



## **Falcon Oil & Gas Ltd. Enters Into Agreements To Acquire Assets In Piceance Basin, Colorado And Northern Territory, Australia**

**Denver, CO – August 25, 2008** – Falcon Oil & Gas Ltd. (TSXV: FO) (“Falcon” or the “Company”) today announced that an independent committee of the Board of Directors (“Independent Committee”) has approved entering into binding agreements with PetroHunter Energy Corporation (“PetroHunter”) under which Falcon will acquire a 25% working interest in five wells (“Five Wells”) located within PetroHunter’s 20,000 acre Buckskin Mesa project (“Buckskin Mesa Project”) located in the Piceance Basin, Colorado and undertake a completion and testing program in respect of these Five Wells. If testing is successful, Falcon will have an option to acquire a 50% working interest in the Buckskin Mesa Project. Falcon has also entered into agreements to acquire a 50% working interest in PetroHunter’s 7 million acre prospect in Northern Territory, Australia (the “Beetaloo Basin”).

Marc A. Bruner, the Chairman, CEO and President of Falcon is a significant shareholder of PetroHunter. As a result, the Board of Directors of Falcon formed an Independent Committee, consisting of the 6 independent directors of Falcon, to evaluate and approve the transactions.

“The evolution of our business strategy is to build our portfolio and pursue assets that will enable us to leverage our unconventional resource expertise,” stated Falcon’s Chief Operating Officer, Rod Wallis. “The Buckskin Mesa Project provides Falcon with the potential for near-term gas production in one of the most productive unconventional gas deposits in the continental U.S. The transaction structure ensures that the commitment to develop the field is only made when there is a high degree of certainty that gas can be extracted on an economically attractive basis. The Beetaloo Basin has numerous conventional structures and a vast resource play that we believe could rival the Makó Trough in Hungary.”

Mr. Wallis continued, “We conducted an extensive review of the assets and believe there is considerable upside potential in these two world-class assets. Expanding our asset base and geographic portfolio into other economically and politically stable countries provides an opportunity to transform Falcon into a leading global player in unconventional exploration and production.”

### Piceance Basin, USA, Buckskin Mesa Project

Pursuant to the agreements, Falcon will acquire a 25% interest in Five Wells in the 20,000 acre Buckskin Mesa Project for consideration of US\$7 million which will be used to complete and test the Five Wells. Falcon has up to a 60 day period to review and analyze the test results of the well completions, and will then have an option (the “Buckskin Mesa Option”) to acquire an additional 25% working interest in the Five Wells (for a total of 50%) and a 50% working interest in the 20,000 acre Buckskin Mesa Project. The Buckskin Mesa Option requires Falcon to pay additional consideration of US\$18 million, subject to adjustments, in spending commitments pursuant to a drilling and development program that will be mutually agreed upon by Falcon and PetroHunter, and US\$25 million, payable under certain circumstances, in cash or securities convertible into Falcon shares, or a combination thereof. If Falcon elects to issue securities convertible into Falcon shares, it is required to, among

other things, obtain the prior approval of the TSX Venture Exchange. In addition, Falcon will have an option to become the operator of the Buckskin Mesa Project. If it elects to become the operator, Falcon will pay additional consideration of US\$3.5 million in cash or securities convertible into Falcon shares, or a combination thereof.

The closing of the Buckskin Mesa transaction is subject to certain closing conditions including receipt or waiver of TSX Venture Exchange and all other regulatory approvals and settlement of an outstanding PetroHunter litigation regarding the Buckskin Mesa Project.

#### Beetaloo Basin, Northern Territory, Australia

The agreements provide for the purchase of a 50% working interest in PetroHunter's Beetaloo Basin acreage by Falcon for consideration of US\$5 million in cash and US\$20 million of securities convertible into Falcon shares on a one for one basis based on the closing price of Falcon shares on August 22, 2008. PetroHunter will remain the operator of the Beetaloo Basin. The agreements provide for a joint operating committee and substantial direct involvement by Falcon managerial, technical and financial personnel. In the event that Falcon's closing share price on the date that a receipt is issued for the final prospectus to qualify the distribution of the common shares underlying the convertible securities is below Falcon's closing share price on August 22, 2008, the convertible securities have an adjustment mechanism which provides PetroHunter with price protection of up to 20%. In addition, the agreements provide for additional price protection, to a maximum of US\$7 million, if Falcon's share price is below 70% of Falcon's closing share price on August 22, 2008.

The closing of the Beetaloo Basin transaction is subject to certain closing conditions including receipt or waiver of TSX Venture Exchange and all other regulatory approvals.

Copies of all material agreements relating to the transactions will be available on SEDAR at [www.sedar.com](http://www.sedar.com).

BMO Capital Markets is acting as exclusive financial advisor to Falcon in connection with these transactions.

#### **Investor Conference Call**

Falcon will host an investor conference call on August 25, 2008 at 11 am (EST) to discuss the transactions. The conference call will be available live via telephone. To participate in the conference call within the U.S. and Canada, dial (866) 688-0039. To participate in the conference internationally, dial (706) 679-3130. The conference call will also be broadcast live on the Internet and may be accessed at [www.falconoilandgas.com](http://www.falconoilandgas.com). The webcast and accompanying presentation will be archived on the Company's website.

The conference call will be available for replay via telephone beginning at 1:00 pm (EST) on August 25, 2008 until September 8, 2008 at 11:59 p.m. (EST). To listen to a replay of the conference within the U.S. and Canada, dial (800) 642-1687 or internationally (706) 645-9291. The replay code is 61691017.

#### **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, and in Romania through its wholly owned subsidiary JVX Energy Corporation. Further information about Falcon is available at [www.falconoilandgas.com](http://www.falconoilandgas.com).

#### **About PetroHunter Energy Corporation**

PetroHunter Energy Corporation, through the operations of its wholly-owned subsidiaries, PetroHunter Operating Company, and Sweetpea Corporation Pty Ltd, is a global oil and gas exploration and production company with primary assets consisting of various oil and gas leases and related interests in oil and natural gas properties, including approximately 20,000 net mineral acres in Colorado and over 7,000,000 net mineral acres in Australia.

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*The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release. ###*