

### EXALL ENERGY CORPORATION UPDATES DRILLING OPERATIONS

**CALGARY, December 1, 2011:** Exall Energy Corporation (“Exall” or the “Company”) (TSX:EE) is pleased to update drilling activities in its Marten Mountain, Mitsue operating area. Exall's public filings can all be found at [www.exall.com](http://www.exall.com) or [www.sedar.com](http://www.sedar.com).

#### Highlights:

- Current production is approximately 2,000 BOEPD, with the tie-in of the Gilwood B sand well (announced in September 2011),
- Gilwood drilling success continues at Marten Mountain with a new Gilwood A sand well tested flowing 160 BOEPD, awaiting pipeline tie-in targeted to be completed mid-December 2011,
- Gilwood drilling success continues at Marten Mountain with a new Gilwood A and B sand well. The A sand flowed 480 BOEPD and the B sand swab tested 300 BOEPD, pipeline tie-in is on the lease and targeted to be completed mid-December 2011,
- A recent Gilwood A and B sand well has been cased and is awaiting completion and testing with tie-in targeted to be complete by December 31, 2011,
- A Wabamun exploratory well has been cased and is awaiting completion and testing which is scheduled for to occur in December 2011 with results expected to be released in the second quarter of 2012, and
- The Gilwood A sand seismic test well spud on November 29, 2011 with results expected by late December 2011.

#### *Drilling Activities*

Gilwood drilling success continues at Marten Mountain. To date during the fourth quarter of 2011, Exall has participated in the drilling of 4 gross (2.89 net wells). All four of the wells have been cased for oil production. Two of the wells have been completed and will be tied in by mid December 2011. One additional well is expected to be completed and tied in by December 31, 2011.

The first of the two recently completed wells tested the Gilwood A sand well swabbing 160 BOEPD (115 BOEPD net) with no water when shut in at the termination of the 72 hour testing period allowed by the ERCB. The second well, a Gilwood A and B sand well, flowed 480 BOEPD (340 BOEPD net) from the A sand with no water and swab tested 300 BOEPD (215 BOEPD net) of clean oil from the B sand. Testing of the well was terminated early to allow for equipping and tie-in of the well to an existing pipeline in advance of moving a drilling rig back onto the lease to spud the first of two direct offsetting locations identified by the well. The A and B sands will be produced concurrently. Both wells are expected to be tied into the Exall facilities by mid-December 2011. The wells will produce initially at the new oilwell test rate and then at restricted allowable rates until included into the existing waterflood projects, which they directly offset.

The first of two wells testing channel anomalies identified on the winter 2011 3D Seismic Program was spud November 29. The wells are the first testing the 3D Seismic program which Exall shot in Q1 2011

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and have the potential, if successful, to add significantly more well locations to the drilling program. Additionally, should this well prove successful, it would drive a larger 2012 3D Seismic program (244 square kilometer) over Exall lands acquired through 2011.

### ***About Exall***

Exall is a junior oil and gas company active in its business of oil and gas exploration, development and production from its properties in Alberta, and Texas. Exall Energy is currently developing the new Mitsue area Marten Mountain discovery in north-central Alberta.

Exall Energy currently has 62,218,854 common shares outstanding. The Company's common shares are listed on the Toronto Stock Exchange under the trading symbol EE.

### ***Reader Advisory***

This news release contains forward-looking statements, which are subject to certain risks, uncertainties and assumptions, including those relating to results of operations and financial condition, capital spending, financing sources, commodity prices and costs of production. By their nature, forward-looking statements are subject to numerous risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, actual results may differ materially from those predicted. A number of factors could cause actual results to differ materially from the results discussed in such statements, and there is no assurance that actual results will be consistent with them. Such factors include fluctuating commodity prices, capital spending and costs of production, and other factors described in the Company's most recent Annual Information Form under the heading "Risk Factors" which has been filed electronically by means of the System for Electronic Document Analysis and Retrieval ("SEDAR") located at [www.sedar.com](http://www.sedar.com). Such forward-looking statements are made as at the date of this news release, and the Company assumes no obligation to update or revise them, either publicly or otherwise, to reflect new events, information or circumstances, except as may be required under applicable securities law.

For the purposes of calculating unit costs, natural gas has been converted to a barrel of oil equivalent (boe) using 6,000 cubic feet equal to one barrel (6:1), unless otherwise stated. The boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method and does not represent a value equivalency; therefore boe may be misleading if used in isolation. This conversion conforms to the Canadian Securities Regulators' National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities.

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