Falcon Oil & Gas Ltd - Interim Results for Three Months Ended 31 March 2014

29.05.2014 | Marketwired

DUBLIN, IRELAND -- (Marketwired - May 29, 2014) - Falcon Oil & Gas Ltd. (TSX VENTURE:FO) (AIM:FOG) (ESM:FAC) ("Falcon" or the "Company") announces that it has filed its results for the three months ended 31 March 2014.

The following should be read in conjunction with the complete Interim Financial Statements and the accompanying Management's Discussion and Analysis for the three months period ended 31 March 2014 filed with the TSXV. These filings are available at www.sedar.com and on Falcon's website at www.falconoilandgas.com.

Highlights

- Transformational Farm-Out Agreement and Joint Operating Agreements ("the Agreements") of Beetaloo permits, Northern Territory, Australia to carry Falcon in a nine well exploration and appraisal program over five years with Origin Energy Resources Limited, a subsidiary of Origin Energy Limited ("Origin") and Sasol Petroleum Australia Limited, a subsidiary of Sasol Limited ("Sasol"), "the Farminees".
    - Drilling to commence following completion of the Agreements.
    - Origin and Sasol to pay Falcon A$20 million cash on completion of the Agreements.
    - Origin and Sasol to each earn 35% interest in the Permits.
    - Falcon to retain a 30% interest in the Permits.
    - Origin to be the Operator.
    - 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 within the first three years.
    - 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.
    - Farminees to pay the full cost of the final two horizontally fracture stimulated wells and 90 day production tests capped at A$48 million.

- Spudding of the second well in Hungary, fully carried by Naftna Industrija Srbije JSC ("NIS"),
- Continued focus on strict cost management and efficient operation of the portfolio.
- Strong financial position, debt free with cash and cash equivalents at US$6.9 million (31 December 2013: US$8.4 million).

Philip O'Quigley, CEO of Falcon commented:

"2014 has been a busy year for Falcon with the execution of the Agreements with Origin and Sasol of our Beetaloo permits in the Northern Territory Australia. Together with the A$20 million, the deal is worth up to approximately A$200 million to Falcon. I can confidently state that this carry and work programme is a great deal for our shareholders. In addition, we have spudded the second well in Hungary with our partner NIS. I look forward to updating the market and making further announcements on the Group's progress in due course."

Australia

Farm-out of Beetaloo permits, Northern Territory, Australia

As announced on 2 May 2014, Falcon Australia has executed definitive agreements including a 9 well Farm-Out Agreement and Joint Operating Agreements (collectively "the Agreements") with Origin and Sasol, to each farm into 35% of Falcon's Exploration Permits in the Beetaloo Basin, Australia. The Agreements are subject to conditions inter alia Government, statutory authority consents and relevant Stock Exchange approvals.

Hungary Drilling

Spudding of second well in Hungary

As announced on 16 May 2014, the second of three exploration wells "Besa-D-1", with our partner NIS to evaluate the gas potential of the Algyő Formation at a depth of approximately 3,000 meters in the Makó Trough, Hungary has been spudded. The well testing operations on the first well, Kútvölgy-1 are now completed. The testing indicated that well production did not meet commercial rates. Falcon, with our partner NIS, has discontinued testing Kútvölgy-1, the well is to be plugged and abandoned. Falcon and NIS are now focused on Besa-D-1.

Results for operating activities

Falcon incurred a loss of US$0.3 million in the three months ended 31 March 2014, decreasing from a loss of US$4.7 million in the three months ended 31 March 2013.

Falcon's cash and cash equivalent balance at 31 March 2014 was US$6.9 million (31 December 2013: US$8.4 million).

Appointment of Communication Adviser

Falcon has retained Camarco as its communication adviser to provide ongoing strategic and business advice with shareholders and investors. The initial fee is £5,000 per month which will increase to £6,000 after 3 months. Termination clauses are included in the contract, which are at both parties' discretion. Engagement with FTI Consulting, Falcon's previous communication adviser has now ended.

The appointment of Camarco is subject to TSXV approval.

About Falcon Oil & Gas Ltd.

