	Equity interests of the parent $'000	Non-Controlling interests ("NCI") $'000	Total equity $'000
At 1 January 2015		382,853	42,660	(382,349)	**43,164**	713	**43,877**
Share based compensation	10	-	162	-	**162**	-	**162**
Net loss for the period		-	-	(235)	**(235)**	(2)	**(237)**
At 31 March 2015		**382,853**	**42,822**	**(382,584)**	**43,091**	**711**	**43,802**
At 1 January 2016		382,853	42,916	(382,542)	**43,227**	706	**43,933**
Share based compensation	10	-	820	-	**820**	-	**820**
Net loss for the period		-	-	(1,280)	**(1,280)**	(2)	**(1,282)**
At 31 March 2016		**382,853**	**43,736**	**(383,822)**	**42,767**	**704**	**43,471**

The notes are an integral part of these interim condensed consolidated financial statements.

Falcon Oil & Gas Ltd.
Interim Condensed Consolidated Statement of Cash Flows
(Unaudited)

		Three months ended 31 March	
		2016	2015
	Notes	**$'000**	$'000
Cash flows from operating activities			
Net loss for the period		**(1,282)**	(237)
Adjustments for:			
Share based compensation	10	**820**	162
Depreciation	7	**7**	8
Fair value gain - outstanding warrant	13	**(136)**	(128)
Net finance expense	4	**13**	121
Effect of exchange rates on operating activities		**(53)**	(921)
Change in non-cash working capital:			
Trade and other receivables		**(26)**	(57)
Accounts payable and accrued expenses		**(83)**	244
Restructuring spend		**-**	(219)
Interest received	4	**13**	4
Net cash used in operating activities		**(727)**	(1,023)
Cash flows from investing activities			
Increase in cash deposits – other receivables		**(5,701)**	-
Increase in restricted cash		**-**	(1,991)
Exploration and evaluation assets		**(55)**	-
Net cash used in investing activities		**(5,756)**	(1,991)
Change in cash and cash equivalents		**(6,483)**	(3,014)
Effect of exchange rates on cash & cash equivalents		**13**	(274)
Cash and cash equivalents at beginning of period		**10,683**	8,753
Cash and cash equivalents at end of period	9	**4,213**	5,465

The notes are an integral part of these interim condensed consolidated financial statements.

1. General Information

Falcon Oil & Gas Ltd. ("**Falcon**") is an oil and gas company engaged in the acquisition, exploration and development of unconventional and conventional oil and gas assets. Falcon's interests are located in Australia, Hungary, South Africa and Canada.

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

The information provided herein in respect of Falcon includes information in respect of its wholly-owned subsidiaries: Mako Energy Corporation, a Delaware company ("**Mako**"); TXM Oil and Gas Exploration Kft., a Hungarian limited liability company ("**TXM**"); Falcon Oil & Gas Ireland Ltd., an Irish limited liability company ("**Falcon Ireland**"); Falcon Oil & Gas Holdings Ireland Ltd., an Irish limited liability company ("**Falcon Holdings Ireland**"); Falcon Oil & Gas USA Inc., a Colorado company ("**Falcon USA**"); Falcon Exploration and Production South Africa (Pty) Ltd., a South African limited liability company ("**Falcon South Africa**") and its 98.1% majority owned subsidiary, Falcon Oil & Gas Australia Limited, an Australian limited liability company ("**Falcon Australia**") (collectively, the "**Company**" or the "**Group**").

2. Accounting policies

Basis of preparation and going concern

These Interim Condensed Consolidated Financial Statements ("**Interim Statements**") of the Group have been prepared in accordance with IAS 34 'Interim Financial Reporting' and, except as described below, on the basis of the same accounting principles as, and should be read in conjunction with, the Consolidated Financial Statements for the year ended 31 December 2015 (pages 9 to 14) as filed on the Canadian Securities Administrator's System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

There are no amended accounting standards or new accounting standards that have any significant impact on these interim financial statements applicable as at 1 January 2016.

The Interim Statements are presented in United States dollars ("**$**"). All amounts, except as otherwise indicated, are presented in thousands of dollars. "**CDN$**" where referenced in the Interim Statements represents Canadian Dollars. "**£**" where referenced in the Interim Statements represents British Pounds Sterling. "**HUF**" where referenced in the Interim Statements represents Hungarian Forints. "**A$**" where referenced in the Interim Statements represents Australian Dollars.

