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How to de-risk and generate transformational value of a large scale diversified portfolio of unconventional assets

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Falcon Oil & Gas Ltd

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How to de-risk and generate transformational value of a large scale diversified portfolio of unconventional assets

October 2013

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Company Overview and Strategy

- International oil and gas company focused on the acquisition, exploration and development of unconventional oil and gas properties

Corporate strategy is to:

- Acquire large acreage positions in geologically prospective unconventional oil & gas plays
- Focus on countries that support exploitation of unconventional oil & gas
- Reduce financial exposure by farmout of seismic and drilling work programs
- Monetise assets at a significant premium to acquired cost

- Existing assets located in two major underexplored basins in Australia, South Africa and Hungary covering c. 14.75 million gross acres

- Strong Board and management team, with experience in exploration, production and corporate development. Board and management changes in 2012

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Board of Directors



John Craven, Chairman
- Appointed Sept 2011
- Petroleum Geologist with 35+ years E&P experience
- Formerly Cove Energy, Petroceltic and Dana Petroleum



Philip O'Quigley, Director & Chief Executive Officer
- Appointed CEO in May 2012 and to Board in Sept 2012
- 20+ years E&P experience across London & Dublin
- Previously Finance Director of Providence Resources



Daryl H Gilbert, Non Executive Director
- Petroleum Engineer & Geologist
- 35+ years experience as advisor in energy sector
- Current Director of AltaGas and Penn West Petroleum



Dr. György Szabó, Director & MD Hungary
- Ph.D in Petroleum Engineering
- Internationally recognised authority in petroleum industry
- Previously CEO of MOL



JoAchim Conrad, Non Executive Director
- Degree in Economics and Information Technology from Georg-August Universität, Germany
- Has held numerous leadership positions within European energy industry with Gazprom, EGL and Wintershall



Igor Akhmerov, Non Executive Director
- 20+ years consulting/corporate development experience
- CEO of Avelar Energy Group and Non Executive Director of Kerself SpA

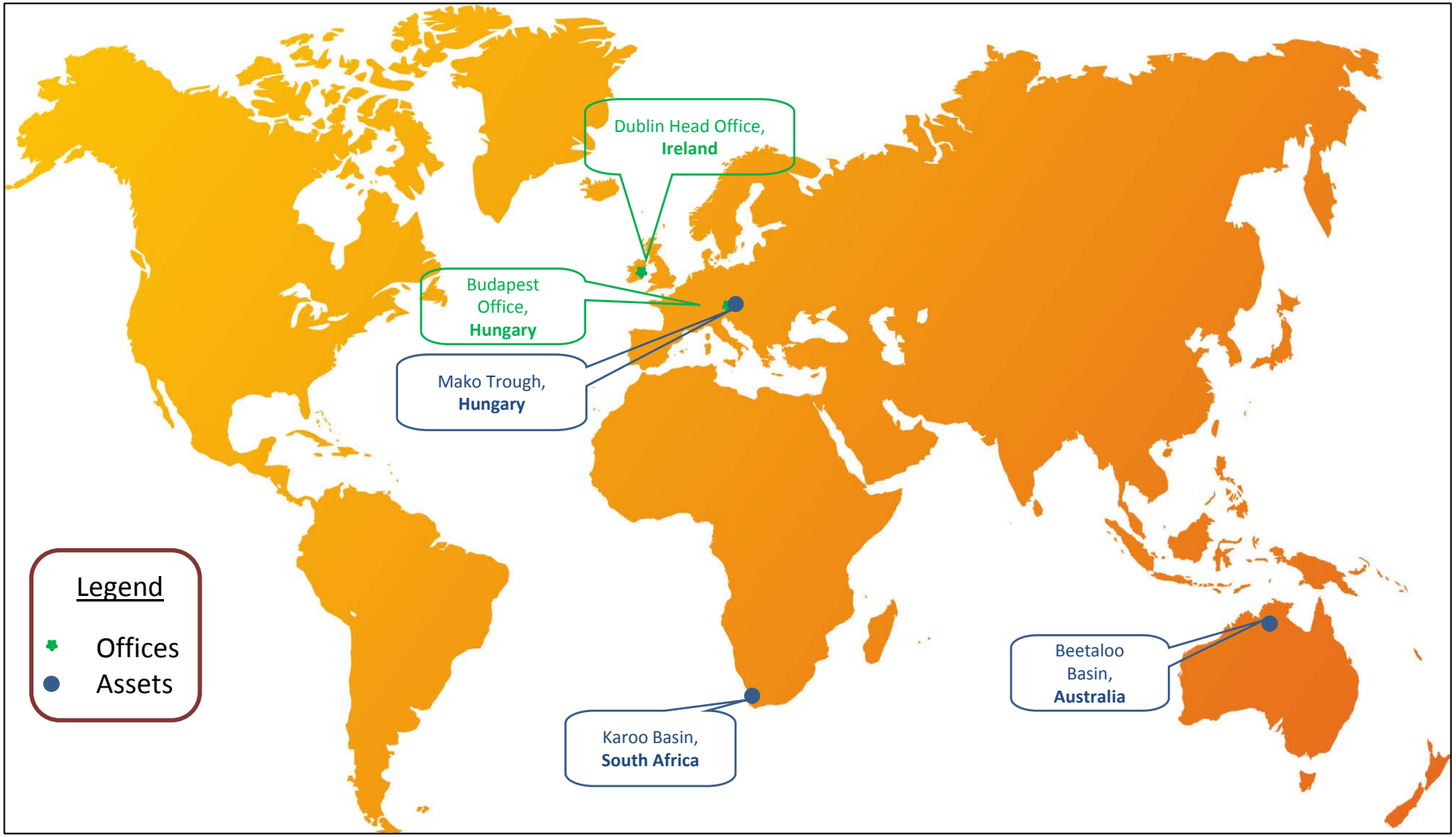


Gregory Smith, Non Executive Director
- Chartered Accountant
- 15+ years experience on various Canadian boards including Manson Creek Resources and Tyler Resources



David Harris, Non Executive Director
- Petroleum Geologist & Consultant
- 20+ years experience as advisor in the energy sector
- Sole proprietor of DGH International GeoConsulting