Falcon 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 spread between Australia, South Africa and Hungary. Falcon 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 Camarco

Camarco is a financial and corporate communications adviser with specialist sector knowledge, particularly in energy and resources, financial services, and the consumer industries.

For further information on Camarco please visit www.camarco.co.uk

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.

Certain information in this press release may constitute forward-looking information, including comments made with respect to the type and number of wells and expected costs of the work program under the Farm-out and the project being brought towards commerciality. This information is based on current expectations that are subject to significant risks and uncertainties that 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.

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

	Three months ended 31 March 2014 $'000	Three months ended 31 March 2013 $'000
Revenue		
Oil and natural gas revenue	10	3
	10	3
Expenses		
Exploration and evaluation expenses	(198)	(198)
Production and operating expenses	(7)	(5)
Depreciation	(43)	(145)
General and administrative expenses	(1,019)	(1,185)
Share based compensation	(195)	(95)
Foreign exchange loss	(33)	-
Other income	137	237
	(1,358)	(1,391)
Results from operating activities	(1,348)	(1,388)
Fair value gain / (loss) - outstanding warrants	991	(1,881)
Finance income	59	8
Finance expense	(35)	(1,485)
Net finance income \ (expense)	24	(1,477)
Loss and comprehensive loss for the period	(333)	(4,746)
Loss and comprehensive loss attributable to:		
Equity holders of the company	(329)	(4,701)
Non-controlling interests	(4)	(45)
Loss and comprehensive loss for the period	(333)	(4,746)
Loss per share attributable to equity holders of the company:		
Basic and diluted	($0.000)	($0.007)

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

	At 31 March 2014 $'000	At 31 December 2013 $'000
Assets		
Non-current assets		
Exploration and evaluation assets	74,720	74,517
Property, plant and equipment	5,366	5,403
Trade and other receivables	78	77
Restricted cash	604	615
	80,768	80,612
Current assets		
Cash and cash equivalents	6,879	8,431
Trade and other receivables	742	473
	7,621	8,904
Total assets	88,389	89,516
Equity and liabilities		
Equity attributable to owners of the parent		
Share capital	382,853	382,853
Contributed surplus	42,658	42,463
Retained deficit	(350,934)	(350,605)
	74,577	74,711
Non-controlling interests	733	737
Total equity	75,310	75,448
Liabilities		
Non-current liabilities		
Derivative financial liabilities	-	448
Decommissioning provision	11,155	11,138
	11,155	11,586

Current liabilities		
Accounts payable and accrued expenses	1,518	1,533
Derivative financial liabilities	406	949
	1,924	2,482
Total liabilities	13,079	14,068
Total equity and liabilities	88,389	89,516

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

	Three months ended 31 March	
	2014 $'000	2013 $'000
Cash flows from operating activities		
Net loss for the period	(333)	(4,746)
Adjustments for:		
Share based compensation	195	95
Depreciation	43	145
Fair value (gain) / loss - outstanding warrants	(991)	1,881
Net finance (income) / expense	(24)	1,477
Other	33	(126)
Contribution to past costs - Chevron	-	1,000
Change in non-cash working capital	(161)	(168)
Interest received	17	6
Net cash used in operating activities	(1,221)	(436)
Cash flows from investing activities		
Exploration and evaluation assets	(373)	-
Proceeds from farm-out transaction - NIS	-	1,500
Property, plant and equipment	(8)	-
Net cash (used in) / generated by investing activities	(381)	1,500
Cash flows from financing activities		
Proceeds from private placement	-	25,072
Transaction costs relating to private placement	-	(1,762)
Net cash from financing activities	-	23,310
Change in cash and cash equivalents	(1,602)	24,374
Effect of exchange rates on cash & cash equivalents	50	(151)
Cash and cash equivalents at beginning of period	8,431	2,884
Cash and cash equivalents at end of period	6,879	27,107

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Die URL für diesen Artikel lautet:
https://www.rohstoff-welt.de/news/174633--Falcon-Oil-und-Gas-Ltd---Interim-Results-for-Three-Months-Ended-31-March-2014.html

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