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### Palliser Oil & Gas Corporation Reports Third Quarter 2011 Results

November 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 nine months ended September 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](http://www.sedar.com) or the Company's website at [www.palliserogc.com](http://www.palliserogc.com).

#### HIGHLIGHTS

#### Three and nine months ended September 30, 2011 and 2010 (unaudited)

	Three months ended		Nine months ended	
	September 30		September 30	
	2011	2010	2011	2010
<b>Operating</b>				
Wells drilled (net wells)				
Oil	2	2	7	8
Natural Gas	-	-	-	-
Dry and abandoned	-	1	-	1
<b>Total</b>	<b>2</b>	<b>3</b>	<b>7</b>	<b>9</b>
Success (%)	100%	67%	100%	89%
Undeveloped land holdings (net acres)	46,163	39,665	46,163	39,665
Average daily production				
Crude Oil (bbl per day)	1,356	626	1,226	469
Natural Gas (Mcf per day)	376	422	339	420
Barrels of oil equivalent (boe per day, 6:1)	1,418	696	1,282	539
Crude Oil production (%)	96%	90%	96%	87%
Average sales prices				
Crude Oil (\$ per bbl)	\$ 63.07	\$ 58.50	\$ 65.57	\$ 60.48
Natural gas (\$ per Mcf)	\$ 2.44	\$ 3.17	\$ 3.63	\$ 3.87
Barrels of oil equivalent (\$ per boe, 6:1)	\$ 60.86	\$ 54.54	\$ 63.66	\$ 55.65
Operating netback (\$ per boe)				
Petroleum and natural gas revenue	\$ 60.86	\$ 54.54	\$ 63.66	\$ 55.65
Royalties	\$ 12.24	\$ 14.60	\$ 14.69	\$ 14.29
Production & operating expenses	\$ 33.81	\$ 15.57	\$ 32.14	\$ 17.62
Operating netback (1)	\$ 14.81	\$ 24.37	\$ 16.83	\$ 23.74

**Financial (000's except per share amounts)**

	Three months ended		Nine months ended	
	September 30		September 30	
	2011	2010	2011	2010
Oil and natural gas revenue	\$ 7,940	\$ 3,492	\$ 22,282	\$ 8,188
Funds flow from operating activities (2)	\$ 820	\$ 824	\$ 2,411	\$ 1,189
Loss and comprehensive loss	\$ (905)	\$ (25)	\$ (2,483)	\$ (1,133)
Per share - basic and diluted	\$ (0.02)	\$ -	\$ (0.06)	\$ (0.04)
Weighted average shares outstanding	43,130	34,368	41,183	31,121
Shares outstanding	43,234	34,368	43,234	34,368
Capital expenditures	\$ 5,799	\$ 2,527	\$ 29,530	\$ 7,106
Working capital (net debt) (4)	\$ (17,294)	\$ 1,043	\$ (17,294)	\$ 1,043
Shareholder's Equity	\$ 35,650	\$ 23,105	\$ 35,650	\$ 23,105

(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 exclude decommissioning liability costs and capitalized stock based compensation.

(4) Working capital (net debt) is a non-IFRS measure representing the total bank loan, accounts payable and accrued liabilities, less accounts receivable, deposits and prepaid expenses.

## Report to Shareholders

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

Production during the quarter averaged 1,418 boe/d, an increase of 104% from 696 boe/d in the third quarter of 2010, while production in the third quarter was 16% higher than the second quarter of 2011 average of 1,225 boe/d.

Reflecting on the last quarter, our firm belief is that the steepest part of the High Volume Lift (“HVL”) learning curve is behind us and the Company is entering into a new phase of development. With the completion of new wells and the start up of new salt water disposal (“SWD”) facilities, we are seeing production increases of up to 400% from individual wells tied into the SWD facilities at Lloydminster and Manitou and we expect similar results at Edam. The production increases witnessed 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 also expect that operating costs, which averaged \$32.14 per boe in the nine month period ended September 30, 2011, will be reduced to approximately \$29.00 per boe in the fourth quarter of 2011, primarily due to the reduction of salt water trucking and disposal costs in several of the Company’s core areas. The full impact of the forecasted production increases and operating cost reductions are expected to be realized in the first quarter of 2012, once all of the new salt water disposal facilities are optimized and production from the new wells and the shut-in wells have ramped up. The Company has a number of similar HVL opportunities in our prospect inventory for future growth and we see significant scope to expand our heavy oil operations and take advantage of the proprietary knowledge base we have been developing at Palliser over the last three years.

