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Palliser Oil & Gas Corporation Reports Year End 2010 Financial and Operating Results

April 4, 2011, Calgary, Alberta – **Palliser Oil & Gas Corporation** ("**Palliser**" or the "**Company**") (**TSX VENTURE:PXL**) is pleased to report the financial and operating results for the three months and year ended December 31, 2010. Certain selected financial and operational information are set out below and should be read in conjunction with Palliser's year end financial statements complete with the notes to the financial statements and related MD&A which is available on www.sedar.com. A copy of the Company's annual report will be available on the Company's website at www.palliserogc.com in due course. Interested parties are invited to visit the Company's website to view an updated corporate presentation for April 2011.

HIGHLIGHTS

Three months and year ended December 31, 2010 and 2009 (unaudited)

	Three months ended		Year ended	
	December 31,		December 31,	
	2010	2009	2010	2009
Operating				
Wells drilled (net wells)				
Oil	8	2	16	7
Natural gas	-	-	-	-
Salt water disposal	-	-	1	-
Dry and abandoned	-	-	-	-
Total	8	2	17	7
Success (%)	100%	100%	94%	100%
Undeveloped land holdings (net acres)	41,120	39,106	41,120	39,106
Average daily production				
Crude oil (bbl per day)	860	227	567	75
Natural gas (Mcf per day)	412	569	418	560
Barrels of oil equivalent (boe per day, 6:1)	929	322	637	168
Crude oil production (%)	90%	70%	89%	45%

Average sales prices				
Crude oil (\$ per bbl)	\$ 61.84	\$ 61.16	\$ 60.99	\$ 60.81
Natural gas (\$ per Mcf)	\$ 3.19	\$ 3.90	\$ 3.71	\$ 3.25
Barrels of oil equivalent (\$ per boe, 6:1)	\$ 58.69	\$ 39.26	\$ 56.77	\$ 27.33
Operating netback(\$ per boe)				
Petroleum and natural gas revenue	\$ 58.69	\$ 39.26	\$ 56.77	\$ 27.33
Royalties	\$ 15.60	\$ 11.65	\$ 14.77	\$ 7.17
Operating expenses	\$ 23.14	\$ 15.66	\$ 19.11	\$ 17.87
Transportation expenses	\$ 0.87	\$ 1.06	\$ 0.86	\$ 0.64
Operating netback ⁽¹⁾	\$ 19.08	\$ 21.66	\$ 22.03	\$ 12.22
Financial				
Petroleum and natural gas sales	\$ 5,015,695	\$ 1,479,077	\$13,203,984	\$ 2,327,895
Funds flow from operating activities ⁽²⁾	\$ 939,184	\$ 71,268	\$ 2,618,293	\$ (921,353)
Net loss and comprehensive loss	\$ (434,132)	\$ (713,062)	\$ (2,564,497)	\$ (2,328,232)
Per share – basic and diluted	\$ (0.01)	\$ (0.03)	\$ (0.08)	\$ (0.11)
Weighted average shares outstanding	34,473,321	21,335,356	31,965,903	21,335,356
Shares outstanding	34,589,885	21,703,348	34,589,885	21,703,348
Capital expenditures (net of dispositions)	\$ 5,998,978	\$ 2,367,924	\$13,595,684	\$ 7,977,627
Working capital (net debt)	\$ (3,942,287)	\$ (2,200,111)	\$ (3,942,287)	\$ (2,200,111)
Shareholder's equity	\$22,483,611	\$15,318,282	\$22,483,611	\$15,318,282

⁽¹⁾ Operating netback is a non-GAAP measure and is the net of revenue, royalties, operating and transportation expenses.

⁽²⁾ Funds flow from operating activities is a non-GAAP measure that represents net income (loss) before non-cash items such as depletion, depreciation and accretion, stock-based compensation, future income tax and asset retirement expenditures. Per share amounts are calculated using weighted average shares outstanding consistent with the calculation of net loss per share. Funds flow from operating activities is a key measure as it demonstrates the Company's ability to generate the funds necessary to achieve future growth through capital investment. This table also contains other industry benchmarks and terms, such as working capital (calculated as current assets less current liabilities) and operating netbacks (calculated on a per unit basis as production sales less royalties, transportation and operating costs), which are not recognized measures under GAAP. Management believes these are useful supplemental measures of, firstly, the total net position of current assets and current liabilities the Company and secondly, the profitability relative to commodity prices. Other entities may calculate these figures differently than Palliser.

