



Falcon Oil & Gas Ltd.
("Falcon" or the "Company" or the "Group")

***Operational Update and
Confirmation of 2016 Beetaloo Drilling Programme***

9 March 2016 - Falcon Oil & Gas Ltd. (TSXV: FO, AIM: FOG, ESM: FAC) is pleased to provide the following operational update for its operations in Australia, South Africa and Hungary.

Operational highlights

- Preparations for 2016 Beetaloo Basin, Australia, drilling programme at an advanced stage.
- Drilling locations being finalised for the two new vertical wells following technical evaluation undertaken by Origin, Sasol and Falcon.
- Well locations to penetrate condensate rich gas mature through to dry gas mature sections of the Middle Velkerri shale.
- Drilling expected to start Q2, 2016.
- Rig 185 remains "warm stacked" in the Beetaloo basin.
- Tendering and contracting for hydraulic stimulation and key well services ongoing.

Financial highlights

- US\$3.7 million cash settlement agreed with NIS - received in December 2015.
- US\$12.7 million (unaudited) in cash and cash on deposit at 31 December 2015.

Australia – 2016 drilling & testing preparations underway in the Beetaloo Basin

Preparations are underway for the Group's 2016 Beetaloo drilling and testing programme, comprising:

- civil construction, the remobilisation of Rig 185 and the drilling of Beetaloo W-1, a vertical well in exploration permit ("EP") 117 approximately 85km south of the wells drilled in 2015;
- the drilling of a second vertical well, the location of which is being finalised and the hydraulic stimulation of either this well or the Beetaloo W-1 well; and
- the re-entry and hydraulic stimulation of Amungee NW-1H in EP98 - This well was drilled in November 2015 to a total measured depth of 3,808 metres, including 1,100 metres horizontal section in the "B Shale" interval of the Middle Velkerri Formation, 100 metres more than originally planned.

The principal objectives of the 2016 drilling programme are to:

- test gas productivity of the Middle Velkerri shale by means of multi stage hydraulic stimulation;
- further determine the areal extent of the Middle Velkerri shale;
- determine the levels of gas saturation in the southern section of the basin; and
- explore the shallower, oil prone sections of the Middle Velkerri shale.

South Africa – processing of the exploration licence by the Petroleum Agency of South Africa (“PASA”) continues to progress

The PASA recently confirmed that it expects to finalise a recommendation to the Minister of Mineral Resources on Falcon’s application for a shale gas exploration licence in South Africa’s Karoo Basin, by May 2016. The Company expects that the Minister of Mineral Resources will issue Falcon with a licence to explore for shale gas in 2016.

Background

Falcon was granted a Technical Cooperation Permit in 2009 covering 7.5 million (30,327 km²) acres in the southern part of the Karoo Basin. The Company has a cooperation agreement (as announced on 12 December 2012) with Chevron Business Development South Africa Limited (“Chevron”), which enables the Group to work with Chevron for a period of five years in jointly obtaining exploration licences.

Hungary – review of operations

Falcon continues to review its operation and future plans in Hungary, evaluating all options available to the Group to deliver shareholder value. The Group maintains its 100% interest in the Máko Trough.

Broker update

Following the closure of the London office of GMP Securities Europe LLP, engagement with GMP Securities Europe LLP, Falcon’s joint broker has now ended.

Philip O’Quigley, CEO of Falcon commented

“We are delighted to report that preparations for the 2016 Beetaloo drilling and testing programme are underway. Our shareholders can look forward to another exciting year of exploration activity which has the potential to transform the value of the company. Falcon remains fully carried throughout by our partners Origin and Sasol.”

“Also, we welcome the recent confirmation by the PASA and are optimistic on securing a shale gas exploration licence in South Africa’s Karoo Basin in 2016.”

Ends.

Background – Australia

On 2 May 2014, Falcon announced it had entered into a Farm-Out Agreement and Joint Operating Agreement with Origin and Sasol (collectively referred to herein as the “Farminees”) with each farming into 35% of the Falcon’s exploration permits in the Beetaloo Basin, Australia through its 98% subsidiary, Falcon Oil & Gas Australia Ltd. (“Falcon Australia”). The Farminees will carry Falcon in a nine well exploration and appraisal programme from 2015 to 2018.

