



Falcon Oil & Gas Ltd. Announces Independent Technical Audit Indicating Significant Increase in Prospective Resources in Australian Assets

TORONTO, ON – January 24, 2013 - Falcon Oil & Gas Ltd. (TSXV: FO.V) (“Falcon” or the “Company”), a Toronto listed and Dublin headquartered company focused on unconventional oil and gas exploration and producing assets in Australia, South Africa and Hungary, is pleased to announce that an independent study by RPS Energy has substantially increased Play level Prospective Resources in the Beetaloo exploration permits in Northern Australia held by Falcon’s 73% subsidiary, Falcon Oil & Gas Australia Limited (“Falcon Australia”) as well as providing an update on the Contingent Resources in the Mako Trough, Hungary.

The Company recently engaged RPS Energy to carry out an updated independent evaluation of and produce a Competent Person’s Report (“CPR”) on the potential hydrocarbon resources pertaining to Falcon Australia’s acreage interests in the Beetaloo Basin, Australia and the Mako Trough in Hungary as at 1 January 2013.

A summary of the resource updates are set out in the tables below with the most significant point to note being the substantial increase in the Play level Prospective Resource in the Beetaloo Basin.

Previous work carried out by Ryder Scott on the Beetaloo Basin in July 2009 and May 2010 indicated Prospective Resource recoverable volumes of 64 TCF of gas and 18 billion barrels of oil. The work completed by RPS Energy, which considers the potential of the whole of the on-block basin indicates a considerable increase in the Play level Prospective Resource recoverable volumes of 162 TCF of gas and 21 billion barrels of oil. Falcon is pleased to see that its on-going efforts in the basin-scale re-evaluation of the Beetaloo basin and the new information obtained in the Shenandoah-1 well are fully reflected in the latest resource volumes.

RPS Energy also updated their previous report on the Mako Trough, including for the first time Prospective Resource recoverable volumes attributable to the shallow “Algyo Play” which the Company and its partner NIS will be targeting this year. According to the RPS CPR report, eight of the ten prospects identified by Falcon contain 568 BCF of prospective recoverable gas resources. Falcon and NIS have high graded the top three prospects which will be targeted by the initial three well exploration drilling program announced on the 14th January 2013 and commencing in late Q1 2013.

Table A: Australia - Prospective Unconventional Hydrocarbon Resources (Play Level) Summary

	RPS Report January 2013¹	Ryder Scott Report 2009/2010
	Gross Best Estimate (P50)	Gross Best Estimate (P50)
Gas (TCF)	162	63.91
Oil (MMBO)	21,345	17,540

Table B: Hungary – Contingent Resources Summary for “Deep Mako Trough”

	RPS Report January 2013 ¹	RPS Report March 2008
	Gross Volumes at 2C level	Gross Volumes at 2C level
Gas (TCF)	35.27	43.94
Oil (MMBO)	76.71	97.80

Table C: Hungary – Prospective Resources Summary for Mako Trough – Algyo Formation

	RPS Report January 2013 ¹	RPS Report March 2008
	Gross Best Estimate (P50)	
Gas (BCF)	568	N/A

Philip O’Quigley, CEO of Falcon commented:

“The recent work completed by RPS Energy resulting in a substantial increase in the potential recoverable volumes in our acreage in the Beetaloo Basin augurs well for the future prospectivity of the Beetaloo Basin as well as confirming the substantial un-risked potential resources of the Algyo Play, now the target of a drilling campaign due to start by the end of March 2013.”

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About Falcon Oil & Gas Ltd.

Falcon Oil & Gas Ltd. (TSXV:FO.V) is an international oil and gas company focused on exploration and production in Australia, South Africa and Hungary. Falcon’s strategy is to acquire, explore and develop large acreage positions of unconventional and conventional oil and gas resources in major underexplored basins located in politically and economically stable countries, with a high regional demand for energy and existing infrastructure. The Company’s distinctive approach is to seek endorsement of its acreage and support for its exploration efforts in partnerships with established international oil & gas companies. Falcon’s assets are represented by interests in almost 15 million acres in areas allowing rapid delivery of oil and gas to market.

