



FALCON OIL & GAS LTD. ANNOUNCES COMPLETION OF TESTING IN SHENANDOAH -1

DENVER, CO November 14, 2011 – Falcon Oil & Gas, Ltd. (TSXV: FO) (the “Company”, “Falcon”) announced today that the full testing program has been successfully carried out on the Shenandoah-1 well in the Beetaloo Basin, Australia, with gas being produced from each of the shale intervals tested. Both Velkerri intervals are now considered candidates for future testing, including horizontal drilling with multiple stimulation treatments to establish commerciality, with the other intervals subject to further evaluation.

Shenandoah-1 is within the 100,000 acre area that is under the sole ownership of Falcon Oil & Gas Australia Ltd. and is not part of the acreage included in the joint venture with Hess Australia (Beetaloo) Pty. Ltd. (“Hess”), as described in the July 13, 2011 press release. Under the terms of that arrangement however, Hess will be provided copies of data obtained from the testing and completion, for which the Company will receive \$2 million.

Testing Results

Shenandoah-1 is a vertical well situated in the deepest part of the basin and natural gas was the expected hydrocarbon at the depths being tested. The well is the first to be tested in these unconventional targets, consequently the objectives of the tests were to determine whether the shale intervals could be fracture-stimulated and whether they could produce hydrocarbons, and to confirm rock, pressure and fluid properties. The operation has succeeded in these objectives and the well will now be plugged and abandoned to the highest environmental standards.

The Shenandoah-1 tests were not designed for long-term testing with full clean-up of fluids, but rather to test for hydrocarbon production to surface over a period of four to six days and to gather the maximum information possible before moving on to the next interval according to program. For this reason and because these are shale zones in a vertical well with single stimulation treatments, high flowrates were not expected as mentioned in the press release dated September 16, 2011.

Five intervals were tested in accordance with the program. The gathered information is still to be fully interpreted for planning future appraisal and exploration operations, however the following preliminary comments can be made at this time:

- Three of the five intervals flowed gas while still recovering significant amounts of frac fluid.
- The most positive results came from the Middle Velkerri shales where there was no indication of formation water being produced. The sustained gas rates ranged between 50 and 100 mscfpd (thousand standard cubic feet per day), gas gravities ranged from 0.64 to 0.70 and the lower interval also yielded condensate with an API gravity of 43 degrees. Importantly this showed that that these rocks can be

stimulated and are over pressured. Both Velkerri intervals will now be considered candidates for future testing, including horizontal drilling with multiple stimulation treatments to establish commerciality.

- The Lower Kyalla shale also produced gas to surface and will now be considered for further exploratory investigation.
- Two separate intervals were perforated in the Moroak sandstones. They were not stimulated but rather were conventional perforation tests, intended to find out if the rocks were gas-bearing and to provide technical information. Little to no commercial hydrocarbons were present. The test did however provide valuable rock property information as the Moroak is target of interest elsewhere in the Beetaloo Basin as a conventional play.
- The Upper Kyalla shale is oil-bearing in Shenandoah-1 but was not tested due to wellbore configuration.

Further evaluation of the extensive information gathered in this wellbore is now required before considering follow-up vertical and horizontal exploration wells. In order to locate future wells optimally it is likely that some additional seismic lines will need to be acquired in the Shenandoah area.

Falcon CEO Robert Macaulay commented, “I am very pleased with the results of the Shenandoah-1 well test. The Velkerri results support our belief in recoverable hydrocarbons in the deepest part of the Beetaloo Basin. They also prove that these particular shales can be fracture stimulated which is a crucial first step in the exploration and appraisal process. The Moroak sandstones continue to be a target of interest and the information gained from testing will help with prospecting for these targets elsewhere in the Basin. The Lower Kyalla result is likewise encouraging, we will be working through the data to understand it better before committing our plans to paper on the next steps. Finally, a very extensive sequence of operations was carried out safely and successfully – I am very happy with the performance of our staff and contractors in this regard.”

Images from the operations can be found on the company’s website at www.falconoilandgas.com or www.falconaustralia.com.au.

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 unconventional and conventional oil and gas exploration and production and holds interests in prospective properties in Australia, Hungary, and South Africa.

For additional information about Falcon Oil & Gas Ltd., please visit our website at www.falconoilandgas.com or contact investor relations at 303-951-1110, or hmitchell@falconoilandgas.com.

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