



FALCON OIL & GAS LTD. ANNOUNCES IT WILL NOT EXERCISE BUCKSKIN OPTION

FOR IMMEDIATE RELEASE (TSXV Symbol: FO) February 24, 2009

Denver, Co, February 24 /CNW/ -- Falcon Oil & Gas Ltd. (TSXV: FO) (“Falcon” or the “Company”) today announces that it has elected not to exercise its option to acquire a 50% working interest in PetroHunter Energy Corporation’s (“PetroHunter”) 20,000 acre Buckskin Mesa project (“Buckskin Mesa Project”) located in the Piceance Basin, Colorado, under the Purchase and Sale Agreement entered in August 2008 between Falcon and PetroHunter previously filed on SEDAR.

As initially disclosed in its press release dated August 25, 2008, Falcon acquired a 25% interest in five wells in the 20,000 acre Buckskin Mesa Project (the “Five Wells”) for consideration of US\$7 million, and had an option (the “Option”) to acquire an additional 50% working interest (37.5% net revenue interest) in the entire Buckskin Mesa Project, including the Five Wells. Falcon will retain its 25% interest in the Five Wells.

Exercise of the Option would have required Falcon to pay additional consideration of US\$25 million in cash or securities convertible into Falcon common shares, or a combination thereof, and incur spending commitments of US\$18 million pursuant to a drilling and development program.

Falcon and PetroHunter continue to develop the 2009 work program for the jointly held 7 million acre prospect in Northern Territory, Australia (the “Beetaloo Basin”). The 28,888,888 common shares of Falcon issued to PetroHunter for Falcon’s 50% interest in Beetaloo remain subject to the contractual agreements between the companies as previously disclosed; whereby 14,500,000 shares are pledged by PetroHunter to Falcon as collateral for Falcon’s US\$5.0 million loan to PetroHunter, 11,600,000 shares are available to PetroHunter to pledge as collateral for loans from third parties, leaving 2,788,888 available for sale by PetroHunter.

Marc A. Bruner, President, Chairman and CEO of Falcon stated that “results from the initial testing of the Five Wells did not warrant Falcon’s exercising of the option under its existing terms and conditions given the present economic climate.”

About Falcon Oil & Gas Ltd.

Falcon Oil & Gas Ltd. is a British Columbia corporation in the business of oil and gas exploration and production. It has operations in Hungary through its wholly owned subsidiary TXM Oil and Gas Exploration, LLC, in Romania through its wholly owned subsidiary JVX Energy Corporation, in Colorado through its

wholly owned subsidiary Falcon Oil & Gas USA, Inc., and in Australia through its wholly owned subsidiary Falcon Oil & Gas Australia Pty Ltd. Further information about Falcon is available at www.falconoilandgas.com.

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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 drilling project in Hungary and the timing thereof, the Company's drilling project in Romania 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. 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.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.