



UPDATED RYDER SCOTT REPORT INCREASES OIL-IN-PLACE BEST ESTIMATES IN FALCON'S BEETALOO BASIN PROPERTY

With Unrisked Undiscovered Oil-In-Place Best Estimate Increasing from 192.91 Billion Barrels to 395.11 Billion Barrels, Company Initiates Planning for the Potential of Several Joint Venture Partners in the Beetaloo Basin Project

Denver, CO, May 10, 2010 – Falcon Oil & Gas Ltd. (TSXV: FO) (“Falcon” or the “Company”), a global energy company focused on acquiring, exploring and developing acreage positions of unconventional and conventional oil and gas resources, today announced the results of the recently completed Ryder Scott Company-Canada Resource Report, dated May 3 2010, on the Beetaloo Basin Project in the Northern Territory (NT), Australia (the “Beetaloo Basin Project”) entitled “Falcon Oil & Gas Ltd. Evaluation of the Unconventional Oil Resource Potential Pertaining to Certain Acreage Interests in the Beetaloo Basin Northern Territory, Australia as of May 1, 2010”(the “Report”).

Ryder Scott has prepared an updated evaluation of the unconventional oil resource potential of the Beetaloo Basin Project (previous report available on Sedar) which consists of four Exploration Permits (the “Permits”) comprising approximately 28,200 square kilometres (7 million gross acres), covering the majority of the Beetaloo Basin and basin margin highs. Falcon’s 75% owned subsidiary, Falcon Oil & Gas Australia Pty Ltd. (“Falcon Australia”), owns 100 % of the Permits, and is the operator of the Beetaloo Basin Project.

The Report on the unconventional oil resource potential of the Beetaloo Basin Project describes a possible distribution of the unrisks prospective (recoverable) portion of unrisks “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.”

The Company notes that while the unrisks, undiscovered oil-in-place has increased in this updated report, lower recovery factors were utilized resulting in a change of less than 10% in the unrisks, prospective (recoverable) oil resource estimate. This current update evaluates only the oil resource potential of the unconventional shale oil deposits in the Beetaloo Basin Project as the gas resource potential was not re-evaluated in this report.

Ryder Scott’s unrisks, undiscovered and prospective (recoverable) oil resource assigned to Falcon Australia’s lands in the Beetaloo Basin is as follows:

Table 3: Total Undiscovered and Prospective (Recoverable) Oil Resources in the Beetaloo Basin, Australia						
As of May 1, 2010						
Reservoir	Unrisked Undiscovered Oil-In-Place (Billion stb)			Unrisked Prospective (Recoverable) Oil Resources (Billion stb)		
	Low	Best	High	Low	Best	High
Hayfield	0.05	0.09	0.15	0.01	0.01	0.02
Jamison	8.22	11.92	16.40	0.80	1.34	2.15
Conventional Subtotal	8.27	12.01	16.55	0.81	1.35	2.17
Upper Kyalla Shale Oil (Revised)	54.30	104.90	176.50	2.12	4.40	8.10
Lower Kyalla Shale Oil	16.90	37.10	62.20	0.67	1.55	2.85
Middle Velkerri Shale Oil	184.50	241.10	317.20	6.66	10.24	15.33
Unconventional Subtotal	255.7	383.1	555.9	9.45	16.19	26.28
Total Oil Resource within the Beetaloo Basin	<u>263.97</u>	<u>395.11</u>	<u>572.45</u>	<u>10.26</u>	<u>17.54</u>	<u>28.45</u>

Table 3, Appendix 2 from the Report as of May 1, 2010, dated May 3, 2010. 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

Commenting on the Report, Marc A. Bruner, President and Chief Executive Officer of Falcon, stated, “Our ongoing data analysis from the Beetaloo Basin continues to provide evidence of the immense hydrocarbon potential of this area. The increased oil-in-place volumes in this updated report and the more conservative recovery factors utilized should be an asset in our search for partners. The Beetaloo Basin is one the few remaining unexplored onshore ancient sedimentary basins in the world, analogous to basins in locations such as Siberia and Oman. Our property is well situated for development as it is located 310 miles southeast of the Darwin, which has both a major LNG facility and export terminal; has two underutilized pipelines nearby; and has a highway and railway line that cut through the heart of the property. Given the scope of these early oil estimates in conjunction with the previously estimated gas resources, the property’s size, and ease of access and transport, we anticipate having the ability to attract several major joint venture partners. We have established a data room for this project and currently have

potential joint venture partners reviewing the project. We expect to re-enter the Shenandoah 1 well and commence testing during the third quarter of 2010.”

Bruner continued, “Australia is an ideal country in which to conduct business. With a stable legal system and a favorable fiscal regime that encourages exploration, working in Australia fits perfectly within our business strategy. We seek to discover and assemble underdeveloped lands, partner, and then grow our oil and gas production base through a diversified portfolio of development and exploration opportunities. Success in Australia could provide us the resources and opportunity to successfully replicate the process in other locations throughout the world.”

About Ryder Scott

Ryder Scott evaluates oil and gas properties and independently certifies petroleum reserves quantities in the U.S. and internationally. The firm performs several hundred consulting studies per year for a variety of clients. The firm has earned worldwide recognition for reliably predicting the performance of complex oil and gas reservoirs in all major petroleum provinces. With approximately 90 professional petroleum engineers and geoscientists, the firm conducts reserve and resource evaluations, geoscience/geology studies, field development and EOR design, reservoir simulation, economic analysis, management consulting and expert witness testimony. The Houston-based firm has branch offices in Calgary and Denver.

Ryder Scott is the most widely used consulting firm for preparing annual petroleum reserves certifications for filers with the U.S. Securities and Exchange Commission, according to research firm John S. Herold. Ryder Scott also serves clients listed on the London, Toronto, Hong Kong, Australian, and other stock exchanges.

The firm issues reserves certifications considered to be highly reliable by banks and private investment groups. Major banking institutions establish reserves-based loan amounts, monitor credit lines and determine guarantees based on report values. The report also serves as a resource in screening and due-diligence reviews of acquisitions, divestitures and mergers.

About Falcon Oil & Gas Ltd.

Falcon 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 unconventional and conventional oil and gas exploration and development and holds interests in prospective properties in Australia, Hungary, and South Africa. 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 is available at www.falconoilandgas.com. Investor inquiries may be directed to investor@falconoilandgas.com or al@cameronassoc.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. It should be clearly understood that the resource plays evaluated herein are high risk and that 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. 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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