

FORM 51-102F3
MATERIAL CHANGE REPORT

ITEM 1 — Name and Address of Company

Falcon Oil & Gas Ltd. (the “**Corporation**”)
1875 Lawrence Street, Suite 1400
Denver, Colorado, USA 80202

ITEM 2 — Date of Material Change

June 30, 2009

ITEM 3 — News Release

A press release was disseminated on June 30, 2009, through CNW Group Ltd.

ITEM 4 — Summary of Material Change

On June 30, 2009, the Corporation issued a press release (the “**Press Release**”) announcing that it had completed its previously announced public offering of 11,910 units (the “**Units**”) at an offering price of \$1,000 per Unit (the “**Offering**”). Each Unit consisted of one 11% convertible unsecured debenture in the principal amount of \$900 (each, a “**Debenture**”) of the Corporation due June 30, 2013 (the “**Maturity Date**”) and 250 common shares in the capital of the Corporation (the “**Unit Shares**”) for aggregate gross proceeds of \$11,910,000.

ITEM 5 — Full Description of Material Change

On June 30 2009, the Corporation issued the Press Release announcing that it had completed the Offering of 11,910 Units at an offering price of \$1,000 per Unit. Each Unit consisted of one 11% convertible unsecured Debenture in the principal amount of \$900 of the Corporation due June 30, 2013 and 250 common shares in the capital of the Corporation for aggregate gross proceeds of \$11,910,000.

The Offering was completed by Salman Partners Inc. (the “**Agent**”).

A full description of the material change is contained in the Press Release dated June 30, 2009, a copy of which is attached hereto as Schedule “A”.

ITEM 6 — Reliance on Section 7.1(2) of National Instrument 51-102

N/A

ITEM 7 — Omitted Information

N/A

ITEM 8 — Executive Officer

For further information, please contact:

Evan Wasoff, Chief Financial Officer of the Corporation

Tel: (303) 893-1800, Fax: (303) 572-8927

ITEM 9 — Date of Report

July 2, 2009

SCHEDULE “A”

Not for dissemination in the United States or for distribution to U.S. newswire services



FALCON OIL & GAS LTD. COMPLETES \$11,910,000 DEBT AND EQUITY FINANCING

FOR IMMEDIATE RELEASE (TSXV Symbol: FO) JUNE 30, 2009

Denver, Co – June 30, 2009 –Falcon Oil & Gas Ltd. (TSXV: FO) (“Falcon” or the “Company”) is pleased to announce that it has completed its previously announced public offering, issuing 11,910 units (the “Units”) for gross proceeds of \$11,910,000, at an offering price of \$1,000 per Unit (the “Offering”). Each Unit consists of \$900 worth of 11% convertible unsecured debentures (each a “Debenture”) in the principal amount of \$1,000 due on the date that is four years following the closing of the Offering and 250 common shares in the capital of the Company. The Debentures were issued in \$1,000 principal amount increments only. In no circumstances will the principal amount of any Debenture issued be less than \$1,000. The Offering was conducted on a commercially reasonable efforts basis by Salman Partners Inc. as agent.

The Company intends to use the net proceeds from the Offering in accordance with the description provided in the prospectus.

The above noted securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “1933 Act”), and may not be offered or sold in the United States or to U.S. Persons (as defined in Regulation S under the 1933 Act) except in accordance with an exemption from the registration requirements of the 1933 Act and applicable state securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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 J VX 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.

Contacts:

Investor Relations Falcon Oil & Gas Ltd:

North America:

Brad Long
Toll Free 888 541 3624
Direct (360) 332 9821
blong@falconoilandgas.com

Europe:

Alexander Hubbard-Ford
Phone + 44 (0) 20 79351543
Mobile + 44 (0) 7984481541
investor@falconoilandgas.com

Falcon Oil & Gas Ltd.

Marc Bruner, CEO

1875 Lawrence Street, Suite 1400
Denver Colorado 80202 USA
Phone (303) 893-1800
Fax (303) 572-8927

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.