Internationally Diversified Asset Portfolio



Beetaloo Basin, Northern Territory, Australia

Falcon Oil & Gas Australia Ltd* (FOGA) - Asset Overview & Location

Summary

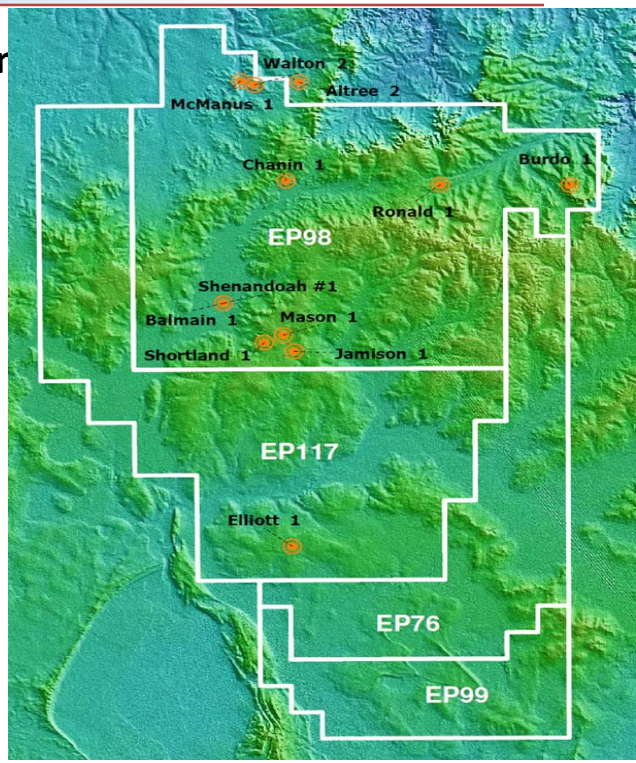
- FOGA holds 100% interest in 4 exploration permits
- Covers c. 7 million gross acres of Beetaloo Basin, NT, Australia
- Located 600km south of Darwin
- A major gateway for industrial and export market

Potential Resource (RPS Energy Jan 2013 CPR)

- Estimates gross recoverable prospective resource potential **(P50) of 162 TCF of gas and 21,345 MMBO of oil recoverable**

Partner & Work Program

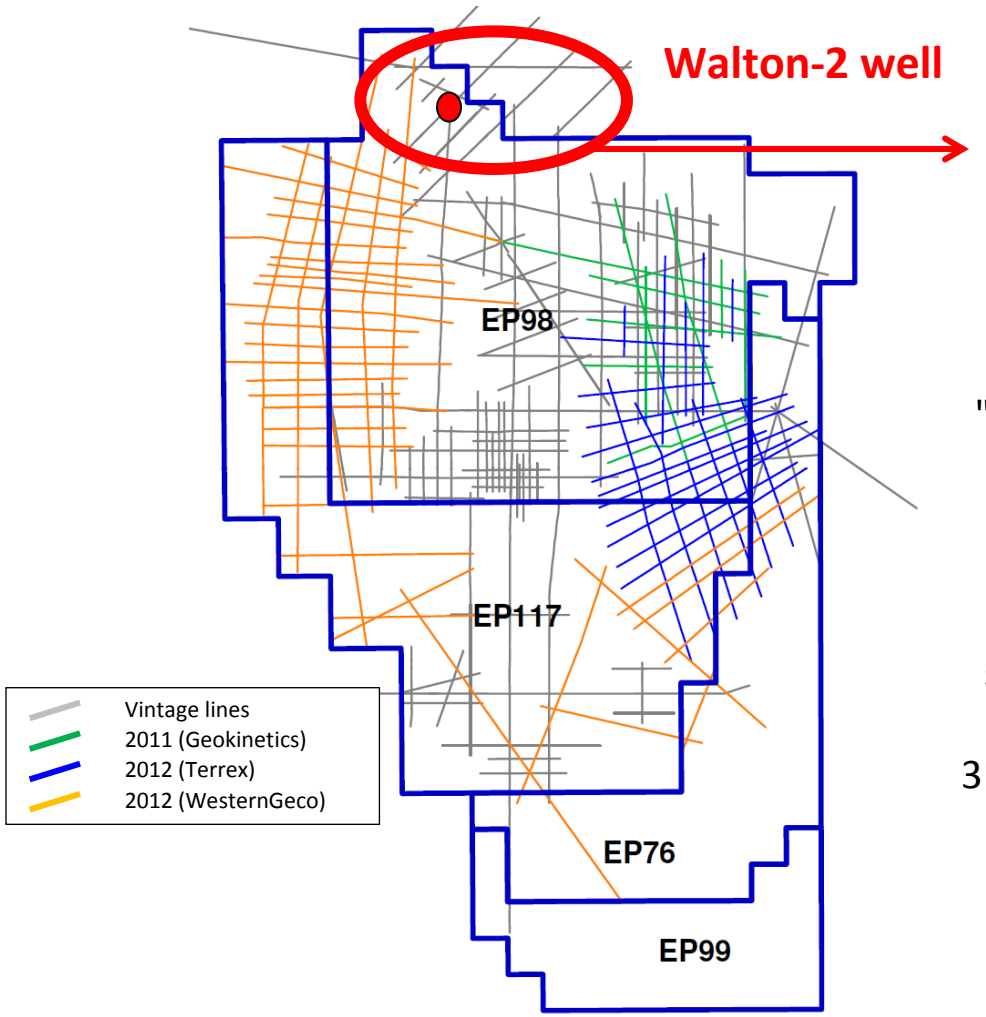
- JV with Hess executed in April 2011
- Covered all of EP's 76, 117 and majority of EP-98 (Total 6.2 million acres)
- Cash payment of US$20 million to FOGA
- Hess has acquired 3,490km of seismic data, est. cost US$60 million
- Seismic data currently under evaluation and interpretation
- Hess did not elect by 30th June 2013 to drill and evaluate five wells to earn 62.5% of the covered area.
- Falcon now in new farm-out discussions that will include EP-99 and Shenandoah





