

EXALL ENERGY CORPORATION ANNOUNCES SUCCESSFUL 3D SEISMIC CHANNEL TEST WELL IN THE MARTEN MOUNTAIN AREA, MITSUE, ALBERTA

CALGARY, December 15, 2011: Exall Energy Corporation (“Exall” or the “Company”) (TSX:EE) is pleased to announce a successful new discovery drilled on a 3D seismic channel anomaly in its Marten Mountain, Mitsue operating area. Exall's public filings can all be found at www.exall.com or www.sedar.com.

Highlights:

- Exall has recently drilled a new Gilwood A Sand discovery well on an interpreted channel-type anomaly identified on the 3D seismic program which the Company completed in February 2011
- The new well identifies oil saturated reservoir quality Gilwood channel sand in two locations on the anomaly
- The well is located over four kilometers northwest of the nearest Gilwood production on a portion of the 189,480 gross acres (75,792 gross hectares) and 138,040 net acres (55,216 net hectares) of undeveloped land the Company holds in the Greater Mitsue area
- As a result of this successful well, twelve additional locations targeting the Gilwood have been identified on the existing 3D program
- The results have confirmed the validity of the seismic modeling procedure and as a result the Company has committed to an expanded seismic program covering 244 square kilometers, to be conducted through the 2011-12 winter season
- The well was also cored in the Upper Wabamun porous interval indicating a 10.0 meter porous interval with good residual oil saturation

Operational Activities

The Gilwood drilling program in the Marten Mountain area continues to yield superior results with a new Gilwood A Sand discovery well drilled on an interpreted channel-type anomaly identified on the 3D seismic program which the Company completed in February 2011. The well was drilled to the edge of the anomaly and then plugged back and sidetracked to a more optimal position on the seismic feature. Both the initial test and the subsequent sidetrack successfully identified oil saturated, reservoir quality Gilwood A Sand. The sidetrack well encountered a thicker section of sand which appears from samples and gas shows to be over three meters in thickness with better overall reservoir quality than the initial hole.

The well is currently being plugged back in order to drill horizontally into the center of the Gilwood channel as identified by the sidetrack. Completion and testing of the well is scheduled to start after the holiday season.

The well is located over four kilometers northwest of the nearest Gilwood production on a portion of the 189,480 gross acres (75,792 gross hectares) and 138,040 net acres (55,216 net hectares) of undeveloped land the Company holds in the Greater Mitsue area.

EXALL ENERGY CORPORATION

*Suite 1700, 8 King Street East, Toronto, ON M5C 1B5 Telephone: (416) 368-3949 Facsimile: (416) 368-5146
400, 715 - 5th Avenue SW, Calgary, AB T2P 2X6 Telephone: (403) 237-7820 Facsimile: (403) 262-4723*

Website: www.exall.com

As a result of the successful well twelve additional locations targeting the Gilwood have been identified on the existing 3D program. In addition, five locations within the Provincial Park boundary, located between the well and existing producing wells, have been substantially de-risked by the success of this well.

The results of the test well have confirmed the validity of the seismic modeling procedure and as a result the Company has committed to an expanded seismic program covering up to 244 square kilometers, to be conducted through the 2011-12 winter season.

The Upper Wabamun porous interval was also cored in the first well drilled, indicating 10.0 meters of porosity which showed good residual oil saturation through the interval.

"The success of the seismic test wells fundamentally change the nature of development drilling for Gilwood sands in the Marten Mountain area" says Roger Dueck, President and CEO of Exall. "We can now utilize seismic to confidently plan and execute multi-well programs with reasonable expectations of success. We can optimize placement of multi-well pads, and in combination with the bore-hole imager and other tools we have used in the past, orient wellbore trajectories to maximize benefit to the Company."

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 62,263,854 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. 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.

For further information, please contact:

Exall Energy Corporation

Frank S. Rebeyka
Vice Chairman
Tel: 403-815-6637

Roger N. Dueck
President & CEO
Tel: 403-237-7820 x 223
info@exall.com

Warren F.E. Coles
VP - Finance & CFO
Tel: 403-237-7820 x 224

Please visit Exall Energy's website at: www.exall.com

Renmark Financial Communications Inc.

Maurice Dagenais: mdagenais@renmarkfinancial.com
Florence Liberski : fliberski@renmarkfinancial.com
Tel.: (514) 939-3989 or (416) 644-2020
www.renmarkfinancial.com

EXALL ENERGY CORPORATION

*Suite 1700, 8 King Street East, Toronto, ON M5C 1B5 Telephone: (416) 368-3949 Facsimile: (416) 368-5146
400, 715 - 5th Avenue SW, Calgary, AB T2P 2X6 Telephone: (403) 237-7820 Facsimile: (403) 262-4723*

Website: www.exall.com