

Falcon Oil & Gas Australia Limited

ACN 132 857 008

Notice of Annual General Meeting and Explanatory Memorandum

Date: 31 May 2013

Time: 10.30 am

Place: Gadens Lawyers
Level 16
77 Castlereagh Street
Sydney NSW 2000

This document is important.

This Notice of Meeting and Explanatory Memorandum should be read in their entirety. If you do not understand this document or are in any doubt as to how to deal with this document, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

Chairman's Letter to Shareholders

29 April 2013

Dear Shareholders

It is with pleasure that I invite you to attend the forthcoming Annual General Meeting of Falcon Oil & Gas Australia Limited ("Falcon Australia").

Enclosed is your Notice of Meeting for the Annual General Meeting of Falcon Australia.

The Annual General Meeting will be held on Friday 31 May 2013 commencing at 10.30am (AEST) at Gadens Lawyers, Level 16, 77 Castlereagh Street, Sydney, New South Wales 2000.

The items of ordinary business for this year's Annual General Meeting include motions to receive and consider the Financial Report for the year ending 31 December 2012 and the re-election of rotating Directors.

After the formal business I will make a short informal presentation as to progress over the past year and hopefully provide you with some insight as to future potential developments for your company.

You are encouraged to attend the Annual General Meeting in person. However, if you are unable to do so, then kindly complete the enclosed proxy form and return it to the Company according to the instructions in the Notice of Meeting.

If I, or any of the other Directors, are appointed as a proxy we will, of course, vote in accordance with any instructions given. If given discretion as to how to vote, we will vote in favour of each of the items of business to be considered.

Yours sincerely

Philip O'Quigley
Chairman

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of the Shareholders of Falcon Oil & Gas Australia Limited (“Falcon Australia” or “the Company”) will be held at the offices of Gadens Lawyers, Level 16, 77 Castlereagh Street, Sydney, at 10.30am (AEST) on Friday, 31 May 2013.

To comply with section 250N(2) of the Corporations Act, public companies must hold an annual general meeting at least once in each calendar year and within five months after the end of their financial year. Falcon Australia has a financial year end date of 31 December. Falcon Australia’s previous annual general meeting was held on 30 May 2012.

The accompanying Explanatory Memorandum and proxy form provide additional information relating to the matters to be considered at the Annual General Meeting, and form part of this Notice of Meeting.

Business

General Business

Discussion of Financial Statements and Reports

To receive and consider the Financial Report, the Directors’ Report and Auditor’s Report for the year ended 31 December 2012.

Ordinary Resolutions

To consider and, if thought fit, pass the following ordinary resolutions:

1. Re-election of Martin Oring as a Director

“That, for the purpose of clause 12.11 of the Constitution and for all other purposes, Martin Oring, who was appointed as a Director with effect on and from 10 December 2010, is removed and, being eligible, is re-elected as a Director.”

2. Re-election of John Carroll as a Director

“That, for the purpose of clause 12.11 of the Constitution and for all other purposes, John Carroll, who was appointed as a Director with effect on and from 27 May 2011, is removed and, being eligible, is re-elected as a Director.”

Dated: 29 April 2013, by order of the Board

Stephen Kenneth Peterson, Company Secretary

Voting and Proxies

Voting

The Company has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth), that the holders of Shares recorded in the Company's register at 10.30am on Wednesday, 29 May 2013, will be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time.

Proxies

A Shareholder who is entitled to attend and vote at the Annual General Meeting may appoint up to two proxies to attend and vote on behalf of that Shareholder.

If a Shareholder holds more than two Shares, that Shareholder may appoint two proxies, the appointment of the proxies must specify the proportion or the number of that Shareholder's votes that each proxy may exercise. If the appointment does not so specify, each proxy may exercise half of the votes.

Where a Shareholder appoints more than one proxy, only the first named proxy is entitled to vote on a show of hands.

A proxy need not be a Shareholder of the Company.

To be effective, the Company must receive the completed proxy form and, if the form is signed by the Shareholder's attorney, the authority under which the proxy form is signed (or a certified copy of the authority) by no later than 10.30am (AEST) on 29 May 2013.

