



Falcon Oil & Gas Ltd.
("Falcon")

***Preliminary Results of Second Beetaloo Well, Amungee NW-1
And
Acceleration of Drilling Program with First Horizontal Well brought forward to 2015***

22 October 2015 - Falcon Oil & Gas Ltd. (TSXV: FO, AIM: FOG, ESM: FAC) is pleased to announce that drilling operations have successfully concluded on the Amungee NW-1 well. Results encountered are very encouraging, with the well drilled to a total depth ("TD") of 2,611 meters.

Preliminary evaluation of the Amungee NW-1 vertical exploration well confirms:

- The continuation of the Middle Velkerri formation 25 kilometres east of the first 2015 Beetaloo Basin well drilled, Kalala S-1, falling in a highly prospective gas mature depth window;
- A gross interval of over 500 meters shale gas sequence with net pay exceeding 150 meters;
- Excellent gas shows from at least two prospective shale sweet spots within the Middle Velkerri formation;
- Total organic carbon ("TOC") estimates range 2.5-5% within the best shale units representing a highly encouraging result in comparison with commercially successful North American shale gas plays;
- Gas mature, highly saturated shale gas interval identified in the "B Shale" as immediate horizontal drilling target.

A total of 36 meters full diameter core, 50 sidewall cores and extensive wireline log data were acquired that, together with the highly positive data from the Kalala S-1 well, will enable the JV to perform an in-depth evaluation of the physical properties of the prospective shale intervals including gas saturation, TOC, reservoir pressure, frackability (mineralogy, rock mechanics) and petrophysics (porosity and permeability).

Acceleration of Drilling Program with First Horizontal Well brought forward to 2015

Following the encouraging results of the first two wells, the Beetaloo JV partners have confidently decided to bring forward the drilling of the first horizontal well in the Beetaloo Basin, originally planned for the end of 2016, into October-November 2015. Based on the high gas saturation and favourable shale properties encountered in the Amungee NW-1 vertical well, the "B Shale" Middle Velkerri has been selected as the target of a 1,000 meters horizontal section representing the "Amungee NW-1H" well.

Highlights:

- The purpose of drilling the Amungee NW-1H horizontal in 2015 and its subsequent multi-stage hydraulic fracturing in 2016 is to prove the technical viability of the highly prospective Middle Velkerri shale gas play;
- Amungee NW-1H will target the Middle Velkerri "B Shale" reservoir based on high gas saturation and excellent reservoir quality experienced in both the Kalala S-1 and Amungee NW-1 vertical wells;
- The "B Shale" is approximately 45 meters (150 feet) thick, a rock volume well suited to multiple hydraulic fracture stimulation;
- Falcon remains carried until the end of 2018 and this acceleration in the work program will have no financial impact on the Company.

Diagnostic Fracture Injection Tests (“DFITs”)

The JV partners have agreed to expand the exploration program by introducing Diagnostic Fracture Injection Tests (“DFITs”) on all of the vertical wells drilled in 2015 and 2016. DFIT is the most adequate tool to obtain reservoir quality data, such as pressure and permeability and completion quality data, all pertaining to the prospectivity of the Middle Velkerri shale gas play. There is no cost impact on these additional positive measures for Falcon.

Philip O’Quigley, CEO of Falcon commented:

“This is an incredibly exciting time for the Company and a positive development for the JV. Today’s news, not only demonstrates the huge commitment from our partners Origin and Sasol but it is a massive endorsement of the potential prospectivity of our Beetaloo acreage.

We remain fully carried with the drilling of the horizontal well due to commence imminently, 12 months ahead of schedule, which will assess hydrocarbon saturation and reservoir quality of the Middle Velkerri “B Shale” formation. Subsequent multi-stage hydraulic stimulation of the Amungee NW-1H well will provide key technical information such as gas flow rates and delivery potential and, ultimately, help the JV to move as fast as possible to horizontal production test wells within the Middle Velkerri formation.”

Ends.

Notes for the editor:

Why a diagnostic fracture injection (“DFIT”) test?

It is a small volume, low rate injection test followed by an extended shut-in period. This is essentially a pre-main fracturing breakdown treatment where the pressure falloff data is recorded and analysed to gain information about several important parameters such as:

1. Identifying the different leak off types: normal, pressure dependent, fracture height recession and fracture tip extension;
2. Identifying closure pressure and stress regime;
3. Determining pore pressure and permeability from the after-closure data.

Background

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 the Group 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.

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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 focused on gas and oil exploration and production, power generation and energy retailing. A member of the S&P/ASX 20 Index, the Company has approximately 6,900 employees and is a leading producer of gas in eastern Australia. Origin is Australia's largest energy retailer servicing 4.3 million electricity, natural gas and LPG customer accounts and has one of the country's largest and most flexible generation portfolios with approximately 6,000 MW of capacity, through either owned generation or contracted rights. Origin's strategic positioning and portfolio of assets provide flexibility, stability and significant opportunities for growth across the energy industry. Through Australia Pacific LNG, its incorporated joint venture with ConocoPhillips and Sinopec, Origin is developing one of Australia's largest CSG to LNG projects based on Australia's largest 2P CSG reserves base.

Origin has a strong focus on ensuring the sustainability of its operations, is the largest green energy retailer in Australia and has significant investments in renewable energy technologies. For more information go to www.originenergy.com.au

About Sasol

Sasol is an international integrated energy and chemicals company that leverages the talent and expertise of our more than 32,400 people working in 37 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 (EMP). 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 dollars
CSG	Coal seam gas
JV	Joint Venture
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
MW	Megawatt
TD	Total Depth

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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 and objectives of the wells to be drilled in the Beetaloo basin Australia, expected contributions of the partners, the prospectivity of the Middle Velkerri shale play 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.