



Falcon and Chevron to jointly Explore Karoo Basin in South Africa

TORONTO, December 12, 2012 /CNW/ -- Falcon Oil & Gas Ltd. (TSXV: FO) (Falcon), a Toronto listed and Dublin headquartered company focused on unconventional oil and gas exploration and producing assets in Australia, Hungary, and South Africa, announced today that it has entered into an Agreement (the Agreement) with Chevron Business Development South Africa Limited (Chevron) which allows both parties to jointly co-operate together in order to seek unconventional exploration opportunities in the Karoo Basin, South Africa.

Falcon currently has a Technical Cooperation Permit (TCP), which gives Falcon exclusive rights to obtain an Exploration Permit covering approximately 7.5 MM acres in the southern part of the Karoo basin.

The Agreement today provides for Falcon to work exclusively with Chevron for a period of five years in jointly obtaining Exploration Permits in the Karoo Basin subject to the parties mutually agreeing participation terms applicable to each permit and as such, there will be future announcements by Falcon when an Exploration Permit is awarded.

Chevron will make immediate cash payment of up to \$1 million to Falcon as a contribution to past costs and from today will work with Falcon to secure Exploration Permits.

Philip O'Quigley, CEO of Falcon commented: "Today's Agreement with Chevron is a major step forward towards realising the full potential of our already significant acreage position in the Karoo Basin currently held under a TCP. Chevron has over 100 years of experience of working in South Africa but even more importantly has extensive experience in commercially and sensitively developing unconventional oil and gas resources. This Agreement is an encouraging endorsement of the management's confidence in the potential of the Karoo and we look forward to making future announcements when an Exploration Permit is awarded"

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About the Karoo Basin

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 (11,719 mi²) is located within the prospective area, along the southern boundary.

The Permian-age Eccca Group has three potential gas shales in the Eccca Formation. The most promising of these is the highly organic-rich, thermally mature shale of the Whitehall Formation. This unit is regionally persistent in composition and thickness and can be traced across most of the Karoo Basin.

An estimate of the undiscovered petroleum-initially-in-place, and the prospective (or undiscovered) resources attributable to these shales was carried out by Advanced Resources International (“ARI”) on behalf of the US Energy Information Administration (“EIA”). The EIA’s April 2011 report titled “World Shale Gas Resources: An Initial Assessment”, estimated that the Lower Eccca Group shales in this basin contain approximately 1,834 trillion cubic feet of risked gas in-place, with risked recoverable shale gas prospective resources of 485 trillion cubic feet.

Please note that there is no certainty that any portion of the above quoted resource volumes will be discovered. If discovered, there is no certainty that it will be economically viable or technically feasible to produce any portion of the resources.

About Falcon Oil & Gas Ltd.

Falcon Oil & Gas Ltd. is an international oil and gas exploration and production company, Toronto listed under the symbol “FO.” It is headquartered in Dublin, Ireland, with offices in Budapest, Hungary.

The Company is focussed on unconventional and conventional oil and gas exploration and production, and holds assets in three major underexplored basins in Australia, Hungary, and South Africa.

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

About Chevron Business Development South Africa Limited

Chevron Business Development South Africa Limited is a subsidiary of Chevron Global Energy Inc. Chevron is one of the world's leading integrated energy companies, with subsidiaries that conduct business worldwide. The company is involved in virtually every facet of the energy industry. Chevron explores for, produces and transports crude oil and natural gas; refines, markets and distributes transportation fuels and lubricants; manufactures and sells petrochemical products; generates power and produces geothermal energy; provides energy efficiency solutions; and develops the energy resources of the future, including biofuels. Chevron is based in San Ramon, California. More information about Chevron is available at www.chevron.com.