



Falcon Oil & Gas Ltd. ("Falcon")

Acceleration of Exploration and Appraisal Drilling Programme into Stage 2

16 August 2018 - Falcon Oil & Gas Ltd. (TSXV: FO, AIM: FOG, ESM: FAC) is pleased to announce it has signed an agreement to amend the Farm Out Agreement with Origin Energy B2 Pty Ltd ("**Origin**"), to deem Stage 1 of the exploration and appraisal drilling programme in the Beetaloo Sub-basin complete and to commence Stage 2 with a A\$15 million increase to the Stage 2 Cost Cap.

Stage 1 Early Completion

Under the terms of the 2014 Farm-Out Agreement and Joint Operating Agreement (collectively "**the Agreements**") the joint venture parties ("**JV**") drilled three vertical wells and one hydraulic fracture stimulated horizontal well. The JV has agreed that, following the success of the fracture stimulated horizontal well in 2016, accelerating into the Stage 2 horizontal drilling programme is far more beneficial than fracture stimulating the final vertical well under Stage 1. The formal completion of Stage 1 is subject to government approval.

Stage 2 - A\$15 million Cost Cap Increase

Under the Agreements, the original Stage 2 Cost Cap was approximately A\$50m for the exploration and appraisal programme including the drilling and hydraulic fracture stimulation costs of two horizontal wells. With the removal of the fracture stimulation of the vertical well and accelerating the commencement of Stage 2, Origin has agreed to increase the Stage 2 Cost Cap by A\$15 million, to approximately A\$65 million. Any portion of the A\$15 million increase not utilised during Stage 2 will transfer to the Stage 3 Cost Cap, which currently stands at A\$48 million.

Stage 2 Exploration and Appraisal Drilling Program

The JV has agreed to evaluate the potential of the liquids-rich gas fairways in both the Kyalla and Velkerri plays. 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. Preparations for this drilling program has started. This will allow for the assessment of three plays, including the Velkerri B dry gas play discovered in 2016, so that the most commercially prospective play can be targeted during Stage 3.

Stage 3 Early Capital Commitments

The Stage 2 exploration and appraisal drilling programme will determine the most commercially prospective play to be targeted during Stage 3. The JV has agreed to the early commitment of Stage 3 capital expenditure during 2019, allowing for an efficient transition from Stage 2 to Stage 3, in the case that Origin and Falcon agree to proceed to Stage 3.

Philip O'Quigley, CEO of Falcon, commented:

"Today's announcement is an exciting development for Falcon shareholders and is due to significant technical work carried out by Origin over the past 18 months. The agreed acceleration of the work

program into Stage 2 is technically driven and the A\$15m cost cap increase provides Falcon with additional financial flexibility. We are very excited about the upcoming drilling program with the objective of appraising and assessing commerciality of the prospective plays.”

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This announcement contains inside information.

Advisory regarding forward looking statements

Certain information in this press release may constitute forward-looking information. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking information. Forward-looking information typically contains statements with words such as “may”, “will”, “should”, “expect”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “projects”, “dependent”, “potential”, “scheduled”, “forecast”, “outlook”, “budget”, “hope”, “support” or the negative of those terms or similar words suggesting future outcomes. 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, the prospectivity of the Middle Velkerri play and the prospect of the exploration programme being brought to commerciality, risks associated with fluctuations in market prices for shale gas; risks related to the exploration, development and production of shale gas reserves; general economic, market and business conditions; substantial capital requirements; uncertainties inherent in estimating quantities of reserves and resources; extent of, and cost of compliance with, government laws and regulations and the effect of changes in such laws and regulations; the need to obtain regulatory approvals before development commences; environmental risks and hazards and the cost of compliance with environmental regulations; aboriginal claims; inherent risks and hazards with operations such as mechanical or pipe failure, cratering and other dangerous conditions; potential cost overruns; variations in foreign exchange rates; competition for capital, equipment, new leases, pipeline capacity and skilled personnel; the failure of the holder of licenses, leases and permits to meet requirements of such; changes in royalty regimes; failure to accurately estimate abandonment and reclamation costs; inaccurate estimates and assumptions by management and their joint venture partners; effectiveness of internal controls; the potential lack of available drilling equipment; failure to obtain or keep key personnel; title deficiencies; geo-political risks; and risk of litigation.

Readers are cautioned that the foregoing list of important factors is not exhaustive and that these factors and risks are difficult to predict. 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, including under "Risk Factors" in the Annual Information Form.

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 Universiteit Amsterdam, the Netherlands. He is a member of AAPG.

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. Origin is the leading energy retailer with approximately 4.2 million customer accounts, has approximately 6,000 MW of power generation capacity and is also a large natural gas supplier. Origin is the upstream operator of Australia Pacific LNG, which supplies natural gas to domestic markets and exports LNG under long term contracts.

www.originenergy.com.au

Glossary of terms

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| A\$ | Australian dollar |
| Cost Cap | The costs up to which Origin has agreed to fund 100%. Any costs incurred above the Cost Cap will be paid 70% by Origin and 30% by Falcon |

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.