

Falcon Oil & Gas Ltd

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Falcon chief hails Aussie drill result as 'excellent start'

---ADDS BROKER COMMENT & SHARE PRICE---

Falcon Oil & Gas (LON:FOG, CVE:FO) chief Philip O'Quigley hailed as an "excellent start" the drill results from its first well in Australia's Beetaloo Basin.

Kalala S-1 intercepted more than 500 metres of shale gas with a net pay (the potentially economic portion) of 150 metres.

Origin Energy, the operator, also identified a number of "good quality" sand or silty reservoirs of between 50 and 80 metres that are candidates for horizontal drilling.

The exploration well, the first of up to nine, was targeting the highly prospective Middle Velkerri source rock sequence.

Origin and South Africa's Sasol each own 35% of the Beetaloo property, with Falcon holding the remaining stake.

The latter is fully carried on an ambitious work programme that includes five wells this year and next worth around A\$64mln.

Another four horizontally fracked wells could be sunk in 2017 and 2018 at a cost of more than A\$100mln.

"Preliminary evaluation of the Kalala S-1 well results represents an excellent start to Falcon's carried drilling and testing programme, providing new insights into the prospectivity of the primary target, the Middle Velkerri Formation," O'Quigley told investors.

"This well represents the first step in un-locking the resource potential of our Beetaloo acreage.

"It will provide key input to the planning of multi-stage fracking and production testing in the scheduled vertical and horizontal exploration and appraisal wells."

The shares rose 5.5% to 7.25p in early trade, though they were up 14% earlier in the session.

City broker Cantor Fitzgerald, which reiterated its 'buy' advice this morning, reckons the stock is worth 21p.

Australia accounts for 16p of that target, its South Africa asset 4p, while 1p covers 'financial items'.

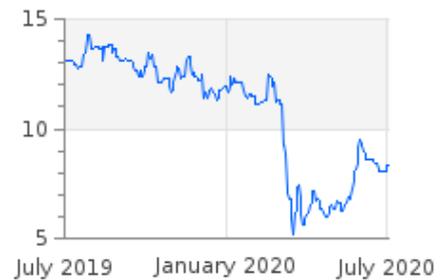
"Given today's initial results, we see the Kalala S-1 well as representing an encouraging start to Falcon's carried drilling and testing programme," said oil and gas analyst Sam Wahab.

"This well is the first step in unlocking the resource potential of the company's vast Beetaloo acreage."

Price: 8.325

Market Cap: £81.74 m

1 Year Share Price Graph



Share Information

Code: FOG

Listing: AIM

52 week High Low
17.725 4.9

Sector: Oil & Gas

Website: falconoilandgas.com

Company Synopsis:

Falcon Oil & Gas Ltd. ("Falcon" or "Company") is an international oil and gas company engaged in the acquisition, exploration and development of unconventional oil and gas assets. The Company's principal interests are located in two major underexplored basins in Australia and South Africa; with further interests in Hungary, covering approximately 12.3 million gross acres.

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