Proxies may only be lodged as follows:

- | | | |
|-----|---------------|--------------------------------------------------------------------------------------------|
| (a) | by mail to: | C/- Kym Livesley
Gadens Lawyers
Level 12
77 Castlereagh Street
Sydney NSW 2000 |
| (b) | by facsimile: | Attention: Kym Livesley
+61 2 9931 4888 |

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by either two directors or a director and the company secretary or a duly authorised officer or attorney.

A proxy may decide whether to vote on the motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy must vote as directed on that item. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.

Explanatory Memorandum

IMPORTANT NOTICE

This Explanatory Memorandum is an explanation of, and contains information about, the Resolutions to be considered at the Annual General Meeting, which are set out in the accompanying Notice of Annual General Meeting dated 29 April 2013 (**Notice**), to assist Shareholders to determine how they wish to vote on the Resolutions.

Shareholders should read this Explanatory Memorandum in full because individual sections do not give a comprehensive review of the Resolutions. This Explanatory Memorandum forms part of the accompanying Notice and should be read together with the Notice.

If you are in doubt about what to do in relation to the Resolutions contemplated in this Explanatory Memorandum, you should consult your financial or other professional advisor.

This Explanatory Memorandum is dated 29 April 2013.

Capitalised terms used in this Explanatory Memorandum have the meaning given to them in the Glossary.

Annual Report

The Corporations Act requires the Company to place the Annual Report, which includes the financial statements, Directors' declaration, the Directors' Report and the Auditor's Report, before the Annual General Meeting. There is no requirement either in the Corporations Act or in the Constitution for Shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report. Accordingly, the Annual Report is placed before Shareholders for discussion and no voting is required for this item of business.

Shareholders will be provided with a reasonable opportunity at the Annual General Meeting to ask questions and make comments on these reports and on the business and operations of the Company.

1. Re-election of Martin Oring as a Director

Pursuant to clause 12.11 of the Constitution, at each annual general meeting, one third of the Directors and any Director who, if that Director did not retire at that annual general meeting, would at the next annual general meeting have held office for more than three years, automatically retires and is eligible for re-election.

Martin Oring, under compulsory retirement, is removed as a Director, and being eligible, offers himself for re-election.

Martin has been a Non-Executive Director of Falcon Australia since 10 December 2010.

Martin has been the Chairman of the Board of Directors of PetroHunter Energy Corporation since April 2009, its President and Chief Executive Officer since May 2009. Martin is an executive in the financial services and energy industries. Prior to forming his current business in 2001, Wealth Preservation, LLC, he had extensive experience as a member of management in several companies, including Prudential Securities

(Managing Director of Executive Services), Chase Manhattan Corporation (Manager of Capital Planning), and Mobil Corporation (Manager, Capital Markets & Investment Banking). He has served as a director of Parallel Petroleum Corporation, located in Midland, Texas, and currently serves as Chairman, CEO and President of Searchlight Minerals Corp., located in Henderson, Nevada.

Martin received a B.S. degree in mechanical engineering from the Carnegie Institute of Technology in 1966 and an M.B.A. degree in production management, finance and marketing from Columbia University in 1968.

The Board (excluding Martin Oring because of his interest) recommends that Shareholders vote in favour of Resolution 1.

2. Re-election of John Carroll as a Director

Pursuant to clause 12.11 of the Constitution, at each annual general meeting, one third of the Directors and any Director who, if that Director did not retire at that annual general meeting, would at the next annual general meeting have held office for more than three years, automatically retires and is eligible for re-election.

John Carroll, under compulsory retirement, is removed as a Director, and being eligible, offers himself for re-election.

John has been a Director of Falcon Australia since 27 May 2011.

John is a private consultant specialising in government relations and major project facilitation and has more than 40 years' experience in a wide cross-section of public sector positions in Canberra, Queensland and the Northern Territory. John was Chief Executive Officer of the NT Department of Industries and Business from March 2000 until November 2001. Following that he was General Manager, Business and Trade Development, and Deputy Chief Executive and General Manager, Minerals and Energy, NT Department of Business Industries and Resource Development. In May 2005 he was appointed Chief Executive, NT Department of Primary Industry, Fisheries and Mines.

Prior to his time in the Northern Territory, John was Deputy Director-General, Business, Innovation and Trade in Queensland's Department of State Development. From 1996 he worked in that State's Department of Economic Development and Trade where he was Director-General until July 1998.

