

FALCON ENERGY GROUP LIMITED
(Company Registration No.: 200403817G)
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERY ON THE ANNOUNCEMENT IN RELATION TO THE MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN ISSUE ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (“FY2018”)

INTRODUCTION

The board of directors (“**Board**”) of Falcon Energy Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) has received the following queries from Singapore Exchange Securities Trading Limited (the “**Exchange**” or “**SGX-ST**”) on 10 October 2018 in relation to the Company’s announcement dated 9 October 2018 in relation to, *inter alia*, the financial statements for FY2018.

Unless the context otherwise requires, all capitalised terms used herein shall bear the same meanings ascribed to them in the announcement dated 9 October 2018.

SGX QUERY

For the Exchange’s consideration under Rule 1303 (3)(c) and noting the Independent Auditor’s findings on going concern issues, please provide the following information via SGXNET by the close of business on Thursday, 11 October 2018:-

- (a) the Board’s opinion if the Company will be able to operate as going concern and basis for the Board’s view.
- (b) the Board’s confirmation that all material disclosures have been provided for orderly trading of the Company’s shares to continue.

COMPANY’S RESPONSE

- (a) The Board is of the opinion that the Company will be able to operate as a going concern after taking into consideration the following factors:-
 - i. the ability to successfully negotiate with principal and other lenders of the Group and finalise the debt restructuring plan;
 - ii. the ability to resolve with secured lender on the ongoing writ of summons and statements of claims in respect of the outstanding amount due to the lender;
 - iii. the ability of the Group to secure new charter contracts with better margin and positive cashflow; and
 - iv. the ability of the Group to generate sufficient cash flows from its operations in the next twelve months to meet its obligations under the debt restructuring plan.
- (b) The Board confirms that all material disclosures have been provided for orderly trading of the Company’s shares to continue.

Shareholders and investors are advised to exercise caution when dealing in the shares of the Company.

BY ORDER OF THE BOARD

Tan Pong Tyea
Chairman and Chief Executive Officer
10 October 2018