The Group's interim financial statements have been prepared on a going concern basis which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future.

3. Segment information

Based on internal reporting information, it was determined that there is one reportable segment. All of The Group's operations are in the petroleum and natural gas industry with its principal business activity being in the acquisition, exploration and development of petroleum and natural gas properties. The Group has producing petroleum and natural gas properties located in Canada and considers the results from its operations to relate to the petroleum and natural gas properties. The Group has unproven petroleum and natural gas interests in Australia, South Africa and Hungary.

The key performance measures reviewed for the segment which management believes are the most relevant information when evaluating the results of the Group are:

- the progress and extent to which farm-out agreements have been executed over the Group's acreage; and
- cash flow, capital expenditure and operating expenses.

3. Segment information (continued)

An analysis of the geographic areas is as follows:

	Australia $'000	**South Africa $'000**	**Hungary $'000**	**Other $'000**	**Total $'000**
Three months ended 31 March 2016					
Revenue	**-**	**-**	**-**	**-**	**-**
Net loss (i)	**(168)**	**(114)**	**(146)**	**(852)**	**(1,280)**
At 31 March 2016					
Capital assets (ii)	**39,618**	**-**	**-**	**57**	**39,675**

	Australia $'000	South Africa $'000	Hungary $'000	Other $'000	Total $'000
Three months ended 31 March 2015					
Revenue	-	-	-	3	3
Net (loss) \ income (i)	(111)	(205)	421	(340)	(235)
At 31 March 2015					
Capital assets (ii)	39,616	-	-	95	39,711

(i) Net loss attributable to equity holders of the company.
(ii) Capital assets consist of exploration & evaluation assets and property, plant and equipment.

4. Finance income and expense

		For the three months ended 31 March	
	Notes	**2016 $'000**	2015 $'000
Finance income			
Interest income on bank deposits		**13**	4
Net foreign exchange gain		**5**	-
		18	4
Finance expense			
Accretion of decommissioning provisions	14	**(31)**	(31)
Net foreign exchange loss		**-**	(94)
		(31)	(125)
Net finance expense		**(13)**	(121)

5. Net loss per share

Basic and diluted loss per share is calculated as follows:

	For the three months ended 31 March	
	2016	2015
	$'000	$'000
Loss attributable to equity holders of the company	**(1,280)**	(235)
Weighted average number of common shares in issue - (thousands)	**921,538**	921,538
Loss / diluted loss per share	**($0.001)**	($0.000)

6. Exploration and Evaluation ("E&E") assets

	Australia $'000	**Total $'000**
At 1 January 2016	**39,618**	**39,618**
At 31 March 2016	**39,618**	**39,618**

	Australia $'000	Total $'000
At 1 January 2015	39,619	39,619
Disposals	(1)	(1)
At 31 December 2015	39,618	39,618

E&E assets consist of the Group's exploration projects which are pending the determination of proven or probable reserves.

Beetaloo Basin, Northern Territory, Australia

Falcon Australia, Falcon's 98.1% owned subsidiary, is one of three registered holders of three exploration permits covering approximately 4.6 million gross acres (approximately 18,362 km^2), 1.4 million net acres in the Beetaloo Basin, a sparsely populated area of the Northern Territory.

On 21 August 2014, Falcon Australia completed its Farm-Out Agreement and Joint Operating Agreement (collectively "**the Agreements**") with Origin Energy Resources Limited, a subsidiary of Origin Energy Limited ("**Origin**") and Sasol Petroleum Australia Limited, a subsidiary of Sasol Limited ("**Sasol**"), (collectively referred to herein as the "**Farminees**"), each farming into 35% of Falcon Australia's Exploration Permits in the Beetaloo Basin, Australia (the **"Permits**").

The transaction details were:

- Falcon Australia received A$20 million cash from the farminees.
- Origin was appointed as Operator.
- Farminees to carry Falcon Australia in a nine well exploration and appraisal program over 2014 to 2018 inclusive, detailed as follows:
  - 3 vertical exploration/stratigraphic wells and core studies;
  - 1 hydraulic fracture stimulated vertical exploration well and core study;
  - 1 hydraulic fracture stimulated horizontal exploration well, commercial study and 3C resource assessment; and
  - 4 hydraulic fracture stimulated horizontal exploration/appraisal wells, micro-seismic and 90 day production tests.