Report to Shareholders

2010 HIGHLIGHTS

- Listed the Company's shares on the TSX – Venture exchange (TSX-V: PXL) on February 10, 2010;
- Closed an equity financing at \$0.80 per share for gross proceeds of \$10.1 million and issuance of 12,665,000 common shares on March 11, 2010;
- Increased exit production 293% from 350 boe/d in December 2009 to 1,025 boe/d (96% heavy oil) in December 2010;
- Increased average production 279% from 168 boe/d to 637 boe/d in 2010;
- More than doubled year end proved plus probable reserves from 1,424 Mbbl equivalent to 3,004 Mbbl equivalent, replacing 2010 production by 6.8 times;
- Drilled 17.0 (17.0 net) and reactivated two (2.0 net) wells, resulting in 18.0 (18.0 net) oil wells and one salt water disposal well (94% success);
- Finding & development costs including future development capital of \$12.21 per boe on a proved plus probable basis and \$21.24 per boe on a proved basis;
- On stream costs of \$14,500 per boe/d;
- Recycle ratio of 1.8 on a proved plus probable basis;
- Increased net asset value per share (fully diluted) by 40% from \$1.34 per share at December 31, 2009 to \$1.87 per share at December 31, 2010 based on proved plus probable (PV 10%) reserves;
- More than doubled the Company's prospect inventory from 45 locations at the end of 2009 to 125 locations at the end of 2010;

Recent Highlights (Subsequent to year end):

- Acquired 310 boe/d (Dec 2010 average) at Manitou Lake;
- Closed a bought deal financing for gross proceeds of \$10.0 million at \$1.90 per share; and
- Increased the Company's credit facility to \$18.0 million.

Operational Success

Palliser completed a \$13.6 million heavy oil capital spending program encompassing a seventeen (17.0 net) well drilling and two (2.0 net) well re-activation program on operated, 100% working interest lands in the Lloydminster core area. The program achieved 94% drilling success, with 18 of the wells being completed and equipped for heavy oil production, while one well was cased for salt water disposal. In 2010, new wells on stream at year end averaged 52 boe/d on a per well basis.

Palliser targets assets with large reserves of oil in place and historically low recovery factors. To date, all of the heavy oil properties that have been acquired are operated and have a 100% working interest.

The high level of industry activity experienced in the second half of 2010 caused delays of almost 10 weeks due to the increased time required to obtain all necessary approvals for drilling our wells. While we drilled one more well than originally planned last year, the wells did not start producing until much later than forecasted, including numerous wells which were brought on production in mid to late December, adding little to no production prior to year end. As a result, exit guidance of 1,100 – 1,250 boe/d was achieved in the last half of December and in addition there was no contribution from three wells at Edam which were shut in prior to year end due to salt water disposal capacity constraints.

Palliser has achieved 8 consecutive quarters of production growth since the start of 2009, at which time the Company was producing 70 boe/d (95% gas), as compared to 1,025 boe/d (96% heavy oil) in the last month of 2010. In 2010, the Company did not experience any requirement to shut in production due to lack of pipeline take away capacity and the resulting apportionment which some producers were forced to endure last year.

From a reserves perspective, Palliser more than doubled the reserves assigned to our properties by our independent engineers, with Proved and Probable reserves increasing from 1,424 mboe at the end of 2009 to 3,004 mboe at the end of 2010. The value of the reserves saw a significant increase from \$28.7 million at December 31, 2009 to \$67.0 million at December 31, 2010, while our calculation of net asset value (fully diluted) increased from \$1.34 per share to \$1.87 per share at the end of 2010.

Outlook

The heavy oil price differential which peaked at approximately 30% in November 2010, has started to narrow in the first quarter of 2011. We expect this trend to continue and most forecasts show a reduction to 16% - 20% by May. Palliser does not expect to shut in any of our heavy oil production in 2011 due to pipeline apportionment.

In February, the Company's production averaged 1,286 boe/d, which is lower than the previous estimate of 1,400 – 1,500 Boe/d. Production was lower mainly due to additional salt water disposal constraints that required the Company to shut in two more wells at Edam. Also, several of the Company's larger producing wells encountered down hole mechanical issues that resulted in temporarily lost production hours while the wells were being serviced.

Using high volume lift ("HVL"), Palliser has demonstrated it can achieve significant oil rates and incremental reserves. The challenge with this process, is managing the larger amounts of fluid being produced. As a result, Palliser is installing salt water disposal ("SWD") facilities and we expect that the Lloydminster disposal well will be operational in early Q2, while the Edam SWD facilities will be up and running by the end of the second quarter. This will enable us to bring on all shut in wells, fully optimize production and allow the Company to continue its high rate of production growth through the second half of 2011 and beyond. In the mean time, Palliser is working at optimizing production on the newly acquired Manitou property.

In general, we are excited with our HVL results to date and are pleased to report that the HVL methodology is working in all of our heavy oil sub areas.

