



FALCON OIL & GAS LTD. ANNOUNCES TERMS OF OFFERING

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FOR IMMEDIATE RELEASE (TSXV Symbol: FO) JUNE 12, 2009

Denver, Co. – June 12, 2009 – Falcon Oil & Gas Ltd. (TSXV: FO) (“**Falcon**” the “**Company**”) today announces that it has entered into a definitive agency agreement with Salman Partners Inc. to sell, on a commercially reasonable efforts basis, up to \$55,000,000 of units (the “**Units**”), at an offering price of \$1,000 per Unit (the “**Offering**”). Each Unit consists of \$900 worth of 11% convertible unsecured debentures (each a “**Debenture**”) in the principal amount of \$1,000 due on the date that is four years following the closing of the Offering (the “**Maturity Date**”) and 250 common shares in the capital of the Company. The Debentures will be issued in \$1,000 principal amount increments only and in no circumstances will the principal amount of any Debenture issued be less than \$1,000.

Each Debenture will be convertible into common shares of the Company at the option of the Debentureholder at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date fixed by the Company for redemption of the Debentures at a conversion price of \$0.60 per share, subject to adjustment in certain events (the “**Conversion Price**”). If during the two year period following the closing the volume weighted average trading price of the common shares of the Company is \$0.85 or greater for 20 consecutive trading days, the Debentures will automatically be converted at the Conversion Price and Debentureholders will be entitled to receive accrued and unpaid interest, in cash, to the end of the first 12 month period or 24 month period after the closing, as the case may be. To ensure that the Company is able to meet its interest payment obligations to July 1, 2010 and to otherwise assist the Company in meeting its obligations to the Debentureholders, an amount equal to the first two interest payments payable under the Debentures will be deposited in escrow at closing.

The TSX Venture Exchange (the “**TSXV**”) has conditionally accepted for filing the Company’s short form prospectus qualifying the distribution of the Units. Listing of the Debentures is subject to Falcon fulfilling all of the requirements of the TSXV, including the distribution of the Debentures to a minimum number of public securityholders.

The net proceeds from the Offering will be used for development activities on the areas covered by the Company’s Hungarian exploration and production licenses, as more particularly described in the final prospectus.

Closing of the Offering is expected to occur on or about June 23, 2009 and is subject to certain conditions, including but not limited to, receipt of all necessary securities regulatory approvals, including the final approval of the TSXV.

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.