

Falcon Oil & Gas Ltd. - Beetaloo Farm-Out

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[Falcon Oil & Gas Ltd.](#)
(Falcon;)

Beetaloo Farm-Out

7 April 2020 - [Falcon Oil & Gas Ltd.](#) (TSXV: FO, AIM: FOG) (Falcon;) is pleased to announce that its c. 98% subsidiary, Falcon Oil & Gas Australia Limited (Falcon Australia;), has executed an agreement which includes a restated Farm-Out Agreement and Joint Operating Agreement (collectively the Agreements;) with Origin Energy B2 Pty Ltd., a subsidiary of Origin Energy Limited (Origin;) to farm down 7.5% of Falcon Australia's 30% participating interest (PI;) in the Exploration Permits in the Beetaloo Sub-basin, Northern Territory, Australia (the Permits;). Falcon and Origin are obligated to seek the Northern Territory government and TSXV stock exchange approvals, in respect of the Agreements.

Transaction details

- With the necessary approvals, the PI of the respective JV partners will be:
 - Falcon Australia 22.5%
 - Origin 77.5%
- In consideration of Falcon Australia transferring 7.5% of its PI, Origin will increase the gross cost cap of the work program by A\$150.5 million.
- The previous farm-in arrangement included a Stage 2 gross cost cap of A\$65.3 million and a Stage 3 gross cost cap of A\$48 million, or A\$113.3 million in total. Under the Agreements, the Stage 2 and Stage 3 gross cost caps will be combined and increased by A\$150.5 million to A\$263.8 million (the Overall Cost Cap;),
- This Overall Cost Cap will be applied to the completion of the Stage 2 and Stage 3 work programmes.
- Amounts of the Overall Cost Cap not utilised during Stage 2 and Stage 3 will be applied to future work programmes.
- Expenditure above the Overall Cost Cap will be borne by the JV partners in proportion to their PI.
- Origin will assume 25% of the cost of Falcon Australia's remaining call option to reduce the overriding royalties with the TOG Group. The cost to Falcon Australia, should it wish to exercise the call option, will reduce from US\$7.5 million to US\$5.625 million, in line with its reduced PI.

Operational Update

Drilling operations on the Kyalla 117 N2-1H ST2 well (Kyalla Well;) were successfully completed in February 2020, reaching a total measured depth of 3,809 metres, including a 1,579-metre lateral section (from 90 degrees) in the Lower Kyalla Formation. Water impact monitoring bore drilling was completed in March and final preparatory work continues ahead of the next stage of operations. On 26 March, in response to the COVID-19 pandemic, Origin confirmed forward operations in the Beetaloo had been temporarily paused. As a result, Origin expects a delay to the Kyalla Well stimulation and extended production test of at least 3 months to now occur in H2 2020, and the drilling of the Velkerri Flank well in H1 2021.

Philip O'Quigley, CEO of Falcon commented:
Falcon Australia's farm down of 7.5% of its PI in the Permits for a further gross cost cap of A\$150.5 million, provides Falcon with additional funding that can be applied to the completion of the Stage 2 and Stage 3 work programmes. It also demonstrates Origin's continued commitment to the Beetaloo Sub-basin. This farm down together with Falcon's unaudited cash reserves of US\$11.5 million at 31

March 2020 leaves us well positioned to participate in the future upside potential of the Beetaloo. We look forward to updating the market as soon as operations recommence in the Beetaloo.”

Ends.

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This announcement has been reviewed by Dr. G?bor Bada, [Falcon Oil & Gas Ltd.](#)'s Head of Technical Operations. Dr. Bada obtained his geology degree at the E?tv?s 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 exploration and development of 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.

Falcon Oil & Gas Australia Limited is a c. 98% subsidiary of [Falcon Oil & Gas Ltd.](#)

For further information on [Falcon Oil & Gas Ltd.](#) please visit www.falconoilandgas.com

This announcement contains inside information.

About Origin Energy

Origin Energy (ASX: ORG) is a leading Australian integrated energy company. Origin is a leading energy retailer with approximately 4.1 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

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 77.5% by Origin and 22.5% by Falcon Australia
H1	First six months of the calendar year
H2	Second six months of the calendar year
JV Partners	Joint venture between Origin Energy and Falcon Oil & Gas Australia Ltd.
LNG	Liquefied natural gas
MW	Megawatt
TOG Group	Malcolm John Gerrard, Territory Oil & Gas LLC & Tom Dugan Family Partnership LLC
Stage 2	Drilling operations include the drilling and hydraulic fracture stimulation of two horizontal wells to evaluate potential of liquids rich gas fairways in the Kyalla and Velkerri shale plays
Stage 3	Drilling operations include the drilling and hydraulic fracture stimulation of two horizontal wells to prove flow rates of gas/liquids that provide a range of commercialisation options
TSXV	The TSX Venture Exchange is a stock exchange in Canada

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 Sub-basin Australia, the prospectivity of the Middle Velkerri and Kyalla plays 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, drilling wells is speculative, often involving significant costs that may be more than estimated and may not result in any discoveries; 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.

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.

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