6. Exploration and Evaluation ("E&E") assets (continued)

- Drilling/testing specifically planned to take the project towards commerciality. Falcon Australia retains a 30% interest in the Permits.
- Farminees will pay for the full cost of completing the first five wells estimated at A$64 million, and will fund any cost overruns. This work is expected to be completed in 2016.
- Farminees to pay the full cost of the following two horizontally fracture stimulated wells, 90 day production tests and micro seismic 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 subsequent horizontally fracture stimulated wells.

On 28 April 2016 Falcon provided a technical and operational update for its operations in the Beetaloo Basin, Australia.

It was noted that preparations for the joint venture's 2016 drilling, testing and hydraulic stimulation programme are progressing and on schedule:

- Rig 185, commissioned from Saxon Energy Services Australia Pty. Ltd, has remained "warm stacked" at the Amungee NW-1H wellsite since November 2015 in order to commence operations as soon as weather conditions permit. Recomissioning of Rig 185 is expected to commence in mid-May 2016.
- Re-entering the horizontal Amungee NW-1H well is scheduled for mid-June 2016, followed by a multi-stage fracture stimulation programme to test the Middle Velkerri "B" shale reservoir.
- Civil works at the Beetaloo W-1 vertical well are expected to commence mid-May 2016 with spudding expected Quarter 3, 2016.
- The regulatory approval process for the drilling of the second vertical well within EP-98 is ongoing with spudding scheduled to commence immediately post drilling Beetaloo W-1 well.

7. Property, plant and equipment

	Canadian natural gas interests $'000	Pipeline and facilities $'000	Furniture and equipment $'000	Total $'000
Cost:				
At 1 January 2016	**466**	**4,108**	**190**	**4,764**
At 31 March 2016	**446**	**4,108**	**190**	**4,764**
Depreciation and impairment:				
At 1 January 2016	**(466)**	**(4,108)**	**(126)**	**(4,700)**
Depreciation	**-**	**-**	**(7)**	**(7)**
At 31 March 2016	**(466)**	**(4,108)**	**(133)**	**(4,707)**
Net book value:				
At 31 March 2016	**-**	**-**	**57**	**57**

7. Property, plant and equipment (continued)

	Canadian natural gas interests $'000	**Pipeline and facilities $'000**	**Furniture and equipment $'000**	**Total $'000**
Cost:				
At 1 January 2015	466	4,108	2,713	7,287
Disposals	-	-	(2,523)	(2,523)
At 31 December 2015	466	4,108	190	4,764
Depreciation:				
At 1 January 2015	(466)	(4,108)	(2,610)	(7,184)
Depreciation	-	-	(39)	(39)
Disposals	-	-	2,523	2,523
At 31 December 2015	(466)	(4,108)	(126)	(4,700)
Net book value:				
At 31 December 2015	-	-	64	64

8. Restricted cash

Restricted cash includes cash held by financial institutions as collateral for ongoing Group operations. In January 2015, the Group placed $2.0 million on deposit for the benefit of the Hungarian mining authority as a security deposit with regards the Group's decommissioning obligations.

	31 March 2016 $'000	31 December 2015 $'000
Restricted cash	**2,327**	2,239
	2,327	2,239

9. Cash and cash on deposit

Cash and cash equivalents includes cash on hand, deposits held on call with banks, other short term highly liquid investments with initial maturities of three months or less at inception and bank overdrafts where a legal right of offset exists. Cash on deposit represents cash on deposit with a maturity in excess of three months.

	31 March 2016 $'000	31 December 2015 $'000
Cash and cash equivalents	**4,213**	10,683
Cash on deposit	**7,701**	2,000
	11,914	12,683

10. Share based compensation

The Group, in accordance with the policies of the TSX-V, may grant options to directors, officers, employees and consultants, to acquire up to 10% of the Group's issued and outstanding common stock. The exercise price of each option is based on the market price of the Group's stock at the date of grant, which may be discounted in accordance with TSX-V policies. The exercise price of all options granted to date has been based on the market price of the Group's stock at the date of grant, and no options have been granted at a discount to the market price. The options can be granted for a maximum term of five years. The Group records compensation expense over the vesting period based on the fair value at the grant date of the options granted. These amounts are recorded as contributed surplus.

Any consideration paid on the exercise of these options together with the related contributed surplus associated with the exercised options is recorded as share capital. The Group incurred share based expense of $0.8 million during the period ended 31 March 2016 (2015: $0.2 million).