- Farminees will pay for the full cost of completing the first five wells estimated at A\$64 million, and will fund any cost overruns, with work expected to be completed between 2015 and 2016.
- Farminees to pay the full cost of the following two horizontally fracture stimulated wells, 90 day production tests and micro seismic data collection with a capped expenditure of A\$53 million, any cost overrun funded by each party in proportion to their working interest. This work programme is expected to be undertaken in 2017.
- Farminees to pay the full cost of the final two horizontally fracture stimulated wells and 90 day production tests capped at A\$48 million, any cost overrun funded by each party in proportion to their working interest. This work programme is expected to be undertaken in 2018.
- Farminees may reduce or surrender their interests back to Falcon Australia only after:
 - The drilling of the first five wells; or
 - The drilling and testing of the next two horizontally fracture stimulated wells.

Stacking a Rig

Stacking a Rig means leaving a rig idle but operational. A ready or warm stacked rig typically retains most of its crew and can deploy quickly if an operator requires its services. In a ready stacked state, normal maintenance operations similar to those performed when the rig is active are continued by the crew so that the rig remains work ready. Thus, a rig is kept in a ready stacked state when its owner anticipates that the rig will be able to return to work shortly - either due to having a commitment in hand or the owner's perception that work will be secured relatively quickly.

Background - Oilfield Services Contract - Hungary

In January 2013, Falcon and NIS agreed to complete a three-well drilling programme (the "Agreement") targeting the relatively shallow Algyő Play, by July 2014. Under the terms of the Agreement, NIS made a cash payment of US\$1.5 million and agreed to carry Falcon for 100% of all costs associated with the drilling and testing programme. The July 2014 deadline for completion of drilling and testing of the three-well programme was subsequently extended by Falcon to 31 December 2014 to enable NIS to fulfil its three well obligation. As of 31 December 2014, NIS had only drilled and tested two wells.

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This announcement has been reviewed by Dr. Gábor Bada, Falcon Oil & Gas Ltd's Head of Technical Operations. Dr. Bada obtained his geology degree at the Eötvös L. University in Budapest, Hungary and his PhD at the Vrije Aniversiteit Amsterdam, the Netherlands. He is a member of AAPG and EAGE.

About Falcon Oil & Gas Ltd.

Falcon Oil & Gas Ltd is an international oil & gas company engaged in the acquisition, exploration and development of conventional and 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.

For further information on Falcon Oil & Gas Ltd. please visit www.falconoilandgas.com

About Origin Energy

Origin Energy (ASX: ORG) is the leading Australian integrated energy company with market leading positions in energy retailing (approximately 4.3 million customers), power generation (approximately 6,000 MW of capacity owned and contracted) and natural gas production (1,093 PJ of 2P reserves and annual production of 82 PJ). To match its leadership in the supply of green energy, Origin also aspires to be the number one renewables company in Australia.

Through Australia Pacific LNG, its incorporated joint venture with ConocoPhillips and Sinopec, Origin is developing Australia's biggest CSG to LNG project based on the country's largest 2P CSG reserves base.

www.originenergy.com.au

About Sasol

Sasol is an international integrated chemicals and energy company that leverages the talent and expertise of about 31,000 people working in 37 countries. Sasol develops and commercialise technologies, and build and operate world-scale facilities to produce a range of high-value product streams, including liquid fuels, chemicals and low-carbon electricity.

Sasol, through its subsidiary, Sasol Exploration and Production International (“E&PI”) develops and manages the group’s upstream interests in oil and gas exploration and production in Mozambique, South Africa, Australia, Canada and Gabon. It produces natural gas and condensate from Mozambique’s Pande and Temane fields, shale gas from their share in the Farrell Creek and Cypress A assets in Canada, and oil in Gabon through their share in the offshore Etame Marin Permit (EMP). E&PI sells Mozambican gas under long-term contracts to Sasol Gas and external customers, condensate on short term contracts, while selling Canadian gas into the market at spot prices. Oil is sold to customers under annual contracts. For more information go to www.sasol.com.

Glossary of terms

A\$	Australian dollars
CSG	Coal seam gas
JV	Joint Venture
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
MW	Megawatt
TD	Total Depth
Km	Kilometers

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Certain information in this press release may constitute forward-looking information. 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 and objectives of the wells to be drilled in the Beetaloo basin Australia, expected contributions of the partners, the prospectivity of the Middle Velkerri shale play, the prospect of the exploration programme being brought to commerciality and the awarding of an exploration licence in South Africa. 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.