** Falcon Oil & Gas Australia Ltd. (c. 98% subsidiary of Falcon Oil & Gas Ltd)*

Location of Walton-2 well with oil shows and source rock data

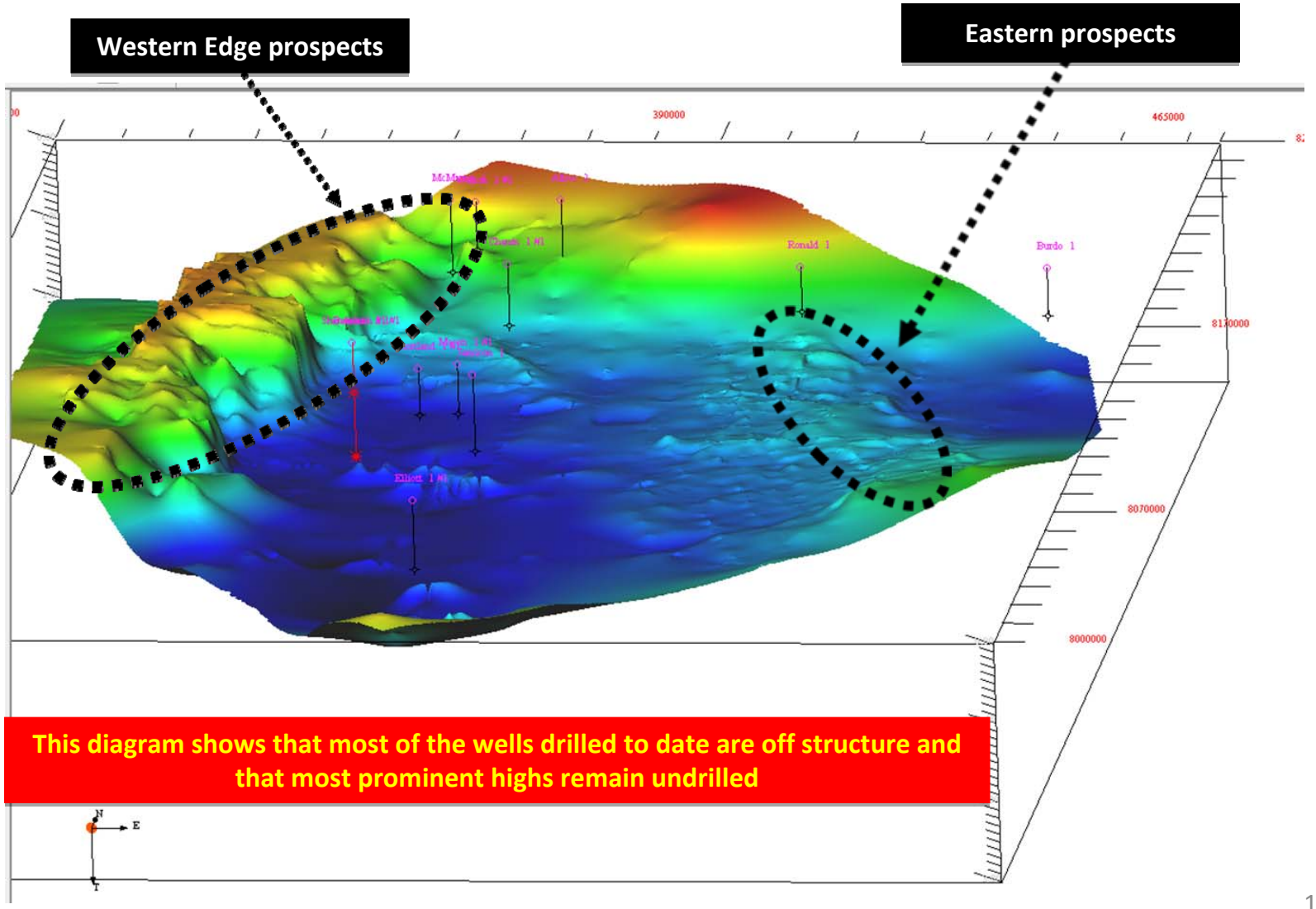


Location of Walton-2 well at the northen edge of the Beetaloo basin

Quote from recent report on Walton-2 well:

"Common to extremely abundant... oil inclusions are present in sandstones at 259m, 762m and 1012m, in shale at 311m... High abundance suggests high oil saturation or paleo-saturation and presence in organic rich shale at 311m suggests the possibility of local generation.

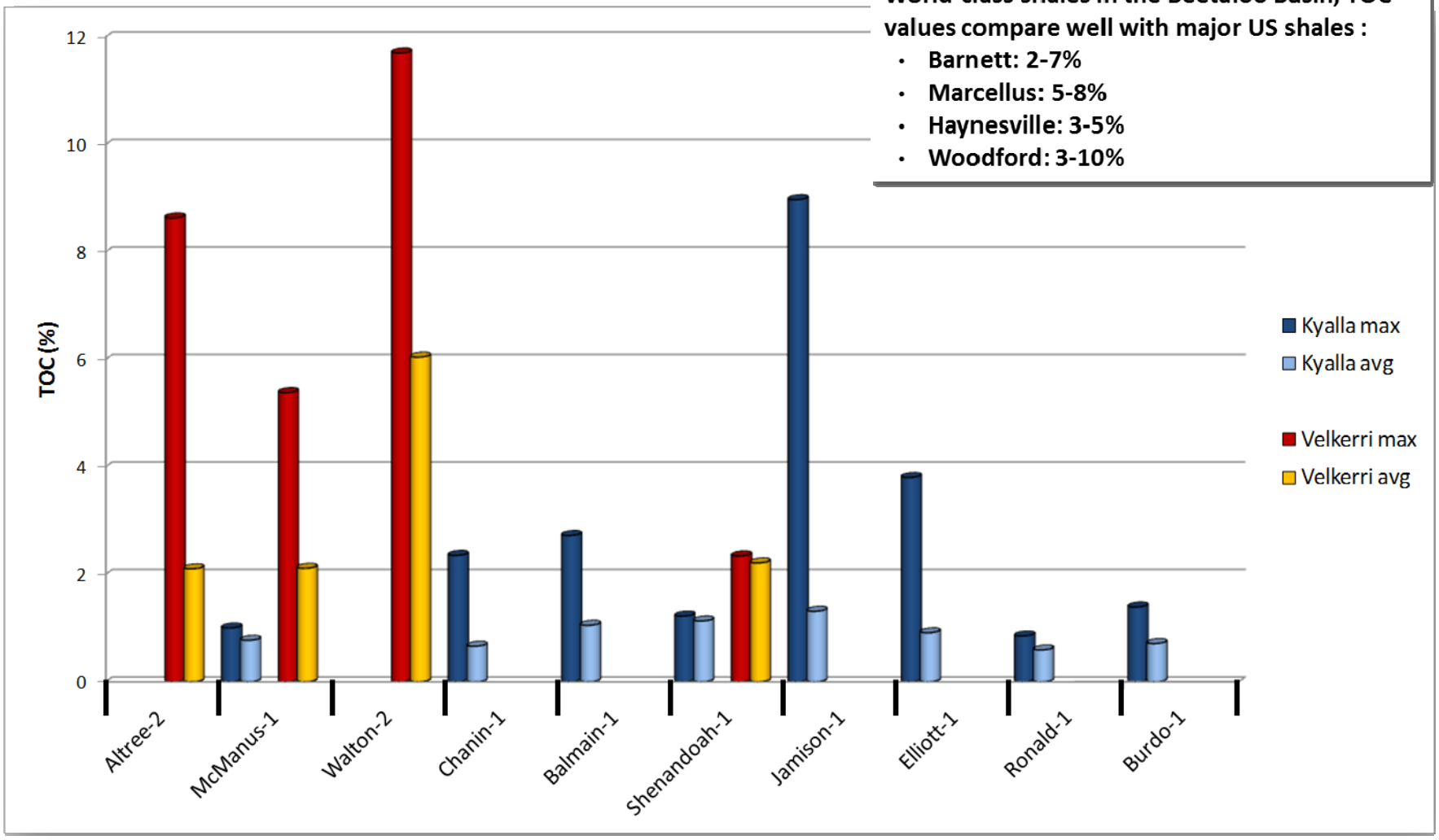
Bessie Creek Time Structure and Drilled Wells



