



FALCON RETAINS INTEREST IN BEETALOO PERMITS, NORTHERN AUSTRALIA

HESS REQUEST TO DEFER DRILLING DECISION REJECTED BY FALCON BOARD

1 July 2013 - Falcon Oil & Gas Ltd. (TSXV: FO, AIM: FOG, ESM: FAC) ("Falcon" or the "Company"), announces that Hess Australia (Beetaloo) Pty Ltd ("Hess"), did not elect to commit to drilling the five wells required to earn their interest in the Beetaloo permits by the agreed deadline of 10pm Friday the 28th June.

In accordance with the Participation Agreement dated 28th April 2011, as amended on the 2nd August 2012, which granted Hess the first extension, failure to elect on time means that Hess forfeits their right to earn 62.5% in three of the Beetaloo permits. A late request by Hess to defer the election date again was unanimously rejected by Falcon's Board for reasons outlined below.

- Falcon retains a 100% working interest in the four Beetaloo exploration permits which puts Falcon in a stronger position going forward.
- Hess has transferred a perpetual, royalty-free and irrevocable licence to Falcon over the 3,490 km of seismic acquired by them.
- The interpretation of 3,490 kms of new seismic data, acquired and processed at no cost to Falcon, is extremely encouraging.
- Identification of a shale oil play in the northern part of the permits in addition to the shale gas and conventional plays throughout the acreage.
- Unsolicited interest from major oil and gas companies.
- Falcon had already granted Hess an extension from August 2012 to June 2013.

Philip O'Quigley, CEO of Falcon commented:

We regard the Beetaloo Basin as a potential world class conventional and unconventional play with significant oil and gas potential. Hess requested a one month extension to allow them sufficient time to conclude a farm-out deal with a third party, which they described as one of the largest oil and gas companies in the world.

Falcon's rejection of their request and Hess's subsequent decision not to elect by the agreed deadline was viewed by the Board of Falcon as an opportunity for Falcon shareholders to increase their interest in what promises to be a very prolific basin enhanced and de-risked by the new seismic data.

I would like to thank Hess for their significant contribution to the Beetaloo project both in terms of their technical input but also in terms of their financial investment which we estimate to be approximately US\$80m to date.

I look forward to updating the market as we move forward on our extensive acreage in the Beetaloo Basin"

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About Falcon Oil & Gas Ltd.

Falcon is an international oil & gas company engaged in the acquisition, exploration and development of conventional and unconventional oil and gas assets, with the current portfolio spread between Australia, South Africa and Hungary. Falcon is incorporated in British Columbia, Canada and headquartered in Dublin, Ireland with a technical team based in Budapest, Hungary.

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

About the Beetaloo Basin

Falcon Australia, Falcon's 72.7 per cent. owned subsidiary, is the registered holder of four exploration permits covering approximately 7 million acres (approximately 28,000 km²) in the Beetaloo Basin, a sparsely populated area of the Northern Territory. The Beetaloo Basin is a Proterozoic and Cambrian age tight oil and gas basin that the Board believes is well suited for unconventional oil and gas projects. RPS Energy, in its independent Competent Person's Report ("CPR") dated 1 January 2013, estimates gross un-risked recoverable prospective resource (play level) potential of 162 Tcf of gas and 21,345 Mmbo of oil (P50) for Falcon Australia's Beetaloo Exploration Permits.

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