

Falcon Oil & Gas Ltd announces that it has filed its results for the three and nine months ended 30 September 2014 and provides the following operational update for its operations in Hungary.

Further to the Group's press release of 15 July 2014, which detailed the extension of the Naftna Industrija Srbije jsc ("NIS") three well drilling contract to 31 December 2014, the Group announces that it and its partner, NIS have mutually agreed to plug and abandon the second well, Besa-D-1, in the planned work programme. As per the contract with NIS, the Company was fully carried on all costs associated with the wells.

Well testing operations on Besa-D-1 are now completed. The testing of two sand intervals, both part of the tight turbiditic sequence in the lower Algyo Formation at depths of 2,976 meters to 2,986 meters and 2,960.5 meters to 2,970 meters, indicated that well production did not meet commercial rates.

In January 2013, the Group and NIS agreed to a three-well drilling programme targeting the relatively shallow Algyo play by July 2014, whereby NIS made a cash payment of US\$1.5 million and agreed to carry the Group 100% over the programme. The July 2014 deadline for completion of drilling and testing of the three well programme was subsequently extended to 31 December 2014. In accordance with the agreement with NIS, the Group is fully carried on all costs associated with the three well drilling programme and is working with NIS in evaluating all options to derive shareholder value for the remainder of the programme.