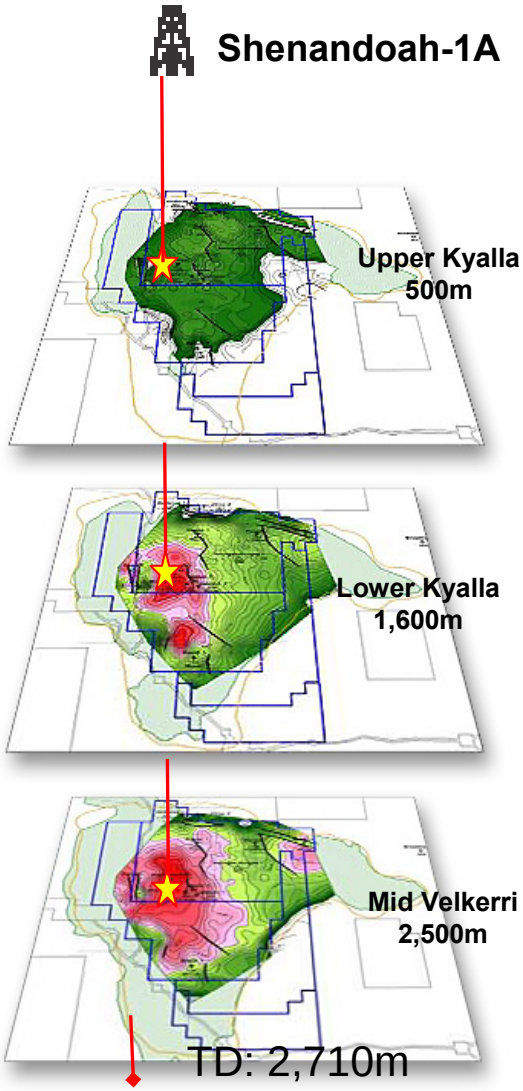
Unconventional Hydrocarbons in the Beetaloo Basin

World-class shales in the Beetaloo Basin, TOC values compare well with major US shales :

- **Barnett: 2-7%**
- **Marcellus: 5-8%**
- **Haynesville: 3-5%**
- **Woodford: 3-10%**



Shenandoah-1A Well Testing, November 2011



- Shenandoah well was drilled into the deepest part of the basin in the gas window to test unconventional shale

✓ Proved shale zones are “fraccable”

✓ Proved movable hydrocarbons (gas and oil)

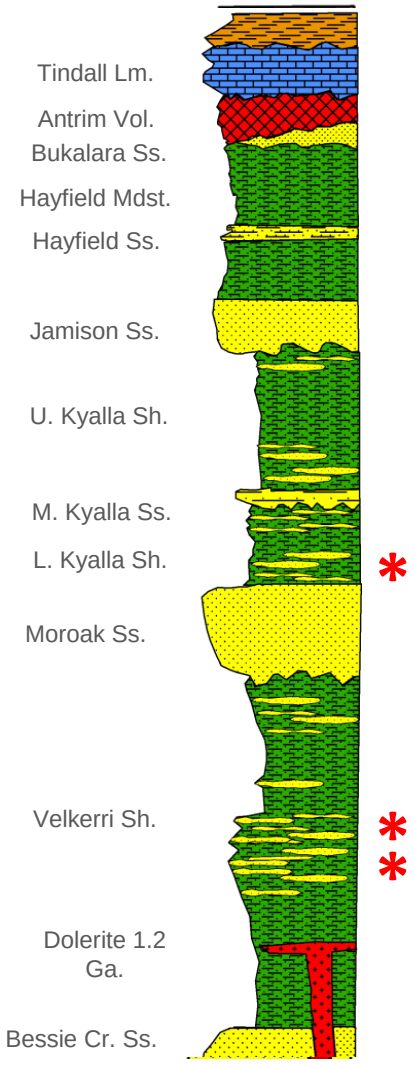
✓ Shale targets overpressured

✓ Determined which zone should be tested by future horizontal multi-frac well









Gross recoverable prospective resource potential (P50) - RPS Report January 2013

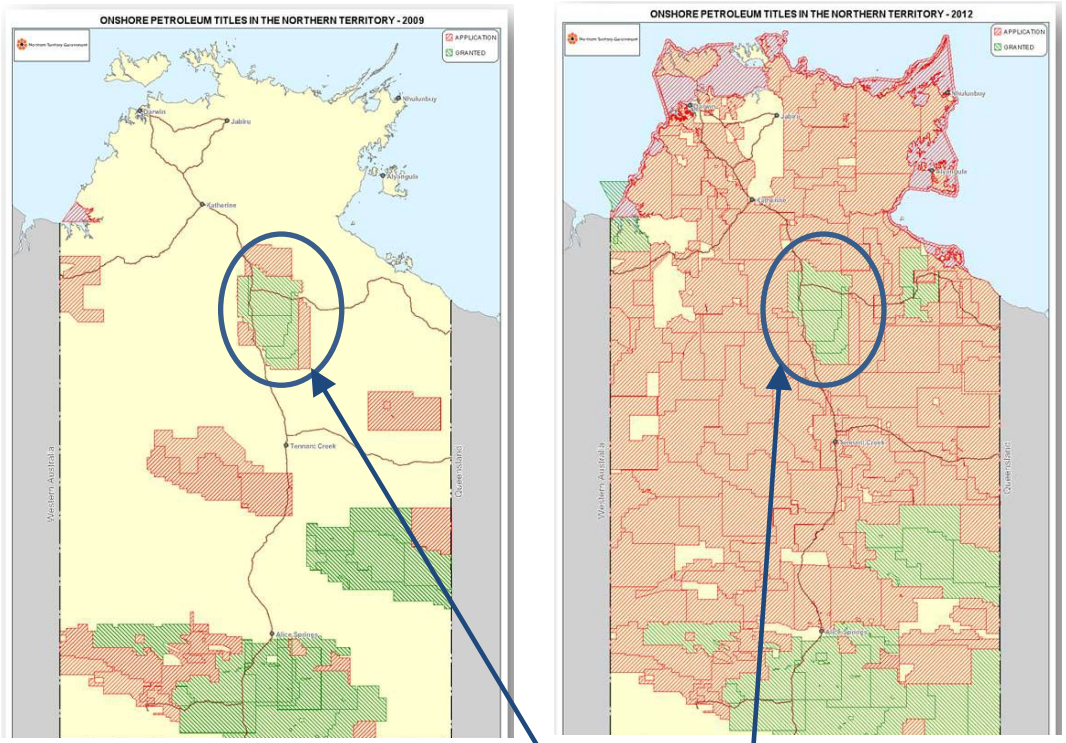
Potentially Recoverable Unconventional Oil Resources (Bstb)	P90	P50	P10
Upper Kyalla	1.3	2.6	5.5
Lower Kyalla	3.0	6.0	12.0
Mid-Velkerri	4.9	12.7	32.5
Total	**9.2**	**21.3**	**50.0**
Potentially Recoverable Unconventional Gas Resources (TCF)	**P90**	**P50**	**P10**
Lower Kyalla	21.8	37.3	63.8
Mid-Velkerri	45.1	74.5	122.8
Moroak	0.95	5.9	36.7
Bessie Creek BCGA	24.6	44.3	78.5
Total	**92.5**	**162**	**301.8**

