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Palliser Oil & Gas Corporation Reports Second Quarter 2011 Results

August 9, 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 and six months ended June 30, 2011. Certain selected financial and operational information are set out below and should be read in conjunction with Palliser's quarterly financial statements complete with the notes to the financial statements and related MD&A which are available on www.sedar.com or the Company's website at www.palliserogc.com.

HIGHLIGHTS

Three and six months ended June 30, 2011 and 2010 (unaudited)

	Three months ended		Six months ended	
	June 30		June 30	
	2011	2010	2011	2010
Operating				
Wells drilled (net wells)				
Oil	-	4	5	6
Natural gas	-	-	-	-
Dry and abandoned	-	-	-	-
Total	-	4	5	6
Success (%)	-	100%	100%	100%
Undeveloped land holdings (net acres)	47,168	39,349	47,168	39,349
Average daily production				
Crude oil (bbl per day)	1,173	473	1,160	389
Natural gas (Mcf per day)	322	377	319	419
Barrels of oil equivalent (boe per day, 6:1)	1,225	536	1,213	459
Crude oil production (%)	96%	88%	96%	85%
Average sales prices				
Crude oil (\$ per bbl)	73.33	60.38	\$ 67.05	\$ 62.08
Natural gas (\$ per Mcf)	3.87	3.78	\$ 4.36	\$ 4.24
Barrels of oil equivalent (\$ per boe, 6:1)	71.68	55.97	\$ 65.33	\$ 56.53

Operating netback(\$ per boe)				
Petroleum and natural gas revenue	71.68	55.97	\$ 65.33	\$ 56.53
Royalties	18.26	14.47	\$ 16.14	\$ 14.05
Production & operating expenses	31.56	17.14	\$ 31.15	\$ 19.21
Operating netback ⁽¹⁾	21.86	24.36	\$ 17.63	\$ 23.27

Financial (000's except per share amounts)

	Three months ended		Six months ended	
	June 30		June 30	
	2011	2010	2011	2010
Oil and natural gas revenue	\$7,991	\$2,728	\$14,342	\$4,696
Funds flow from operating activities ⁽²⁾	\$1,435	\$288	\$1,591	\$364
Loss and comprehensive loss	\$(333)	\$(616)	\$(1,578)	\$(1,108)
Per share – basic and diluted	\$(0.01)	\$(0.03)	\$(0.04)	\$(0.04)
Weighted average shares outstanding	43,004	34,368	40,194	29,470
Shares outstanding	43,004	34,368	40,194	29,470
Capital expenditures ⁽³⁾	\$5,196	\$2,786	\$23,731	\$4,826
Working capital (net debt)	\$(12,359)	\$2,745	\$(12,359)	\$2,745
Shareholder's equity	\$36,207	\$23,678	\$36,207	\$23,678

⁽¹⁾ Operating netback is a non-IFRS measure and is the net of petroleum and natural gas revenue, royalties, and production and operating expenses.

⁽²⁾ Funds flow from operating activities is a non-IFRS measure that represents loss and comprehensive loss before non-cash items such as depletion, depreciation, and amortization, accretion expense, stock-based compensation, deferred tax and decommissioning liability. 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 IFRS. Management believes these are useful supplemental measures of, firstly, the total net position of current assets and current liabilities of the Company and secondly, the profitability relative to commodity prices. Other entities may calculate these figures differently than Palliser.

⁽³⁾ Capital expenditures excludes decommissioning liability costs and capitalized stock based compensation.

Report to Shareholders

Palliser Oil & Gas Corporation (“Palliser” or the “Company”) is pleased to report to shareholders the Company’s activities in the second quarter of 2011. Palliser achieved record quarterly production levels during the second quarter of 2011, representing ten consecutive quarters of production growth.

Production during the quarter averaged 1,225 boe/d, an increase of 129% from 536 boe/d in the second quarter of 2010. Production in the second quarter was higher than the first quarter average of 1,200 boe/d.

Palliser continues to focus on its heavy oil prospects in the greater Lloydminster area. The Company’s capital program for the first six months of 2011 amounted to \$24 million, including the Manitou property acquisition which was completed in February. Capital spending activity was focused on the implementation of salt water disposal infrastructure in the Lloydminster and Manitou areas within the greater Lloydminster core area. The Lloydminster salt water disposal facility was operational at the end of the second quarter. At Manitou, much of Q2 was spent restarting and reworking existing wellbores as well as resolving complex issues on the process side of the battery, which resulted in lower production in Q2 on this property as production through the facility was curtailed while the work was done. An additional SWD well was brought into service at Manitou and became operational through the utilization of an existing flow line that was converted to injection. At the end of Q2, the Company was in the final preparation stages for the implementation of its salt water disposal infrastructure in the Edam area. As budgeted, 6 wells were reactivated in the second quarter. The 2011 capital budget is weighted heavily towards the second half of the year, coinciding with the timing of the Company’s salt water disposal facility implementation. During the second quarter, the Company accumulated 4,144 acres of undeveloped land at 100% working interest in the greater Lloydminster area.

Outlook

Estimated average production for July 2011 was approximately 1,363 boe/d, an 11% increase as compared to the second quarter average of 1,225 boe/d.

At Lloydminster, completion of the salt water disposal facilities allowed us to optimize our wells and reactivate one wellbore, which resulted in production ramping up from 74 boe/d in the second quarter to 256 boe/d in July.

At Manitou, additional pipeline and pump installations are in the approval process, which will significantly increase total disposal capacity in this area by September and allow us to continue to optimize production and restart wells at Manitou. Production at Manitou has increased from 231 boe/d in the second quarter to 393 boe/d in July through optimization activities, implementation of a second salt water disposal well and additional production from a new well.

The production increases at Lloydminster and Manitou have confirmed our expectations that increased salt water disposal capacity would allow us to pump the wells at higher rates,

resulting in increased oil production. We expect that operating costs, which averaged \$31.15 per boe in the first half of 2011 will be reduced to approximately \$24 per boe in the second half of the year, due to the elimination of salt water disposal trucking and disposal costs and propane costs on a number of producing wells in the Company's main core areas.

At Edam, production has been very steady through the first half of the year, with the second quarter averaging 798 boe/d from this core area. In July, overall production from this area decreased by 195 boe/d to 603 boe/d, due to increased water cuts in three of the Company's producing wells. Salt water disposal facilities at Edam are expected to be operational in September. As the new facilities at Edam become operational, the Company expects that most or all of the lost production will be restored from these high rate wells, similar to the increases seen at Manitou and Lloydminster, with the production expected to be largely restored through August and September.

The Company's budgeted capital expenditures for 2011 is \$42 million. In the third and fourth quarters of 2011, Palliser is planning to operate (100% working interest) a drilling and reactivation program involving a total of 23 wells. The program is expected to start in August, with all of the wells expected to be on production by year end. This capital program is forecasted to have significant year over year production growth in 2011.

In view of the current market conditions, management is reviewing the 2011 capital program and is prepared to make adjustments as considered necessary.

On behalf of the Board of Directors,

"Signed"
Kevin Gibson

President and Chief Executive Officer

August 9, 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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