

# Falcon Oil & Gas Ltd

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## Falcon Oil soars 50% after report by Aussie partner points to huge gas potential of its licences

Shares in Falcon Oil & Gas (LON:FOG, CVE:FO) soared 50% after it gave an indication as to what lies beneath the surface of its acreage in Northern Territory's Beetaloo Basin.

Citing figures produced by Origin Energy, its partner in and operator of 16,000-square kilometres of licences, the gross best estimate of gas in place is put at a world-class 496 trillion cubic feet (TCF).

Converting that to oil equivalent, it stacks up to 82bn barrels of the black sticky stuff.

### WATCH - Falcon Oil & Gas boss 'more than pleased' with Beetaloo Basin gas in place report

### WATCH; Broker and commentator give their take on huge discovery

Now, a few points to make here:

1. That figure is an approximation of what resides within the B-shale of the Middle Velkerri formation. That's the formation put on extended test following the drilling of the Amungee well last year. Within the Middle Velkerri there's also the A- and a C-shales - and the Kyalla, which, while untested, shows huge potential.
2. The report by Origin (which owns 35% of the Beetaloo acreage) sets a very conservative recovery rate of just 16%. Yet even using that figure you get a technically recoverable resource of 85TCF, or 25TCF net to Falcon, which owns around 30%.
3. The concentration is 31bn cubic feet per square-kilometre. Experts say the Velkerri-B geology is very similar to the commercially prolific Marcellus and Barnett shales of the US.

### Multiple play potential...

Chief executive Philip O'Quigley told Proactive: "We've got multiple play horizons within the Beetaloo. The primary target was always the Middle Velkerri and we drilled that successfully back in 2015 and repeated again in 2016 and within the Middle Velkerri there's an A, B and C shale but this report only talks to one of those plays within the package - the B shale."

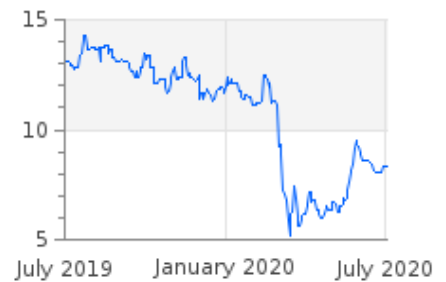
"There's a lot more to go after but at a starting point of 496 trillion cubic feet (TCF) just for the middle Velkerri it's a pretty good place to start," he added.

"We are more than pleased. We are very excited about all of this. It's a great day for Falcon shareholders."

**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

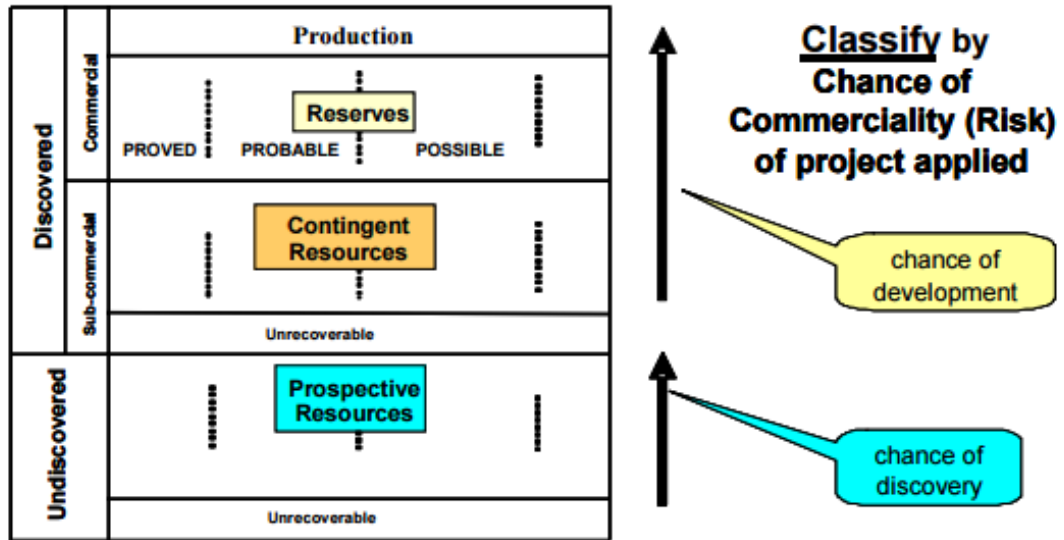
**Website:** falconoilandgas.com

#### 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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Okay, now forgive the pun, but drilling down Falcon has highlighted a passage from the Origin report that provides a higher confidence contingent resource estimate (our graphic shows how the classifications work).



This is focused on 1,968-square kilometres around the Amungee well, which is around 12% of the total acreage.

From a gas in place number of 61TCF, the gross contingent resource is 6.6TCF, or 1.94TCF net to Falcon.

"In any world that is still an uber discovery and is from a small piece of our acreage," Falcon's chief executive Philip O'Quigley told Proactive Investors.

"This is fantastic news and probably the biggest news for the company ever."

Now before the bunting is rolled out and O'Quigley and the Falcon team are carried shoulder-high through the City of London, there is the small matter of a drilling moratorium in Northern Territory to consider.

An inquiry is currently taking place into hydraulic fracking.

The plan is to publish what's called an issues paper by the end of the month followed by an interim read-out mid-year and a final report by the end of 2017.

However, the scale of the Origin discovery is likely to crystallise the thinking of the lawmakers of Northern Territory.

Falcon brought in Origin and South Africa's Sasol, which has 25%, as part of a shrewd deal that will see Falcon carried through US\$200mIn of drilling on the Beetaloo.

Falcon shares were up 50% in late morning trade at 8p each.

### **READ: WH Ireland report in full**

"In our opinion the scale of the resource is much greater than we had anticipated even if we knew the licence position was massive," said WH Ireland.

"We believe scale attracts capital; the resource is clearly strategically significant for energy importing countries - it would move the dial even for big LNG [liquefied natural gas] importers."

"We believe the domestic gas shortage crisis in Australia creates an interesting backdrop for the scientific enquiry," WHI concluded.

**--- adds broker comment and updates share price ---**

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