In Australia, Falcon Australia holds 100% interest in four exploration permits covering 7 million acres in the Beetaloo Basin, Northern Territory. Falcon’s JV agreement with Hess covers significant seismic acquisition and an option to drill five wells. In South Africa, Falcon holds 100% interest in a Technical Cooperation Permit covering 7.4 million acres in the Karoo Basin. Falcon has signed a Cooperation agreement with Chevron to seek unconventional exploration opportunities in the Karoo Basin, onshore South Africa. The Karoo Basin is large (236,000 mi²), extending across nearly two-thirds of the country, with the southern portion (70,800 mi²) of the basin potentially favourable for shale gas. A significant portion of Falcon’s TCP is located within the prospective area, along the southern boundary. Falcon’s acreage in Hungary is adjacent to the giant Algyö Field and is transected by existing gas pipelines offering near-term access to local markets.

For further information on Falcon Oil & Gas Ltd. please visit www.falconoilandgas.com

⁽¹⁾ The RPS Energy CPR Report, dated January 1, 2013, entitled “Evaluation of the Hydrocarbon Resource Potential Pertaining to Certain Acreage Interests in the Beetaloo Basin, Onshore Australia and Mako Trough, Onshore Hungary” (the “Report”) can be found at www.sedar.com. The Report on the hydrocarbon resource potential of the Beetaloo Basin and the Mako Trough describes a possible distribution of the un-risked prospective (recoverable) portion of un-risked “undiscovered original oil-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.” 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.

Glossary of Terms

TCF	Trillion Cubic Feet
BCF	Billion Cubic Feet
MMBO	Million barrels of oil

Forward-looking Statements

Forward-looking statements include, but are not limited to, statements with respect to: the focus of capital expenditures; the sale, farming in, farming out or development of certain exploration properties using third party resources; the impact of changes in petroleum and natural gas prices on cash flow; drilling plans; processing capacity; operating and other costs; the existence, operation and strategy of the commodity price risk management program; the approximate and maximum amount of forward sales; Falcon’s acquisition strategy, the criteria to be considered in connection therewith and the benefits to be derived therefrom; Falcon’s goal to sustain or grow production and reserves through prudent management and acquisitions; the emergence of accretive growth opportunities; Falcon’s ability to benefit from the combination of growth opportunities and the ability to grow through the capital markets; development costs and the source of funding thereof; the quantity of petroleum and natural gas resources or reserves; treatment under governmental regulatory regimes and tax laws; liquidity and financial capital; the impact of potential acquisitions and the timing for achieving such impact; expectations regarding the ability to raise capital and continually add to reserves through acquisition and development; the performance characteristics of Falcon’s petroleum and natural gas properties; and realization of the anticipated benefits of acquisitions and dispositions.

Some of the risks and other factors, which could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the Republic of Hungary, the Commonwealth of Australia, the Republic of South Africa and globally; supply and demand for petroleum and natural gas; industry conditions, including fluctuations in the price of petroleum and natural gas; governmental regulation of the petroleum and natural gas industry, including income tax, environmental and regulatory matters; fluctuation in foreign exchange or interest rates; risks and liabilities inherent in petroleum and

natural gas operations, including exploration, development, exploitation, marketing and transportation risks; geological, technical, drilling and processing problems; unanticipated operating events which can reduce production or cause production to be shut-in or delayed; the ability of our industry partners to pay their proportionate share of joint interest billings; failure to obtain industry partner and other third party consents and approvals, when required; stock market volatility and market valuations; competition for, among other things, capital, acquisition of reserves, processing and transportation capacity, undeveloped land and skilled personnel; the need to obtain required approvals from regulatory authorities; and the other factors considered under "Risk Factors" in Falcon's annual information form ("AIF") dated December 31, 2011. Risks and uncertainties that could cause Falcon's actual results to materially differ from current expectations have not changed from those disclosed in Falcon's Management's Discussion and Analysis ("MD&A") as at September 30, 2012. The AIF and MD&A have been filed with Canadian securities regulatory authorities and are available at www.sedar.com. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement. Falcon disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulation.

In addition, other factors not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements.

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 statement. 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.