



Falcon Oil & Gas Ltd. ("Falcon")

Final Report from the scientific inquiry into hydraulic fracturing

27 March 2018 - Falcon Oil & Gas Ltd. (TSXV: FO, AIM: FOG, ESM: FAC) notes the publication of the Final Report ("**Report**") by the scientific inquiry into hydraulic fracturing.

The Inquiry Chair, Justice Rachel Pepper noted the following in Community Update #31:

- It was not the role of the Inquiry to recommend whether the moratorium on hydraulic fracturing in the Northern Territory be lifted, that is a political decision that rests with the Government alone.
- The overall conclusion is that risk is inherent for the onshore shale gas industry, however if all of the recommendations are implemented, the identified risks associated with any onshore shale gas industry can be mitigated or reduced to an acceptable level, and in some cases, the risks can be eliminated.

Summary of Final Report

The summary of the Final Report provided the following conclusion:

"No industry is completely without risk, and the development of any onshore shale gas industry in the NT [Northern Territory] is no exception. But having considered the latest and best-available scientific data from a wide range of sources, and noting the recent and continuing technological improvements in the extraction of onshore shale gas, the conclusion of this Inquiry is that the challenges and risks associated with any onshore shale gas industry in the NT can be appropriately managed by, among other things:

- *releasing land that is environmentally, socially and culturally appropriate for use for shale gas development;*
- *mandating world-leading engineering standards for the construction, maintenance and decommissioning of all onshore shale gas wells and for the extraction of shale gas by hydraulic fracturing;*
- *implementing new technologies where relevant as soon as they become available;*
- *requiring the comprehensive monitoring and reporting of all aspects of onshore shale gas operations with real-time public scrutiny of the resulting data;*
- *implementing area (regional) based approval processes;*
- *the completion of a SREBA [strategic regional environmental and baseline assessment] before production to gather essential baseline data prior to any onshore shale gas industry being developed;*

- *insisting on a standalone comprehensive SIA [social impact assessment] for each onshore shale gas project;*
- *ensuring that traditional Aboriginal owners and Aboriginal communities are properly and comprehensively consulted about all aspects (positive and negative) of any onshore shale gas project on or affecting their country;*
- *ensuring that the regulator is truly independent and that laws protecting the environment are properly enforced with sufficiently stringent sanctions for non-compliance;*
- *ensuring greater access to justice;*
- *reforming the current regulatory framework governing onshore shale gas development in the NT to strengthen transparency and accountability of all decision-making;*
- *introducing full fee recovery to fund the necessary regulatory reforms and to ensure that strong oversight is maintained; and*
- *ensuring that all of the recommendations contained in this Report are implemented in full.*

Of course, nothing is guaranteed. And with any new industry, it is not uncommon for problems to emerge. However, it is the Panel's opinion that, provided that all of the recommendations made in this Report are adopted and implemented in their entirety, not only should the risks associated with an onshore shale gas industry be minimised to an acceptable level, in some instances, they can be avoided altogether."

Final Report

The full Report can be found on the scientific inquiry website at the following link:

<https://frackinginquiry.nt.gov.au/inquiry-reports/final-report>

Community Update 31

The community update which accompanied the Report can be found at the following link:

<https://frackinginquiry.nt.gov.au/news/community-update-31>

Government Decision

Falcon awaits the Northern Territory Government's decision on the current moratorium following the publication of the Final Report.

Philip O'Quigley, CEO of Falcon, commented:

"We are very pleased with the conclusions reached by the scientific inquiry as set out in the Final Report and encouraged by the final position of the Panel regarding SREBA, which requires some elements to be implemented immediately while others can proceed in parallel with the relatively small activity footprints associated with exploration. We look forward to the government's decision on the moratorium, which we hope will be announced soon."

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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

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