



Falcon Oil & Gas Announced Agreements with PetroHunter Corporation on Australian project

Denver, CO, December 7, 2009 - Falcon Oil & Gas Ltd. (TSXV: FO) ("Falcon," "Falcon Canada," 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 Falcon Canada and PetroHunter Energy Corporation ("PetroHunter") have entered into two agreements (the "Agreements"), which provide for Falcon Oil & Gas Australia Pty Ltd's ("Falcon Australia") acquisition of PetroHunter's remaining 25% interest in the four Beetaloo Basin Exploration Permits (the "Permits") in the Northern Territory of Australia, and for Falcon Australia to engage in a private placement of equity securities (the "Financing") to finance further exploration on the Permits. The two companies' Boards of Directors have approved the Agreements.

The Agreements provide for the following: (1) For conversion of debt owed by Falcon Australia to Falcon Canada, Falcon Canada will own 75% of the common shares in the restructured Falcon Australia; (2) In consideration for an assignment to Falcon Australia of the undivided 25% working interest which PetroHunter's wholly-owned subsidiary, Sweetpea Petroleum Pty Ltd ("Sweetpea") owns in the four Permits, Sweetpea will own 25% of the common shares of the restructured Falcon Australia; (3) Falcon Australia will now own 100% of the working interest in the Permits; (4) The parties will enter into a Master Services Agreement ("MSA") providing for Falcon Australia to operate the Permits; (5) Falcon Canada will receive a management fee under the MSA; and (6) Falcon Australia intends to enter into an agreement with Martin Place Securities ("MPS"), based in Sydney, Australia, to undertake the Financing. The terms of the agreement with MPS and the amount of the Financing have not yet been determined.

The closing of the Agreements is subject to various conditions first being satisfied, including TSX Venture Exchange approval.

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.

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