Northern Territory, Australia

Northern Territory – Investment and Fiscal Conditions

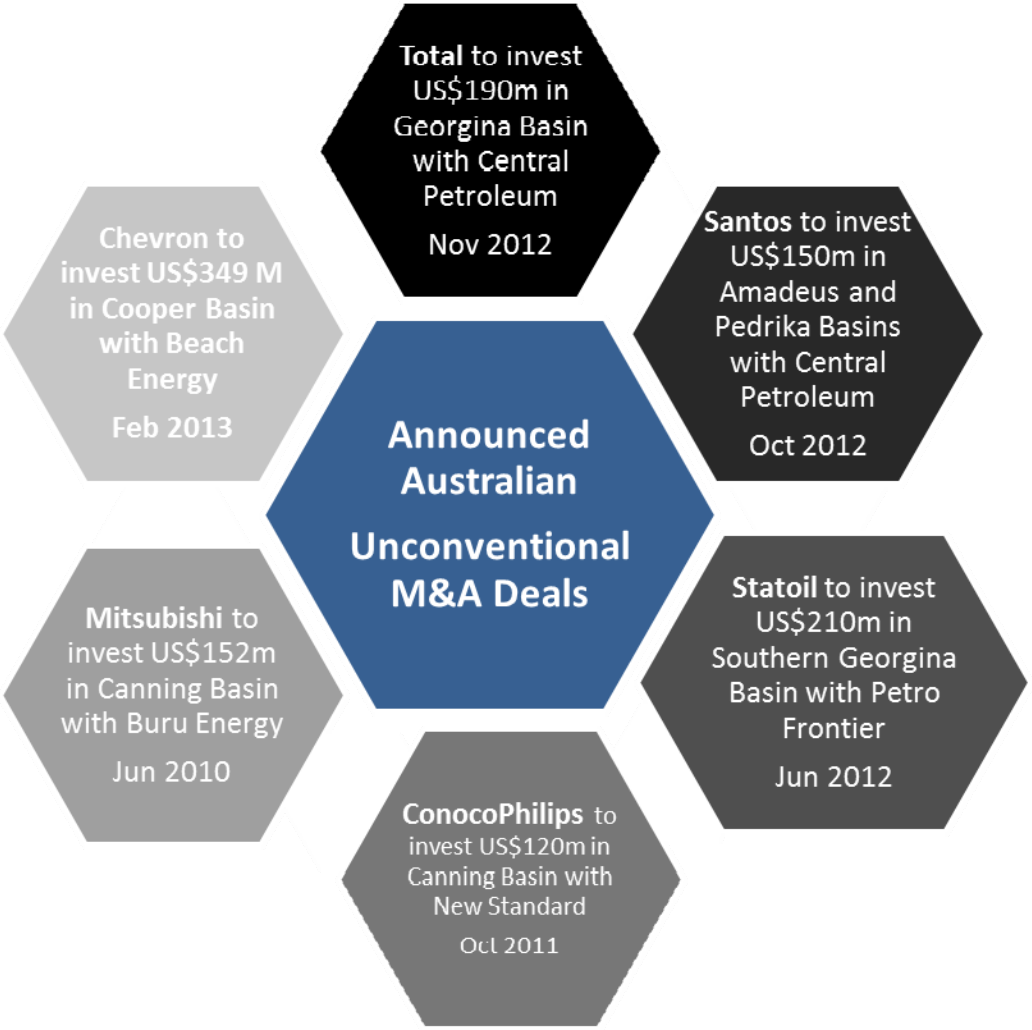
- Northern Territory investing in infrastructure to support strategic industries
- Vast majority of Northern Territory land granted or under application for petroleum exploration
- Major LNG infrastructure with one LNG Train completed in 2006 and two more under construction at a cost of US$34bn
- Royalties of c.12% payable to government and native title holders and 12% to other parties
- Commonwealth Government corporation tax of 30%

