



Falcon Engages Merrill Lynch And Moyes & Co. To Begin Search For Strategic Partner In Australia's Beetaloo Basin

*With Unrisked Prospective Resource Best Estimates of 19 Billion Barrels of Oil and 64 Trillion Cubic Feet of Gas, Size of Prospect Expected to Attract Attention from Majors and Other Global Players**

Denver, CO, August 26, 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 it has entered into agreements (collectively, the "Agreements") with Merrill Lynch Pierce Fenner and Smith, Inc. ("Merrill Lynch") and with Moyes & Co. ("Moyes") under which Merrill Lynch and Moyes will provide a range of advisory services to Falcon regarding Falcon's 2009 strategic initiative in Australia.

In May of 2009 Falcon announced that it had increased its interest in the seven-million acre Beetaloo Basin prospect under four Exploration Permits in the Northern Territory of Australia to an undivided 75% working interest and is now operator under the Permits. For its 2009 Australian initiative, Falcon will be seeking one or more parties with the financial and/or technical capabilities to participate in exploration and development activities in the Beetaloo prospect. Under the terms of the Agreements, Merrill Lynch's and Moyes' global energy teams will jointly manage the process of assisting Falcon in identifying and selecting suitable participants for its Australian initiatives.

"On the heels of the recently published Ryder Scott Resource Analysis Report on the Company's Beetaloo Basin project in the Northern Territory of Australia, we now begin the process of evaluating and creating an exploration strategy for this potentially significant play. We selected the combined Merrill Lynch and Moyes advisory team because we believe that they have the expertise, experience, and track record in evaluating major oil and gas opportunities and facilitating transactions in this part of the world," stated Marc A. Bruner, President, Chairman and Chief Executive Officer of Falcon. Mr. Bruner continued, "With the expert guidance of these advisors, we are optimistic about entering into transactions with one or more parties that will add significant value to these assets, similar in nature to the agreement we signed with ExxonMobil on our Mako Trough prospect in Hungary. This is the fundamental nature of our strategic business model."

Sean Mueller, project lead for Merrill Lynch, said, "As the founder of several companies, including Ultra Petroleum and Pennaco, Marc Bruner is an unconventional oil and gas industry pioneer who unlocked the potential at Jonah and Pinedale in the Rocky Mountains. He and his team have taken that experience and expertise and expanded internationally to Hungary and now, Australia. In the Beetaloo Basin, Marc and his team have developed a very unique and potentially enormous opportunity for the

company, its shareholders, and for Australia as a whole. The Merrill Lynch team is looking forward to assisting in this effort.”

Chris Moyes added, “Considering that we have a contiguous 7-million-acre property at the door of the Asian market, multiple conventional and unconventional plays, a very stable, friendly and supportive government agency in the Northern Territory, and a highly encouraging initial technical evaluation from Ryder Scott, Moyes & Co. is very excited about the potential of Falcon’s Beetaloo interest and working with Falcon on this project.”

*The Report on the hydrocarbon resource potential of the Beetaloo Basin describes a possible distribution of the unrisks prospective (recoverable) portion of unrisks “Undiscovered in-place Resources,” as defined by the Canadian Oil and Gas Evaluation Handbook (COGEH) and does not represent an estimate of reserves or contingent resources. The Report has been prepared in accordance with the Canadian standards set out in the COGEH and is compliant with National Instrument 51-101 “Standards of Disclosure for Oil and Gas Activities.”

* Falcon’s news release, dated August 18, 2009, included Tables 9 and 10 from the July 1, 2009 Ryder Scott Report. For a definition of “Low” “Best” and “High,” see Section 5 of the Report titled “Definitions of Resources and Reserves,” item 5.3.5 titled “Uncertainty Category.” The total oil and gas resource is an arithmetic summation of the multiple estimates of the individual reservoir resources. Under Section 5.2 of COGEH: Undiscovered Petroleum Initially-In-Place (equivalent to undiscovered resources) is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. There is no certainty that any portion of the undiscovered resources will be discovered and that, if discovered, it may not be economically viable or technically feasible to produce any of the resources

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.

Contacts:

Marc A. Bruner
Falcon Oil & Gas Ltd.
Chairman, President & Chief Executive
Officer
(303) 893-1800
investor@falconoilandgas.com

Al Palombo
Cameron Associates
Investor Relations
(212) 554-5488
al@cameronassoc.com