



Falcon Oil & Gas Ltd. Announces The Filing of a Preliminary Short Form Prospectus for an Offering of 11% Unsecured Convertible Debentures and Common Shares

DENVER, May 26, 2009 -- Falcon Oil & Gas Ltd. (TSXV: FO) (“Falcon” or the “Company”) today announced that it has filed a preliminary short form prospectus with the securities regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia and New Brunswick. The offering is for units (the “Units”) at a price of \$1,000 per Unit (the “Offering”). Each Unit consists of one 11% convertible unsecured debenture in the principal amount of \$900 (each, a “Debenture”) that matures on the fourth anniversary of its issuance and a certain number of common shares in the capital of the Company (the “Unit Shares”). The Debentures contain certain automatic and optional conversion features, as well as certain redemption features. The Offering will be conducted by Salman Partners Inc. as agent.

Final determination of the number of Units to be sold under the Offering and the number of Unit Shares to be issued will occur prior to the filing of the (final) short form prospectus in respect of the Offering.

Falcon expects to use the net proceeds from the Offering for development of its properties in Hungary and for general working capital, as determined and approved by the board of directors of the Company. In addition, an amount of the gross proceeds of the Offering equal to the first two interest payments payable under the Debentures will be deposited in escrow at closing.

Closing of the Offering is expected to occur on or about June 16, 2009 and is subject to certain conditions, including but not limited to, receipt of all necessary securities regulatory approvals, including the approval of the TSX Venture Exchange.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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 Australia 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.