Applications and Granted Licences 2009 vs. 2012



Source: The Northern Territory government

Unconventional M&A Australia



Karoo Basin, South Africa

Asset Overview & Location

Summary

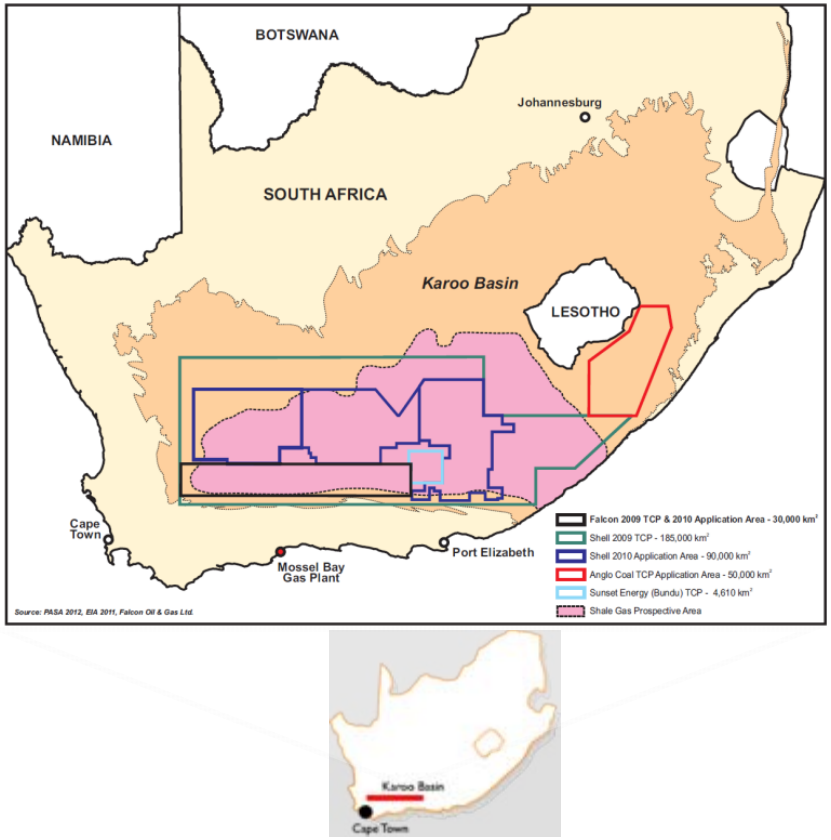
- Technical Cooperation Permit (TCP) granted 2009
- Covers c. 7.5 million acres onshore Karoo Basin
- Falcon's TCP adjacent to Shell TCP

Potential Resource (EIA June 2013)*

- Karoo basin estimated to contain 390 TCF of technically recoverable shale gas resources.
- Target is the high organically rich (6%) and thermally mature Whitehill Formation
- Average depth is 3,000 meter in the prospective area.
- Estimated gross organic thickness of 30 to 100 meter

Partner & Work Program

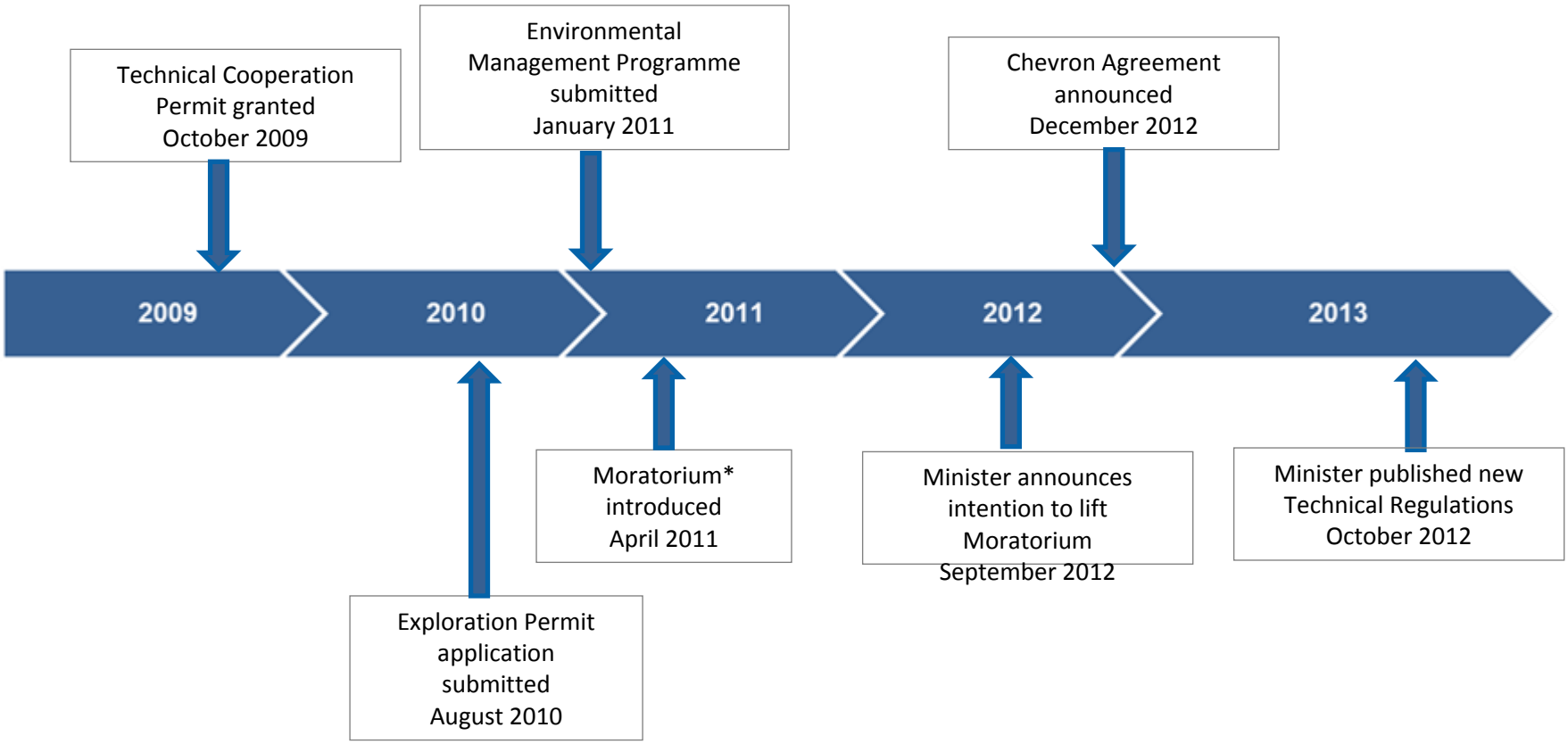
- 5 Year Exclusive cooperation agreement with Chevron signed in December 2012
- Received USD 1 million contribution towards past costs
- Expecting award of Exploration Permit Q1 2014
- Further announcements expected post the award of the Exploration Permit



**US Energy Information Administration: World Shale Gas Resources: An initial assessment of 41 countries outside the USA (June 2013)*

Karoo Basin, South Africa *cont.*

Karoo Basin - Timeline



*Note: *South African government imposed a Moratorium on all shale gas exploration in April 2011*