His earlier public sector appointments include managing the Business Regulation Review Unit in Queensland, Administration Manager, Australian National Gallery and a number of years at the Commonwealth Public Service Board, Canberra. Mr Carroll was President of the NT Branch of the Institute of Public Administration from 2001 to 2004 and in 2006/7. In November 2004 the National Council made him a Fellow of the Institute.

The Board (excluding John Carroll because of his interest) recommends that Shareholders vote in favour of Resolution 2.

Recommendations of the Board in respect of Resolutions

Specifically, and pursuant to the Corporations Act, all Directors have unanimously approved the proposal to put the Resolutions set out in the Notice to Shareholders and the provision of this Explanatory Memorandum.

Glossary

In the Notice of Meeting and Explanatory Memorandum, unless the context otherwise requires:

Annual General Meeting means the meeting convened by the Notice of Meeting.

Board means the current board of directors of the Company.

Company or **Falcon Australia** means Falcon Oil & Gas Australia Limited (ACN 132 857 008).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice of Meeting.

Notice, Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Memorandum.

Resolution means a resolution set out in the Notice of Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

FALCON OIL & GAS AUSTRALIA LIMITED

ACN 132 857 008

All correspondence to:

C/- Kym Livesley
Gadens Lawyers
Level 12
77 Castlereagh Street
Sydney NSW 2000

PROXY FORM

Annual General Meeting

Shareholder name: _____

Address Line 1: _____

Address Line 2: _____

Address Line 3: _____

Appointment of Proxy

If appointing a proxy to attend the Annual General Meeting on your behalf, please complete the form and submit it in accordance with the directions at the bottom of the page.

I/We being a Shareholder/Shareholders of Falcon Oil & Gas Australia Limited (**Company**) pursuant to my/our right to appoint not more than two proxies, appoint

The Chairman of the Meeting (mark with an "X") **OR** _____

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

or failing him/her _____

Write here the name of the other person you are appointing.

or failing him/her, (or if the box is not ticked and no proxy is specified above), the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held at 10.30am (AEST) on Friday, 31 May 2013 at the offices of Gadens Lawyers, Level 16, 77 Castlereagh Street, Sydney and at any adjournment of that meeting.

This proxy is to be used in respect of _____ % of the ordinary shares I/we hold.

Voting directions to your proxy – please mark to indicate your directions

RESOLUTION	For	Against	Abstain*
1. Re-election of Martin Oring as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of John Carroll as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Shareholder 1

Joint Shareholder 2

Joint Shareholder 3

Sole Director & Sole Company Secretary

Director

Director / Company Secretary

Dated this _____

day of _____

2013

Contact Name

Contact Business Telephone / Mobile

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Complete your Shareholder name (as it appears on the Company's register) and address details where indicated at the top of the page overleaf.
2. Completion of a proxy form will not prevent individual Shareholders from attending the Annual General Meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Annual General Meeting.
3. A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointments do not specify this proportion, each proxy may exercise half of the votes.
4. A proxy need not be a Shareholder.
5. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.
6. If a representative of a company Shareholder is to attend the Annual General Meeting, a properly executed original (or certified copy) of the appropriate "Certificate of Appointment of Corporate Representative" should be produced for admission to the Annual General Meeting. Previously lodged "Certificates of Appointment of Corporate Representative" will be disregarded by the Company.
7. If a representative as Power of Attorney of a Shareholder is to attend the meeting, a properly executed original (or originally certified copy) of an appropriate Power of Attorney should be produced for admission to the Annual General Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

8. **Signing Instructions**

You must sign this form as follows in the spaces provided:

Individual: Where the holding is in one name, the holder must sign.

Joint Holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of Attorney: If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.

Companies: Where the company has a sole director who is also the sole company secretary, this form must be signed by that person.

If the company (pursuant to section 204A of the Corporations Act 2001) does not have a company secretary, a sole director can also sign alone.

Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

9. **Lodgement of a Proxy**

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address below not later than 10.30 am (AEST) on Wednesday, 29 May 2013 (48 hours before the commencement of the meeting).

Any Proxy Form received after that time will not be valid for the Annual General Meeting.

Postal address: C/- Kym Livesley
Gadens Lawyers
Level 12
77 Castlereagh Street
Sydney NSW 2000

Fax number: Attention: Kym Livesley
+61 2 9931 4888