



Falcon Oil & Gas Ltd. Announces Amendment To Terms Of Petrohunter Transactions

Denver, Co. – December 11, 2008 – Falcon Oil & Gas Ltd. (TSXV: FO) today announced that it has entered into an amendment (the “Amendment”) with PetroHunter Energy Corporation (“PetroHunter”) that amends the terms of the US\$5 million temporary bridge loan to PetroHunter by extending the maturity date from January 30, 2009 to April 30, 2009 and changes the pledge portion of the security associated with the bridge loan from a pledge of US\$7.5 million worth of the convertible securities issued to PetroHunter in connection with the Beetaloo Basin transaction (the “Convertible Securities”) to a pledge of 14,500,000 of the Falcon shares to be issued upon conversion of the Convertible Securities. Falcon continues to retain its security for repayment of the bridge loan pursuant to a deed of trust covering PetroHunter’s interest in five existing wellbores within PetroHunter’s 20,000 acre Buckskin Mesa project in the Piceance Basin, Colorado (the “Buckskin Mesa Project”). The Amendment also provides that in the event the bridge loan is not repaid by April 30, 2009, Falcon, at its discretion, can require that PetroHunter’s subsidiary resign as operator of the 7 million acre Beetaloo Basin prospect in Northern Territory, Australia.

Falcon and PetroHunter have agreed to reallocate the US\$7 million of completion capital that Falcon deposited into an escrow account for a testing and completion program on up to five wells within the Buckskin Mesa Project. US\$5.3 million will be used for the testing and completion program, which was commenced in November, 2008, and the remaining US\$1.7 million will be advanced directly to an unrelated third party creditor of PetroHunter who is due payment for obligations related to the Buckskin Mesa Project. Falcon believes that the US\$5.3 million will be sufficient to obtain all information necessary for Falcon to make an informed decision on whether to exercise its option to acquire a 50% working interest (37.5% net revenue interest) in the entire Buckskin Mesa Project, including the five wells.

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.

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