### Operations & Outlook

Palliser continues to focus on its heavy oil prospects in the greater Lloydminster area. The Company’s capital program for the first nine months of 2011 amounted to \$29.5 million, including the Manitou property acquisition which was completed in February. Capital spending activity was focused on drilling new wells, reactivating old wells and implementing SWD infrastructure. As previously reported, the SWD facility at Lloydminster was operational at the end of the second quarter, while at Manitou, the Company completed the majority of the expansion and modifications on the existing SWD and battery facilities. At the end of the third quarter, Palliser also started construction of its SWD facilities in the Edam area. As budgeted, two (2.0 net) wells were drilled and one (1.0 net) well was re-entered in the third quarter (100% success), with all wells being completed for heavy oil production. For the nine month period ended September 30, 2011, the Company has drilled seven (7.0 net) wells, re-entered one (1.0 net) well, and reactivated seven (7.0 net) wells, resulting in 15 (15.0 net) heavy oil wells (100% success). During the fourth quarter, Palliser will complete the balance of the fall drilling and reactivation program involving a total of twelve (12.0 net) wells, with all wells forecasted to be on production in December. The capital budget is weighted heavily towards the second half of the year, coinciding with the start up of the Company’s SWD facilities. During 2011, Palliser has more than doubled its heavy oil acreage and amassed numerous high quality prospects for future growth.

Palliser’s SWD facilities at Lloydminster and Manitou have allowed the Company to restart shut in wells and continue to expand production in both of these projects. Results at Lloydminster and Manitou give an indication of the impact that these new facilities can have in a short time frame. At Manitou, additional pipeline and pump installations were completed in October, which significantly increased total disposal capacity, allowing further optimization of production and restarting shut-in wells. Increased disposal

capacity plus the drilling of one new well saw production at Manitou increase 77% from 231 bbl/d in the second quarter to 410 bbl/d in the third quarter. Similarly at Lloydminster, completion of the SWD facilities plus drilling of one well enabled the company to ramp up production by 301% from 74 bbl/d in the second quarter, to 297 bbl/d in the third quarter. Starting in the fourth quarter, we expect to realize similar gains at Edam, where new SWD facilities are currently in the final construction stages. Production at Edam has been reduced from 798 bbl/d in the second quarter to 560 bbl/d in the third quarter, primarily as a result of struggling to keep high water cut wells optimized and shutting in an additional three wells, in anticipation of the imminent start up of the SWD facilities. While a component of this production loss is decline, we are forecasting to see significant production increases with implementation of the SWD facilities which will enable us to ramp up production by optimizing existing wells, reactivate eight shut in wells, and bring on stream our six new fourth quarter wells.

During the third quarter, the Company experienced further delays to the SWD projects at Edam, due to some unexpected operational issues encountered in two of the SWD re-entry wellbores. The continued time delay of the Edam SWD projects further reduced production in the third quarter and into the fourth quarter, as it generally takes a full quarter to fully realize production gains on both new drills and new reactivations. We have built this into our current year end forecast, expecting that the full impact of these added production volumes will not be realized until the first quarter of 2012.

As the timing of the SWD, drilling and re-activation projects was further delayed, Palliser decided to change the scope of the new salt water disposal facilities in Edam, Manitou and Lloydminster, in order to make these facilities to be as effective as possible. All of the SWD facilities have been expanded to take trucked volumes and inject at higher pressures, which will enable the Company to maximize capacity at each facility. The Palliser SWD facilities will all be revenue centers as we have started charging fees to third parties who need to dispose their salt water production. New SWD facilities and future expansions have been fast tracked as the Company already holds future SWD and flow line approvals for efficient and timely expansion. The change of scope of these projects has resulted in cost increases for the overall salt water disposal facility program from the original \$4.0 million capital budget to the current estimate of \$7.7 million. Accordingly, Palliser has deferred several drilling and re-activation projects until 2012. For 2011, the drilling and reactivation program has been reduced from the previous total of 37 operations to the current total of 27 operations. The Company expects that expanding the scope of the SWD facilities will have a greater impact on 2011 production and operating costs than drilling and reactivating wells late in the year.

As a result of the changes in scope and timing of the current year capital program, Palliser has revised 2011 average production guidance to 1,300 – 1,400 boe/d and exit production to 1,800 – 2,050 boe/d. This capital program is forecasted to generate significant year over year production growth.

In the third quarter, Palliser's credit facilities were expanded to \$28 million and the Company initiated a hedging program to reduce cash flow risk due to the current commodity price volatility. In September, the Company entered into fixed priced swaps for 700 bbl/d of heavy oil at \$74.67/bbl for the fourth quarter of 2011 and \$74.21/bbl for the first half of 2012. Palliser recently entered into another fixed priced swap for 200 bbl/d of heavy oil at \$83.10/bbl for the first quarter of 2012. These prices are for production sold into the Western Canadian Select ("WCS") stream and include the heavy oil differential to West Texas Intermediate (WTI).

Year end net debt, currently forecasted to total \$27 million, is expected to be reduced through the first half of 2012, with cash flow from forecasted increased production that is expected to benefit from a reduction in operating costs on a per boe basis.

Palliser expects to issue average and exit production guidance for 2012 in early January.

On behalf of the Board of Directors,

*"Signed"*

Kevin Gibson

President and Chief Executive Officer

November 9, 2011

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