



Beetaloo Basin Seismic Acquisition Completed on Exploration Permits 76, 98 and 117

TORONTO, ON – January 21, 2013 – Falcon Oil & Gas Ltd. (TSXV: FO.V) (“Falcon” or the “Company”), a Toronto listed and Dublin headquartered company focused on unconventional oil and gas exploration and production assets in Australia, South Africa and Hungary, is pleased to announce the completion of the acquisition of seismic data by Hess Australia (Beetaloo) Pty Ltd (“Hess”) on Exploration Permits 76, 98 and 117 held by Falcon’s 73% subsidiary, Falcon Oil & Gas Australia Limited (“Falcon Australia”) in the Beetaloo Basin of the Northern Territory, Australia.

Over the two field seasons of 2011 and 2012 Hess acquired 3,490 km of 2D seismic data at an estimated cost of \$55 million. The regulator, the Northern Territory Department of Mines and Energy, has determined that the acquired seismic satisfies the work commitments for the three permits owned by Falcon Australia. Details of the work completed over the last two field seasons are as follows:

- EP76 – 327 km line kilometres of 2D seismic data
- EP98 – 1,852 km line kilometres of 2D seismic data
- EP117 – 1,311 km line kilometres of 2D seismic data

The information collected is now being processed by Hess. .

Following completion of the seismic programme, Hess may elect to drill and evaluate five wells to earn a 62.5% equity stake in the licence area covered by the three permits but excluding the 100,000 acres around the Shenandoah well (Falcon fully carried). Hess has until the 30th June 2013 to make this election.

Philip O’Quigley, CEO of Falcon commented:

“The completion of the fieldwork associated with the seismic data collection marks a significant milestone for Falcon’s Beetaloo project. Falcon is pleased Hess has been able to complete its ambitious program. The estimated \$55m expenditure ensured that the extensive fieldwork of the last 18 months delivered very high quality data, necessary to build on Falcon’s earlier work and move the evaluation of the resource potential of the Beetaloo Basin to the next level. Falcon now looks forward to the announcement of Hess’ decision on the exercise of its option to drill five wells in exchange for a significant stake in the assets.

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About Falcon Oil & Gas Ltd.

Falcon Oil & Gas Ltd. (TSXV:FO.V) is an international oil and gas company focused on exploration and production in Australia, South Africa and Hungary. Falcon's strategy is to acquire, explore and develop large acreage positions of unconventional and conventional oil and gas resources in major underexplored basins located in politically and economically stable countries, with a high regional demand for energy and existing infrastructure. The Company's distinctive approach is to seek endorsement of its acreage and support for its exploration efforts in partnerships with established international oil & gas companies. Falcon's assets are represented by interests in almost 15 million acres in areas allowing rapid delivery of oil and gas to market.

In Australia, Falcon holds 100% interest in four exploration permits covering 7 million acres in the Beetaloo Basin, Northern Territory. Falcon's JV agreement with Hess covers significant seismic costs and an option to drill five wells. In South Africa, Falcon holds 100% interest in a Technical Cooperation Permit covering 7.4 million acres in the Karoo Basin. Falcon has signed a Cooperation agreement with Chevron to seek unconventional exploration opportunities in the Karoo Basin, onshore South Africa. The Karoo Basin is large (236,000 mi²), extending across nearly two-thirds of the country, with the southern portion (70,800 mi²) of the basin potentially favourable for shale gas. A significant portion of Falcon's TCP is located within the prospective area, along the southern boundary. Falcon's acreage in Hungary is adjacent to the giant Algyö Field and is transected by existing gas pipelines offering near-term access to local markets.

For further information on Falcon Oil & Gas Ltd. please visit www.falconoilandgas.com

Forward-looking Statements

Forward-looking statements include, but are not limited to, statements with respect to: the focus of capital expenditures; the sale, farming in, farming out or development of certain exploration properties using third party resources; the impact of changes in petroleum and natural gas prices on cash flow; drilling plans; processing capacity; operating and other costs; the existence, operation and strategy of the commodity price risk management program; the approximate and maximum amount of forward sales; Falcon's acquisition strategy, the criteria to be considered in connection therewith and the benefits to be derived therefrom; Falcon's goal to sustain or grow production and reserves through prudent management and acquisitions; the emergence of accretive growth opportunities; Falcon's ability to benefit from the combination of growth opportunities and the ability to grow through the capital markets; development costs and the source of funding thereof; the quantity of petroleum and natural gas resources or reserves; treatment under governmental regulatory regimes and tax laws; liquidity and financial capital; the impact of potential acquisitions and the timing for achieving such impact; expectations regarding the ability to raise capital and continually add to reserves through acquisition and development; the performance characteristics of Falcon's petroleum and natural gas properties; and realization of the anticipated benefits of acquisitions and dispositions.

Some of the risks and other factors, which could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the Republic of Hungary, the Commonwealth of Australia, the Republic of South Africa and globally; supply and demand for petroleum and natural gas; industry conditions, including fluctuations in the price of petroleum and natural gas; governmental regulation of the petroleum and natural gas industry, including income tax, environmental and regulatory matters;

fluctuation in foreign exchange or interest rates; risks and liabilities inherent in petroleum and natural gas operations, including exploration, development, exploitation, marketing and transportation risks; geological, technical, drilling and processing problems; unanticipated operating events which can reduce production or cause production to be shut-in or delayed; the ability of our industry partners to pay their proportionate share of joint interest billings; failure to obtain industry partner and other third party consents and approvals, when required; stock market volatility and market valuations; competition for, among other things, capital, acquisition of reserves, processing and transportation capacity, undeveloped land and skilled personnel; the need to obtain required approvals from regulatory authorities; and the other factors considered under "Risk Factors" in Falcon's annual information form ("AIF") dated December 31, 2011. Risks and uncertainties that could cause Falcon's actual results to materially differ from current expectations have not changed from those disclosed in Falcon's Management's Discussion and Analysis ("MD&A") as at September 30, 2012. The AIF and MD&A have been filed with Canadian securities regulatory authorities and are available at www.sedar.com. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement. Falcon disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulation.

In addition, other factors not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. Certain information in this press release may constitute forward-looking information. This information is based on current expectations that are subject to significant risks and uncertainties that are difficult to predict. Actual results might differ materially from results suggested in any forward-looking statement. Falcon assumes no obligation to update the forward-looking statements or to update the reasons why actual results could differ from those reflected in the forward-looking statements unless and until required by securities laws applicable to Falcon. Additional information identifying risks and uncertainties is contained in Falcon's filings with the Canadian securities regulators, which filings are available at www.sedar.com.