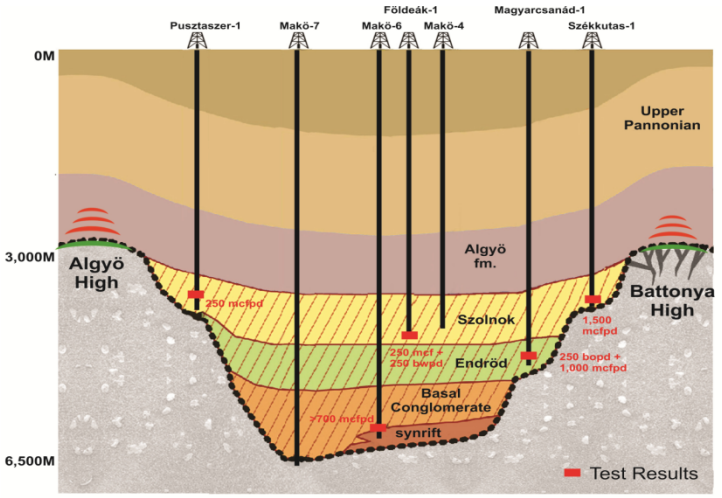
Makó Trough, Hungary

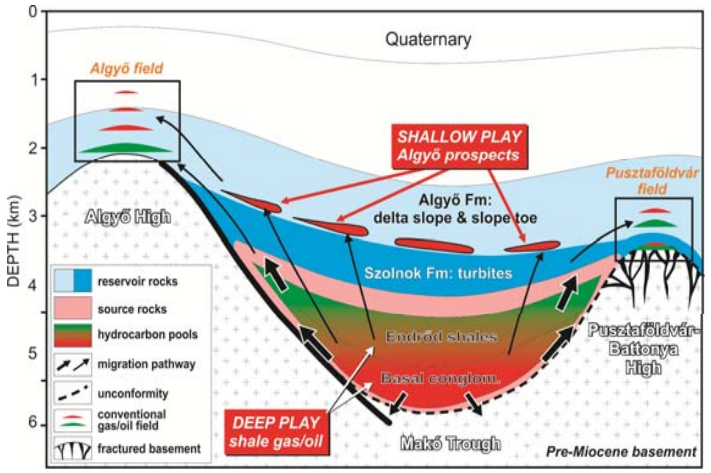
Summary

- Hold 100% interest in a production licence granted 2007
- Covers 245,775 acres within the Makó Trough, Central Pannonian Basin Hungary

The Deep Unconventional Play

- Significant contingent resources in deeper unconventional play
- RPS Energy (January 2013) estimates gross recoverable contingent resource of 35.3 TCF and 76.7 MMBO (P50)
- Early exploration efforts focused on proving hydrocarbon potential and delineation of basin to secure Production License
- Six wells drilled by Falcon. Each encountered thick sequence of hydrocarbon bearing rocks; tests flowed hydrocarbons from each tested horizon
- May seek to partner with industry player to develop and finance





Source: CPR report

Makó Trough, Hungary

Asset Overview & Location

Potential Resource (RPS Energy Jan 2013)

•Shallow Algyö play contains gross recoverable prospective resources of 568 BCF (P50)

•Algyö Formation main producing formation of the giant Algyö Field

•AVO analysis has proven successful in Algyö exploration in the Pannonian Basin

Partner & Work Program

•Agreement with Naftna Industrija Srbije, j.s.c. (“NIS”) to target shallow Algyö play

•NIS to drill three wells

•Received $1.5m contribution towards past costs

•Estimated cost $20M-Falcon fully carried

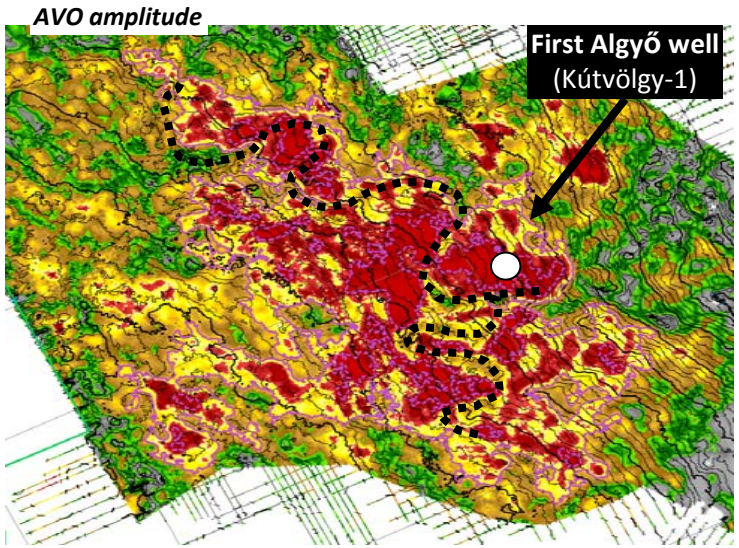
•Drilling of first well completed in July 2013

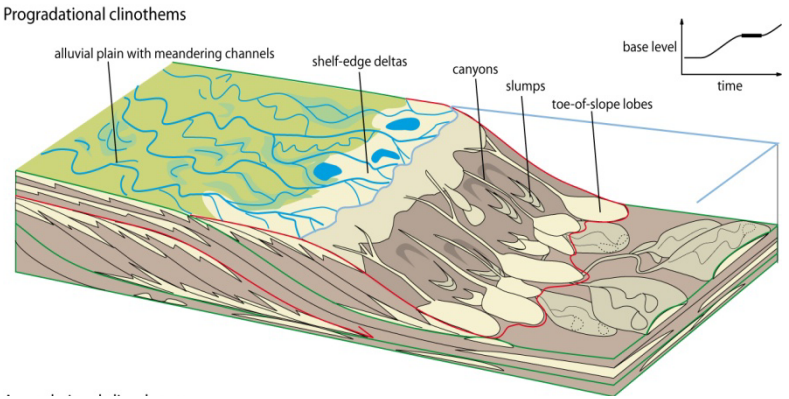
•Alternating sequence of sandstones, siltstones and shales over a gross interval of 320 metres to TD, with gas shows throughout

•Testing of first well scheduled for November 2013

•NIS to earn 50% of net production from these wells

•Option to participate in future drilling, terms to be negotiated on payment of $2.75M

