



ExxonMobil Gives Notice To Discontinue Testing of Földeák-1 Well

Falcon, ExxonMobil & MOL to Evaluate Next Steps

Denver, CO, October 8, 2009 - Falcon Oil & Gas Ltd. (TSXV: FO) (“Falcon” or the “Company”), a global energy company focused on acquiring, exploring and developing large acreage positions of unconventional and conventional oil and gas resources, today announced that ExxonMobil Corporation affiliate ExxonMobil Hungary (Mako) Limited ("ExxonMobil"), the Company’s partner in the joint production and development project located in the Makó Trough in Hungary, has notified the Company of its recommendation to cease operations at the Földeák -1 well site after testing a portion of the Szolnok Formation. ExxonMobil, MOL and Falcon are discussing next steps regarding such operations.

ExxonMobil has completed two fracture stimulation tests at 4,358 and 4,200 meters. The Szolnok Formation is approximately 1,200 meters thick in the Földeák-1 well, and has a base depth of 4,394 meters.

The lower fracture stimulation at 4,358 meters was completed successfully yielding average gas flow rates of approximately 200,000 standard cubic feet (6,000 cubic meters) per day and average water flow rates of approximately 15 to 370 barrels (2.5 to 60 cubic meters) per day over a 10 day period.

The upper fracture stimulation at 4,200 meters was completed successfully yielding average gas flow rates of approximately 50,000 standard cubic feet (1,415 cubic meters) per day and average water flow rates of approximately 1,200 to 3,100 barrels (200 to 500 cubic meters) per day over a 46 hour period (the well is flowing as of the date of this press release).

For both fracture stimulation tests, the water flowed back was very fresh, less than 5,000 parts per million (ppm) of total dissolved solids. ExxonMobil also reported the presence of CO₂ and H₂S at levels of up to 16% and up to 400 ppm, respectively, for both fracture stimulation tests.

The very high water flow rates and calculated test permeability experienced in the Földeák-1 well leads Falcon to believe that the fracture stimulation connected to a fresh water filled natural fracture system. It is possible that the matrix Szolnok Formation remains largely untested due to preferential flow from the natural fractures.

Falcon interprets the intervals above the tested section to be a separate reservoir and a potential sweet spot within the Szolnok Formation. Core data indicates that the permeability of these prospective intervals is considerably higher than permeability measured below. Additionally, net to gross reservoir

quality sand is also much higher and logs indicate that the gas saturation may increase upwards through the Szolnok Formation. Pressure in these prospective intervals of the Szolnok Formation is interpreted to be considerably lower than the pressures encountered deeper.

Falcon is currently evaluating the remainder of the Szolnok Formation to determine if it is possible to move away from this potential natural fracture system. Pursuant to the \$50 million Initial Work Program requirement as defined by the parties' agreement to test the Szolnok Formation, Falcon has recommended additional fracture stimulations at 3,942 and 3,906 meters. The Company believes that the remaining capital within the Initial Work Program budget is sufficient to complete this testing.

"The bottom line is that we are disappointed in test results to date," stated Marc A. Bruner, CEO and President of Falcon. "However, the Makó Trough is an enormous geography with numerous potential zones and formations which remain untested. It's our opinion that the tests to date do not represent a complete evaluation of the hydrocarbon potential of the Szolnok Formation or the Makó Trough overall. We believe that it may be prudent to complete additional testing in the Földeák-1 well to fully understand the true potential of this resource."

About Falcon Oil & Gas Ltd.

Falcon Oil & Gas Ltd. is an international oil and gas exploration and production company, headquartered in Denver, Colorado, incorporated in British Columbia, Canada, and trading on the TSX Venture Exchange under the symbol "FO." The Company specializes in the business of conventional and unconventional oil and gas exploration and production and holds interests in prospective properties in Hungary and Australia. The Company is focused on discovering, acquiring, and maturing a globally diversified portfolio of drilling opportunities with a goal of maximizing shareholder value through strategic relationships. Additional information concerning Falcon Oil & Gas Ltd. is available at www.falconoilandgas.com. Investor inquiries may be directed to investor@falconoilandgas.com.

In the interests of providing Company shareholders and potential investors with information regarding the Company, including the Company's assessment of its and its subsidiaries' future plans and operations, certain statements included in this press release may constitute forward-looking information or forward looking statements (collectively, "forward-looking statements"). All statements contained herein that are not clearly historical in nature are forward-looking, and the words "anticipate", "believe", "expect", "estimate" and similar expressions are generally intended to identify forward-looking statements. Similarly, forward-looking statements in this press release include, but are not limited to anticipated developments of the Company's various drilling projects and the timing thereof, capital investment levels and the allocation thereof, pipeline capacity, government royalty rates, reserve and resources estimates, the level of expenditures for compliance with environmental regulations, site restoration costs including abandonment and reclamation costs, exploration plans, acquisition and disposition plans including farmout plans, net cash flows, geographic expansion and plans for seismic surveys, or successfully engaging a partner in any of the Company's endeavours. In addition, please note that statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described can be profitably produced in the future. Such statements represent the Company's internal projections, estimates or beliefs concerning, among other things, an outlook on the estimated amounts and timing of capital expenditures, anticipated future debt levels and incentive fees

or revenues or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. These statements are only predictions. Actual events or results may differ materially. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company and the foregoing list of important factors is not exhaustive. These forward-looking statements made as of the date hereof disclaim any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise. Company shareholders and potential investors should carefully consider the information contained in the Company's filings with Canadian securities administrators at www.sedar.com before making investment decisions with regard to the Company.

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.