38.7 million options were granted in the period to 31 March 2016 at an average exercise price of CDN$0.11. One third of the options vested immediately with an additional one third vesting on each subsequent anniversary until the options are fully vested on 14 January 2018.

Six million options were granted in the period to 31 March 2015 at an average exercise price of CDN$0.15. Three million of the options will vest equally at the grant anniversary date over three years; with the remaining 3 million options having vested at the time of grant.

A summary of the Group's stock option plan as of 31 March 2016 and 31 December 2015 and changes during the periods then ended, is presented below:

	Three months ended 31 March 2016		Year ended 31 December 2015	
	Number of options	**Weighted average exercise price CDN$**	Number of options	Weighted average exercise price CDN$
Outstanding as at beginning of period	**31,440,000**	**0.15**	30,085,333	0.15
Granted	**38,700,000**	**0.11**	6,000,000	0.15
Forfeited	**(133,333)**	**0.11**	(3,312,000)	0.17
Expired	**-**	**-**	(1,333,333)	0.21
Outstanding as at end of period	**70,006,667**	**0.13**	31,440,000	0.15
Exercisable as at end of period	**40,973,333**	**0.13**	27,073,334	0.15

The exercise prices of the outstanding options are as follows:

Date of grant	**Options**	**Exercise price CDN$**	**Date of Expiry**	**Weighted average contractual life remaining (years)**
23 May 2011	15,190,000	0.145	23 May 2016	0.14
1 June 2011	150,000	0.145	1 June 2016	0.17
1 May 2012	6,000,000	0.100	1 May 2017	1.08
30 April 2013	4,100,000	0.240	29 April 2018	2.08
26 January 2015	6,000,000	0.150	25 January 2020	3.82
15 January 2016	38,566,667	0.110	14 January 2021	4.79
	70,006,667			

10. Share based compensation (continued)

The fair value of granted options was estimated using a Black Scholes model with the following inputs:

	2016	**2015**
Fair value as at grant date	CDN$0.06	CDN$0.05
Share price as at grant date	CDN$0.11	CDN$0.11
Exercise price	CDN$0.11	CDN$0.15
Volatility	78.05%	75.35%
Expected option life	3.83 years	3.88 years
Dividends	Nil	Nil
Risk - free interest rate	0.404%	0.788%

11. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the methods outlined below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash and cash on deposit, restricted cash, accounts receivable, accounts payable and accrued expenses
As at 31 March 2016 and 31 December 2015, the fair value of cash and cash on deposit, restricted cash, accounts receivable, accounts payable and accrued expenses approximated their carrying value due to their short term to maturity.

12. Financial Instruments and risk management

The following tables provide fair value measurement information for financial assets and liabilities as at 31 March 2016 and 31 December 2015. The carrying value of cash and cash on deposit, restricted cash, accounts receivable, and accounts payable and accrued expenses included in the consolidated statement of financial position approximate fair value due to the short term nature of those instruments.

	31 March 2016		31 December 2015	
	Carrying value $'000	**Fair value $'000**	Carrying value $'000	Fair value $'000
Financial assets:				
Cash and cash on deposit including restricted cash	**14,241**	**14,241**	**14,922**	**14,922**
Accounts receivable	**316**	**316**	**290**	**290**
Financial Liabilities:				
Other financial liabilities				
Accounts payable and accrued expenses	**864**	**864**	**961**	**961**

12. Financial Instruments and risk management (continued)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 Fair Value Measurements
- Level 1 fair value measurements are based on unadjusted quoted market prices.

Level 2 Fair Value Measurements
- Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.

Level 3 Fair Value Measurements
- Level 3 fair value measurements are based on unobservable information. No financial assets or liabilities have been valued using the Level 3 fair value measurements.

	Carrying amount $'000	**Fair value $'000**
31 March 2016		
Financial liabilities:		
Hess warrant	**299**	**299**
31 December 2015		
Financial liabilities:		
Hess warrant	435	435

The instrument in the table above is a Level 2 instrument.

