



FALCON OIL & GAS LTD. ANNOUNCES PARTICIPATION AGREEMENT WITH HESS AUSTRALIA FOR BEETALOO BASIN PROJECT

FOR IMMEDIATE RELEASE (TSXV Symbol: FO)

DENVER, May 2, 2011 /CNW/ -- Falcon Oil & Gas Ltd. ("Falcon"), an international oil and gas exploration and production company, announced today that Falcon Oil & Gas Australia Ltd ("Falcon Australia"), Falcon's 73 percent owned subsidiary, has signed a Participation Agreement with Hess Australia (Beetaloo) Pty Ltd ("Hess"), an affiliate of Hess Corporation, for the acquisition of an interest in onshore Exploration Permits 76, 98 and 117 in the Beetaloo Basin, Northern Territory, Australia (the "Agreement Area").

The terms of the agreement remain as outlined in the Letter of Intent between the two companies announced on February 22, 2011. In brief, and subject to certain regulatory approvals and standard conditions, Hess will earn a 62.5 percent working interest in approximately 25,200 square kilometers (6,227,500 acres) by making a payment to Falcon Australia, acquiring warrants in Falcon Oil & Gas Ltd., conducting an extensive seismic programme, and drilling five wells to explore and appraise the Agreement Area. Hess has the right to withdraw from the project following the seismic evaluation and again following the drilling phase, in which event the entire interest would transfer back to Falcon Australia. In addition to its 37.5 percent working interest in the joint acreage, Falcon Australia will retain 100 percent ownership in the entirety of EP99 and 405 square kilometers (100,000 acres) in EP98.

The seismic survey is anticipated to commence once necessary government and land users' approvals are obtained. Falcon Australia will also carry out its work planned for the Shenandoah-1 well, commencing with re-opening and casing the existing wellbore planned for the third quarter 2011, followed by a comprehensive testing program.

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 unconventional and conventional oil and gas exploration and production and holds interests in prospective properties in Australia, Hungary, and South Africa. 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.

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 statements. 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.