

Falcon Oil & Gas Ltd

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Falcon Oil & Gas marks modest rise on fracking breakthrough but CEO says low prices won't be around for long

Investors may be forgiven for feeling underwhelmed by Falcon Oil & Gas Ltd's (LON:FOG) modest share price rise after Tuesday brought an end to fifteen months of anticipation and more than a modicum of uncertainty.

Falcon's shares rose no more than 10% in the morning's deals and at around 11:00am were changing hands at 24.9p, up only 5.96%.

Lifting of a moratorium on hydraulic fracturing allows Falcon and operating partner Origin Energy to get back to work in their pursuit of a major shale gas play in the Northern Territory's Beetaloo basin.

READ: Falcon Oil & Gas clear to advance major Australian shale project
The fracking hiatus cut off what had been a very encouraging programme of wells and flow testing - subsequent analysis saw some 6.6 trillion cubic feet of gas identified within an area that represents just an eighth of the Beetaloo project.

Now, the partners plan to get back to work as soon as practical, meaning new drilling is likely to start in 2019. Significantly, Origin is covering some US\$101mln of what will be a five well programme and is expected to run into 2020.

If investors were expecting a bigger boost to the Falcon share price, they were not alone.

"I would've imagined it would be much higher ... and I think it will in the next few days when people realise what this really means," Falcon chief executive Philip O'Quigley said in an interview with Proactive Investors.

"It is not just a lifting of moratorium."

O'Quigley added: "We're going back to go after what is already a huge resource, 6.6 TCF just on one zone in one eighth of the whole area, and there's much more to go after."

"I think people, in time, will realise that this is a huge play and it is a really attractive asset."

"Falcon are fully carried for the next five wells, so there's no issues, we've got US\$9mln cash in the bank, so we're not looking to raise any money any time in the next two to three years."

"People will realise that this is the only time you're going to get in at these prices, today, and hopefully we'll see the market appreciate that over the next few days."

Price: 21.9125p

Market Cap: £203.87M

1 Year Share Price Graph



Share Information

Code: FOG

Listing: AIM

52 week	High	Low
	26.4p	14.75p

Sector: Energy

Website: www.falconoilandgas.com

Company Synopsis:

Falcon Oil & Gas Ltd. is a global energy company that is focused on acquiring, exploring and developing large acreage positions of unconventional and conventional oil and gas resources. We focus on areas in politically and economically stable countries that are characterized by a high regional demand for energy with existing infrastructure allowing rapid delivery of oil and gas to market.

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