



**FALCON OIL & GAS LTD. ANNOUNCES THE PURCHASE OF
SWEETPEA'S 24% MINORITY INTEREST IN SUBSIDIARY FALCON OIL & GAS AUSTRALIA LIMITED**

DUBLIN, May 24th, 2013 - Falcon Oil & Gas Ltd. (TSXV: FO, AIM: FOG, ESM: FAC) ("Falcon" or the "Company"), announces that it has executed a conditional agreement with Sweetpea Petroleum Pty Ltd, a wholly-owned subsidiary of PetroHunter Energy Corporation ("Sweetpea") (the "Agreement"), to acquire its 50 million shares or 24.22% interest in Falcon Oil & Gas Australia Limited ("FOGA") (the "Share Purchase").

FOGA is a subsidiary of Falcon and is the registered holder of four exploration permits in the Beetaloo Basin, Northern Territory, Australia. Falcon currently owns 150 million shares in FOGA representing 72.68% of the issued share capital of FOGA. Upon completion of the Agreement, Falcon's shareholding in FOGA will increase to 200 million shares representing 96.90% of the issued share capital of FOGA.

The terms of the Agreement include a cash consideration of US\$3 million together with the issue of 97.86 million Falcon shares ("New Falcon Shares") to Sweetpea. Based on Falcon's share price, at the time the Share Purchase was agreed between the parties of CAD 0.20, the total value of the consideration is CAD 22.6 million. Upon completion of the Agreement, Sweetpea's shareholding in the enlarged share capital of Falcon will be 10.7%.

The New Falcon Shares will be held in an Escrow account with the New Falcon Shares locked up for three years, and Sweetpea, commencing on the date of closing, being permitted to sell 15% each year during the lock up period.

The Agreement is conditional on, *inter alia*, approval by a requisite majority of FOGA shareholders entitled to vote. A Notice of Meeting will be sent to the shareholders of FOGA once regulatory approval of the deal has been received from the Australian Securities & Investments Commission and it is hoped that the Share Purchase can then be completed by the end of June 2013. The Share Purchase is also subject to TSX Venture Exchange approval.

Philip O'Quigley, CEO of Falcon commented:

"We are delighted with this opportunity to consolidate further our interest in our significant asset in the Beetaloo Basin, Northern Territory, Australia. We remain absolutely confident and excited by the resource potential of the Beetaloo Basin and are hopeful that Hess will make a positive election to participate in the planned drilling campaign."

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 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 Falcon Oil & Gas Australia Limited.

FOGA holds four Exploration Permits ("EP's") covering 7 million acres in the Beetaloo Basin, Northern Territory, Australia. In April 2011, Falcon entered into an agreement with Hess Australia (Beetaloo) Pty Ltd ("Hess") covering three of the EP's whereby Hess made an initial payment of \$17.5 million to FOGA and committed to spending an additional \$40 million acquiring 3,600km of seismic. Hess completed the seismic acquisition in January 2013 at an estimated cost of \$55m. 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.

For further information on Falcon Oil & Gas Australia Limited please visit www.falconaustralia.com.au.

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.