



FALCON OIL & GAS LTD.
("Falcon" or the "Company" or the "Group")

Filing of Interim Financial Statements

26 August 2016 - Falcon Oil & Gas Ltd. (TSXV: FO, AIM: FOG, ESM: FAC) announces that it has filed its Interim Financial Statements for the three and six months ended 30 June 2016 and the accompanying Management's Discussion and Analysis ("**MD&A**").

The following should be read in conjunction with the complete unaudited unreviewed Interim Financial Statements and the accompanying MD&A for the three and six months ended 30 June 2016, which are available on the Canadian System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com and on Falcon's website at www.falconoilandgas.com.

2016 Operational Highlights

Australia

- The 2016 Australian Beetaloo Basin exploration programme is progressing as planned.

South Africa

- Processing of Falcon's exploration license application in South Africa's Karoo Basin continues and the South African Department of Mineral Resources is expected to issue licences in 2016.

2016 Financial Highlights

- Strong financial position, debt free with cash of US\$11.1 million at 30 June 2016 (31 December 2015: US\$12.7 million).
- Continued focus on strict cost management and efficient operation of the portfolio.
- General & administrative expenses decreased 10% period on period to US\$1.1 million (2015: US\$1.3 million).

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Falcon Oil & Gas Ltd.

**Interim Condensed Consolidated Statement of Operations and Comprehensive Loss
(Unaudited)**

	Three months ended 30 June 2016 \$'000	Three months ended 30 June 2015 \$'000	Six months ended 30 June 2016 \$'000	Six months ended 30 June 2015 \$'000
Revenue				
Oil and natural gas revenue	1	1	1	4
	1	1	1	4
Expenses				
Exploration and evaluation expenses	(98)	(76)	(188)	(452)
Production and operating expenses	(4)	(5)	(7)	(11)
Depreciation	(4)	(9)	(11)	(17)
General and administrative expenses	(603)	(649)	(1,144)	(1,265)
Share based compensation	(211)	(39)	(1,031)	(201)
Foreign exchange (loss) / gain	(38)	(196)	18	725
	(958)	(974)	(2,363)	(1,221)
Results from operating activities	(957)	(973)	(2,362)	(1,217)
Fair value (loss) / gain – outstanding warrant	(74)	(397)	62	(269)
Finance income	12	24	27	7
Finance expense	(34)	(30)	(62)	(134)
Net finance expense	(22)	(6)	(35)	(127)
Loss and comprehensive loss for the period	(1,053)	(1,376)	(2,335)	(1,613)
Loss and comprehensive loss attributable to:				
Equity holders of the company	(1,052)	(1,375)	(2,332)	(1,610)
Non-controlling interests	(1)	(1)	(3)	(3)
Loss and comprehensive loss for the period	(1,053)	(1,376)	(2,335)	(1,613)
Loss per share attributable to equity holders of the company:				
Basic and diluted	(0.001 cent)	(0.001 cent)	(0.003 cent)	(0.002 cent)

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

	At 30 June 2016 \$'000	At 31 December 2015 \$'000
Assets		
Non-current assets		
Exploration and evaluation assets	39,618	39,618
Property, plant and equipment	11	64
Trade and other receivables	26	22
Restricted cash	2,277	2,239
	41,932	41,943
Current assets		
Cash and cash on deposit	11,101	12,683
Trade and other receivables	241	268
	11,342	12,951
Total assets	53,274	54,894
Equity and liabilities		
Equity attributable to owners of the parent		
Share capital	382,853	382,853
Contributed surplus	43,947	42,916
Retained deficit	(384,874)	(382,542)
	41,926	43,227
Non-controlling interests	703	706
Total equity	42,629	43,933
Liabilities		
Non-current liabilities		
Decommissioning provision	9,629	9,565
	9,629	9,565
Current liabilities		
Accounts payable and accrued expenses	643	961
Derivative financial liabilities	373	435
	1,016	1,396
Total liabilities	10,645	10,961
Total equity and liabilities	53,274	54,894

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

	Six months ended 30 June	
	2016	2015
	\$'000	\$'000
Cash flows from operating activities		
Net loss for the period	(2,335)	(1,613)
Adjustments for:		
Share based compensation	1,031	201
Depreciation	11	17
Fair value (gain) / loss - outstanding warrant	(62)	269
Net finance expense	35	127
Effect of exchange rates on operating activities	(16)	(725)
Change in non-cash working capital:		
Trade and other receivables	23	26
Accounts payable and accrued expenses	(186)	90
Restructuring spend	-	(368)
Interest received	25	7
Net cash used in operating activities	(1,474)	(1,969)
Cash flows from investing activities		
Increase in cash deposits – other receivables	(4,701)	-
Increase in restricted cash	-	(1,991)
Property plant and equipment	(4)	-
Exploration and evaluation assets	(110)	-
Net cash used in investing activities	(4,815)	(1,991)
Change in cash and cash equivalents	(6,289)	(3,960)
Effect of exchange rates on cash & cash equivalents	6	(267)
Cash and cash equivalents at beginning of period	10,683	8,753
Cash and cash equivalents at end of period	4,400	4,526

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.

	30 June	31 December
	2016	2015
	\$'000	\$'000
Cash and cash equivalents	4,400	10,683
Cash on deposit	6,701	2,000
	11,101	12,683

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.

All dollar amounts in this document are in United States dollars "\$", except as otherwise indicated.

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

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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, the prospect of the exploration programme being brought to commerciality and the awarding of an exploration license in South Africa. 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.