13. Derivative liabilities

Derivative liabilities consist of the fair value of a warrant. Changes in the fair value of the derivative liabilities are recorded in the Consolidated Statement of Operations and Comprehensive Loss. The composition of the derivative liabilities as at 31 March 2016 and 31 December 2015, and the changes therein for the period then ended, are as follows:

	Hess Warrant $'000	**Total $'000**
At 1 January 2015	514	514
Derivative gain – unrealised – outstanding warrant	(79)	(79)
At 31 December 2015 - current	435	435
Derivative gain – unrealised – outstanding warrant	**(136)**	**(136)**
At 31 March 2016 - current	**299**	**299**

13. Derivative liabilities (continued)

The terms of the warrant are as follows:

Warrant issue	Date of issue	Number of common shares issuable under warrant	Exercise Price CDN$	Proceeds from warrant* CDN$'000	Expiry date
Hess Warrant	13 July 2011	10,000,000	0.19	1,900	13 January 2020
Total		**10,000,000**		**1,900**	

*Proceeds from warrant are subject to the warrant holder exercising their warrant.

The fair value of the warrant was estimated using a Black Scholes Model with the following inputs:

	Hess Warrant 31 March 2016	Hess Warrant 31 December 2015
Number	**10,000,000**	10,000,000
Expiry	**13 January 2020**	13 January 2020
Exercise price	**CDN$0.19**	CDN$0.19
Volatility	**74.99%**	78.32%
Expected warrant life	**3.79 years**	4.04 years
Dividends	**Nil**	Nil
Risk-free rate	**0.59%**	0.61%

14. Decommissioning provision

A reconciliation of the decommissioning provision for the period ended 31 March 2016 and the year ended 31 December 2015 is provided below:

	2016 $'000	2015 $'000
Balance as at beginning of period	**9,565**	9,493
Revision to provisions	**2**	(51)
Accretion	**31**	123
Non – current; Balance at end of period	**9,598**	9,565

The Group's decommissioning provision results from its ownership interest in oil and natural gas assets. The total decommissioning provision is estimated based on the Group's net ownership interest in the wells, estimated costs to reclaim and abandon these wells and the estimated timing of the costs to be incurred in future years. The Group's has estimated the net present value of the decommissioning provision to be $9.6 million as at 31 March 2016 (2015: $9.6 million) based on an undiscounted total future liability of $11.1 million (2015: $11.1 million). These payments are expected to be made over approximately the next 12 years. The discount factor, being the risk free rate related to the liability, was 1.3% as at 31 March 2016 (2015: 1.3%).

15. Accounts payable and accrued expenses

	31 March 2016 $'000	31 December 2015 $'000
Current		
Accounts payable	**332**	314
Accrued expenses	**522**	604
Royalties payable	**10**	9
Restructuring provision	**-**	34
	864	961

16. Related party transactions

The following are the related party transactions which occurred during the period:

Senzus Kft
On 1 January 2013, Senzus Kft. agreed the terms on which it would provide the geological services of Dr. Gábor Bada to TXM. The agreement was terminated on 28 April 2015. A separate agreement was entered into on 28 April 2015. Senzus Kft. was paid a consultancy fee of $26,000 during the period ended 31 March 2016 (2015: $5,000).

Oakridge Financial Management Inc.
The Group has engaged Oakridge Financial Management Inc. to assist in submitting returns to the Canadian Revenue Agency. Mr. Greg Smith, a current director of Falcon, is the sole shareholder in Oakridge Financial Management Inc. The Group has incurred costs of approximately CDN$157 (2015: CDN$157) to Oakridge Financial Management Inc. during the period ended 31 March 2016.

17. Commitments

Australia - Beetaloo Basin, Northern Territory, Australia
The work commitment on the Beetaloo Basin, Northern Territory, Australia is aligned with the farm-out agreement entered into by Falcon Australia with Sasol and Origin in August 2014.

The Group is planning a 9 well drilling programme with its farm-out partners. The details are as follows:

- Farminees will pay for the full cost of completing the first five wells estimated at A$64 million, and will fund any cost overruns. This work is expected to be completed this year (2016).
- Farminees to pay the full cost of the following two horizontally fracture stimulated wells, 90 day production tests and micro seismic 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.

South Africa - Karoo Basin, South Africa
On granting of an approved exploration right in South Africa, the Group will be required to make a payment to the South African government of approximately $0.7 million.

Hungary - Makó Trough, Hungary
The Group is not committed to any independent technical operations in Hungary.

18. Comparatives

Comparative figures have been adjusted where necessary to confirm with changes in presentation or where additional analysis has been provided in the current period. The key reclassifications are within Note 3, Segmental Information; $265,000, has been reanalyzed in the three months ended 31 March 2015 from segment “Other” to the Australia, South Africa and Hungary segments.

19. Approval of Interim financial statements

These Interim Financial Statements were approved by the Audit Committee as delegated by the Board of Directors and authorised for issue on 25 May 2016.

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