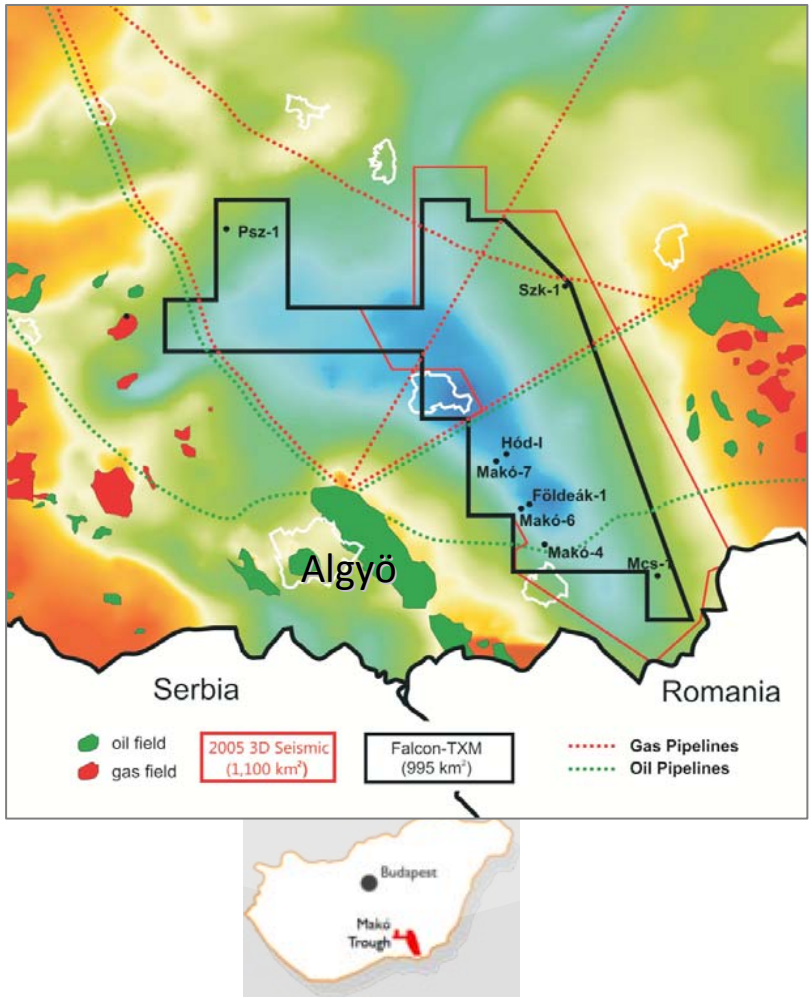




Makó Trough, Hungary

Hungary - Investment & Fiscal Conditions

- The Makó Licence is located approximately 10km from the MOL Group owned and operated Algyö Field
- Algyö has produced 2.5 TCF plus 220 MMBO to date
- Licence area transected by existing gas pipelines
- 12% royalty to Hungarian Government, 19% corporation tax, up to 31% Energy tax and 5% royalty to previous owners



Potential Value Drivers

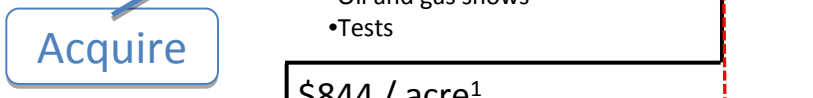
Estimated Timeline	Q4 2013	2014	2015
Beetaloo Basin, Australia	Complete a farm-out deal.	Acquire Seismic over EP99 and EP76 Prepare for drilling program	Commence 5 well drilling program
Karoo Basin, South Africa	Continue early stage evaluation with Chevron	Exploration Rights expected to be awarded for 7.5 million acres --- Farm-Out of Exploration Rights & exploration planning	Continue Phase 1 exploration program including seismic acquisition
Makó Trough, Hungary	Shallow: Test the Kútvölgy-1 Well	Shallow: Drill wells # 2 and #3 Deep: Potential Farm-Out on Deep Makó Trough	Deep: Re-Enter Mako 7 and Mako 4

Estimated Capex Program 2013/2014/2015

	Potential No. of Wells	Estimated Gross Cost	Estimated Net Cost
Beetaloo Basin, Northern Territory, Australia		**USD**	**USD**
Hess estimated Capex to Date		$80 M	$ 0
New farm out deal to include the drilling of five wells	5	$100 M	$ 0
Seismic acquisition on EP99 and EP76		$10 M	$ 0
Karoo Basin, South Africa			
Exploration Rights expected to be awarded for 7.5 million acres		$1 M	$0
Potential Farm-Out of Exploration Rights	TBD	TBD	TBD
Makó Trough, Hungary			
Makó – Shallow: NIS to drill 3 Algyö well and test	3	$ 21 M	$ 0
Makó – Deep: Potential re-entry of Makó 7 well and Makó 4 well and Frac	2	$ 25 M	$ 0
Total	**10**	**$237 M**	**$0 M**

Value proposition of early entry in unconvential shale plays

Recent transactions demonstrate increasing market value of acreage positions as they progress through the evaluation cycle



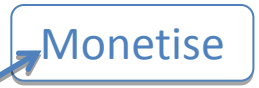
Falcon Strategy

Trends
- Regional geology
- Old logs, seismic

$40 / acre[1]
- ConocoPhilips / New Standard Energy (AUS) Jul '11
- Mitsubishi /Buru Energy (AUS) Dec '11
- BG Group / Drillsearch – (AUS)Jul '11
- Total/Central Petroleum (AUS) Nov '12
- Statoil / Petrofrontier (AUS) Jun '12

Undeveloped
- Logs, seismic
- Oil and gas shows
- Tests

$844 / acre[1]
- ExxonMobil / Americas Petrogas (ARG) Aug '11
- Beach Energy / Adelaide Energy (AUS) Jan '12
- Chevron / Beach Energy (AUS) Feb '13



Appraisal
- Successful tests
- Production from horizontals
- Modern frac stimulations

$4,009 / acre[1]
- Statoil / Chesapeake Energy (US) Nov '08
- KKR / Hilcorp Resources (US)Jun '10
- Hess / Consol (US) Oct '11
- Aurora Oil & Gas / Eureka (AUS) Aug 12

Production
- Production History
- 100's of wells drilled

$18,489 / acre[1]
- Korea National Oil / Anadarko US Mar '11
- Marathon / Hilcorp Resources US Jun '11
- Mitsui / SM Energy (US) Jun '12
- Osaka Gas / Cabot Oil (US) Jun '12

Falcon Acreages	Holding	Gross Acres
Australia	98.1%	7.0 M
South Africa	100%	7.5M
Hungary	100%	0.25 M
Total		**14.75 M**

[1] Source: Company, Bloomberg, Reuters

Corporate Information

Share Capital

Common shares in issue	915,996,473
Share options outstanding	34,952,000
Warrants outstanding	75,287,500
Fully diluted share capital	1,026,235,973
Share Price[1]	CAD 0.175 GBP 0.1075
Market Cap	CAD 160 Million (GBP 100 Million)
Average Daily Volume (3 months)[1]	[580,637]
Cash as at 30 June 2013	$14.7m

[1]Source: Bloomberg as at close 30 August 2013

Major Shareholders

Burlingame Asset Management	13.67 %
Soliter Holdings Corp	12.32 %
Sweetpea / Petrohunter	10.68 %
Persistency	6.47 %
Management & Directors	4.69 %
Retail / Other Institutions	52.17 %

Source: Company

Trading Details

Toronto: TSXV	Ticker: FO.V
London: AIM	Ticker: FOG.L
Dublin: ESM	Ticker: FAC:ID

Contact Details

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