



**FALCON COMMENCES A FULLY CARRIED MULTI WELL DRILLING OPERATION WITH NAFTNA
INDUSTRIJA SRBIJE JSC (“NIS”) IN THE MAKO TROUGH, HUNGARY**

DUBLIN, May 23, 2013 - Falcon Oil & Gas Ltd. (TSXV: FO, AIM: FOG, ESM: FAC) (“Falcon” or the “Company”), is pleased to announce that further to its press release dated 14 January 2013, NIS has executed a drilling contract with Germany-based drilling company DrillTec Grossbohr- und Umwelttechnik GmbH (“DrillTec”) for the multi well programme.

Under the terms of the contract NIS will drill the first exploration well “Kútvölgy-1”, targeting gas prospects in the Algyö Formation at a depth of approximately 3,000m in the Mako Trough. Mobilisation of the rig is expected to commence around the end of this month, and spudding of the well in mid June 2013.

The drilling program is planned to initially drill one to two wells in the Algyö Formation, log and then suspend the wells pending further evaluation before carrying out an appropriate testing program. Drilling of the initial well is expected to take approx. 40 days

In accordance with the agreement with NIS, announced on 14 January 2013, Falcon is fully carried and all costs associated with the drilling program will be paid for by NIS. Any revenue from the initial three well program will be shared 50:50 between Falcon and NIS.

Philip O’Quigley, CEO of Falcon commented:

“We are delighted to announce the commencement of drilling operations in Hungary. The partnership with NIS has been excellent over the last few months and we now are looking forward to exploring the further hydrocarbon potential of the Makó trough”

CONTACT DETAILS:

Falcon Oil and Gas Ltd:

Head Office +353 1 417 1900

Philip O’Quigley, CEO +353 87 814 7042

FTI Consulting:

Billy Clegg +44 207 269 7157

Edward Westropp +44 207 269 7230

Natalia Erikssen +44 207 269 9348

Davy:

John Frain / Anthony Farrell +353 1 679 6363

GMP

James Pope / Alexandra Carse +442076472835

About the Algyö

The Algyö is a relatively shallow play between 2,300m and 3,500m. A number of Falcon wells have been drilled through the Algyö in recent years, some of which encountered gas shows, but to date no well has ever tested the play concept at an optimal location as previous wells targeted deeper intervals of up to 6,000m.

Multiple Algyö prospects have subsequently been identified by Falcon through extensive AVO analysis and the upcoming exploration drilling program with NIS will be targeting three separate high-graded prospects.

A recent independent study by RPS Energy (January 2013) included for the first time Prospective Resource recoverable volumes attributable to the shallow "Algyo Play". According to the RPS CPR report, eight of the ten prospects identified by Falcon contain 568 BCF of prospective recoverable gas resources, each with a 10% Geological Probability of Success ("GPOS").

About Falcon Oil & Gas Ltd.

Falcon is an international oil & gas company engaged in the acquisition, exploration and development of conventional and unconventional oil and gas assets, with the current portfolio spread between Australia, South Africa and Hungary. Falcon is incorporated in British Columbia, Canada and headquartered in Dublin, Ireland with a technical team based in Budapest, Hungary.

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

About NAFTNA INDUSTRIJA SRBIJE JSC (NIS)

NIS is one of the largest, vertically integrated oil and gas companies in Southeast Europe, focusing on exploration and production of hydrocarbons, refining of crude oil and sales of a broad range of petroleum products.

The company's headquarters and main production assets are located in Serbia, with part of the oil production coming from offshore Angola, where NIS has been present since 1980. The company has two refineries and a network of more than 450 filling stations which comprise the backbone of its downstream operations.

Since 2010 the NIS has increased its international activities by acquiring a number of exploration and production as well as retail assets in the region. At present the company operates in Bosnia and Herzegovina, Hungary, Romania and Bulgaria with offices in Banja Luka, Budapest, Bucharest, Timisoara, Sofia, Ashkhabad, Brussels, Zagreb and Moscow.

For further information on NIS please visit www.nis.rs.

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.

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.