Recent Highlights

Subsequent to year end, on January 26, 2011, Palliser acquired a 100% working interest in operated heavy oil properties which were producing approximately 310 Boe/d (net) of heavy oil, located adjacent to Palliser's existing lands at Manitou, Saskatchewan. The properties were acquired for \$14.0 million (\$44,900 per Boe/d), comprised of \$9.5 million cash (funded through bank debt) and 3.0 million Common Shares at a deemed price of \$1.50 per share. The Acquisition which closed on January 26, 2011, with an effective date of January 1, 2011, including a battery and salt water disposal facility, were evaluated by Gilbert Lausten Jung using the GLJ January 1, 2011 price forecast, with the Company interest reserves estimated at 755 Mbbls Total Proved plus Probable valued at \$19.62 million (using 10% NPV). The Manitou properties provide Palliser with another opportunity to utilize the High Volume Lift (HVL) methodology which the Company has been developing, with excellent results to date. Palliser intends to optimize existing producing wells, convert an existing shut in well to water disposal (for which regulatory approval has already been received) and reactivate certain wells which are currently shut in. The company expects that several drilling locations will be identified by utilizing the existing 3 dimensional seismic which was acquired as part of the Acquisition.

Palliser has increased the 2011 budgeted capital program from \$39 million to \$42 million. The expanded capital program will include the drilling of 24 (24.0 net) wells, reactivation of 13 (13.0 net) wells and installation of new salt water disposal facilities in each of Edam and Manitou, Saskatchewan and at Lloydminster, Alberta. The 2011 capital spending program commenced in the first quarter with the drilling of five (5.0 net) wells and reactivation of one (1.0 net) well in the greater Lloydminster core area. Four of the wells were drilled in January and they have all been completed as heavy oil wells and are currently in the early stages of production, with promising results so far. The fifth well was drilled at the end of March and cased for production with the expectation that the well will be brought on stream after break up. The reactivated well operation occurred late in Q1 and we expect that oil production will be realized in Q2. Palliser is currently preparing license applications for wells which we expect to drill after spring break up.

By the end of the 2nd quarter, with the salt water disposal facilities fully operational at Edam, the Company expects to bring the shut in wells back on stream and restart our drilling program. Edam is expected to be the Company's most active area in 2011, representing approximately half of our drilling operations.

On March 15, 2011 the Company completed an offering of 5,264,000 special warrants at a price of \$1.90 per Special Warrant, resulting in gross proceeds to the Corporation of \$10,001,600. Each Special Warrant was converted to one Common Share upon the Corporation's receipt for a final short form prospectus on March 31, 2011. The Company's credit facility was increased to \$18.0 million in April.

Summary

Palliser is well positioned to deliver considerable growth on a per share basis in production, reserves, cash flow and net asset value. The Company is forecasting exit production for 2011 to be 2,350 – 2,600 boe/d, average production for the year between 1,900 – 2,050 boe/d, with plans to maintain a strong balance sheet and exit the year with less than one times debt to annualized cash flow.

The success of our Company is the result of the dedication, determination and hard work of our team of directors, management, staff, consultants and service providers. On behalf of the shareholders, I want to thank them for their tireless efforts, and I look forward to continued successes and personal achievements for each of them as we execute our plans in 2011.

On behalf of the Board of Directors,

"Signed"

Kevin Gibson

President and Chief Executive Officer

April 4, 2011

For further information regarding Palliser Oil & Gas Corporation, the reader is invited to visit the Company's website at www.palliserogc.com.

Palliser is a Calgary-based emerging junior oil and gas company currently focused on high netback conventional heavy oil production in the greater Lloydminster area of both Alberta and Saskatchewan.

Cautionary Statements

Certain information contained in this press release constitutes forward-looking statements, including, without limitation, the Corporation management's assessment of future plans and operations, anticipated exploration and development opportunities, drilling inventory and wells to be drilled, capital expenditures and the timing thereof, drilling programs and drilling efficiencies, the quantity of undeveloped land and drilling locations and inventory, operating costs, debt levels, credit facilities. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the party's control including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources, inability to meet or continue to meet listing requirements, the inability to obtain required consents, permits or approvals and the risk that actual results will vary from the results forecasted and such variations may be material. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Corporation's actual results, performance or achievement could differ materially from those expressed in or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom.

The forward-looking statements contained in this press release are made as of the date of this press release. Palliser disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Additionally, Palliser undertakes no obligation to comment on the expectations of, or statements made by, third parties in respect of the matters discussed above.

Production volumes are commonly expressed on a barrel of equivalent (“BOE”) basis whereby natural gas volumes are converted at a ratio of six thousand cubic feet to one barrel of oil. The intention is to convert oil and natural gas measurement units into one basis for improved analysis of results and comparisons with other industry participants. The term BOE may be misleading, particularly if used in isolation. The conversion ratio is based on an energy equivalent method and does not represent an economic value equivalency at the wellhead.

The TSX Venture Exchange has neither approved nor disapproved the contents of this press release.

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