

# Falcon Oil & Gas Ltd

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## Falcon Oil "uniquely positioned" in challenging sector

### --UPDATE, ADDS BROKER COMMENT & SHARE PRICE--

With "very encouraging" results in a new emerging shale play Falcon Oil & Gas (LON:FOG) is uniquely positioned in an otherwise challenging oil and gas sector, according to chief executive Philip O'Quigley.

A fast-tracked exploration drilling programme, of three wells, completed in earlier this month.

Positive results from the first two wells, both vertical, lead to the drilling of an additional horizontal well being brought forward by about 12 months.

The horizontal well also delivered positive results.

"During the period we have announced some very encouraging results from the drilling of our first three wells in the Beetaloo basin," O'Quigley said in a statement.

"Excellent gas shows have been encountered which demonstrate a high level of gas saturation and is a strong indication of the potential prospectively of our Beetaloo acreage.

"The technical evaluation of the results to date remains ongoing and we look forward to announcing these results and our 2016 drilling and exploration programme in due course."

Falcon, along with partners Origin Energy and Sasol, intend to carry out a fracking programme and a flow test during 2016.

Also during 2016, the company anticipates licences to be issued for South Africa's nascent shale sector where it is positioned with a significant acreage holding.

The company highlighted, in this morning's financial results statement, for the nine months to September 30, that it has a strong financial position with US\$9.8mIn of cash and no debt.

Falcon's share of exploration and appraisal costs in Australia are 'carried' by its partners, thanks to a 2014 farm-out agreement.

Additionally, Falcon said it continued to exercise strict cost management with G&A expenses decreasing by 41% in the nine months, to September 30, at US\$1.8mIn.

The pre-revenue company reported a US\$2mIn loss for the nine months.

**Price:** 11.625

**Market Cap:** £114.14 m

### 1 Year Share Price Graph



December 2018 June 2019 December 20

### Share Information

**Code:** FOG

**Listing:** AIM

**52 week High Low**  
21 11.0075

**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.*

action@proactiveinvestors.com

O'Quigley said: "Falcon is uniquely placed in this challenging oil price environment with its strong cash position, fully funded drilling programme and high quality assets."

Sam Wahab, analyst at broker Cantor Fitzgerald, highlighted that Falcon's financials are in line with expectations and the company continues to benefit from its strong operational partnerships.

"Falcon is carried on a nine well programme in total, with its partners paying for the full cost of completing the first five wells, estimated at A\$64m, in addition to any cost overruns," the analyst said in a note.

"Origin brings considerable expertise to the table as an unconventional operator in Australia, and Sasol, through its interest in the Montney unconventional shale play in North America brings significant expertise in operating unconventional shale plays, in our view, and is a world leader in gas to liquids."

Wahab reckons Origin and Sasol offer many potential options in the longer term for the monetisation of natural gas discovered on the permits.

Cantor repeated a 'buy' recommendation with a 21p price target, which currently includes 16p for the Australian venture.

On AIM, Falcon shares were up nearly 2% changing hands at 6.75p each.

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