



## **NEWS RELEASE**

**November 24, 2011**

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### **BELLAMONT EXPLORATION LTD. RELEASES THIRD QUARTER 2011 FINANCIAL AND OPERATING RESULTS AND ANNOUNCES A NEW MONTNEY OIL POOL DISCOVERY AND ACQUISITION AT GRIMSHAW**

CALGARY, November 24, 2011 - Bellamont Exploration Ltd. (the "Corporation" or "Bellamont") (TSXV:BMX.A) (TSXV:BMX.B) is pleased to provide a summary of its financial and operating results for the three and nine months ended September 30, 2011 and announces a new Montney oil pool discovery and an acquisition in its core Grimshaw area. The Corporation also provides an update herein with respect to its estimated oil and gas reserves.

#### **THIRD QUARTER 2011 HIGHLIGHTS**

- Third quarter funds generated from operations increased 27 percent to \$4.9 million from \$3.8 million in the same period in 2010;
- Production of 2,411 Boe/d, of which included 1,129 bbl/d oil and natural gas liquids, an increase of 14 percent for oil and natural gas liquids from the same period of 2010;
- Increased operating netback to \$27.76/Boe, an increase of 39 percent from the same quarter of 2010;
- Incurred \$7.6 million of exploration and development expenditures, the significant components were as follows:
  - Drilled, completed and began equipping 2 (2 net) horizontal oil wells in its Grimshaw area, both of which commenced production in October with combined average production of 170 Boe per day (97 percent crude oil);
  - Drilled an exploratory well at Grande Prairie which is currently being evaluated for completion;
  - Commenced drilling on 2 (1.75 net) delineation wells in the Grimshaw area at the end of the quarter;
- Disposed of a non-core property located in the Sinclair area of Alberta for \$7.1 million (excluding statements of adjustments). The property produced approximately 77 Boe per day (67 percent oil) and had proved plus probable reserves (as of December 31, 2010) of 380 mboe (76 percent oil);
- Reduced working capital deficit by \$4.8 million from the second quarter of 2011 to \$34.2 million.

## **GRIMSHAW AREA UPDATE**

### **New Montney Oil Pool Discovery at Grimshaw**

Bellamont recently drilled two vertical wells (1.75 net) at Grimshaw to delineate the western portion of the Grimshaw Triassic "D" pool (the "Triassic D Pool"). The Corporation is pleased to report the delineation program has resulted in a new Montney oil pool discovery. In addition, both of the vertical delineation wells encountered the same Montney reservoir sand producing in the Triassic D Pool (the "Montney D sand"). Bellamont completed and tested the Montney D sand in one of the wells, which resulted in trace amounts of oil together with formation water. The second well has yet to be tested in the Montney D sand.

The new pool discovery well was completed with a single 5 tonne fracture stimulation. During the 26 hours of swabbing, the well tested an average of 140 bbl/d of 29° API oil with less than a 10% water cut at the end of the test. This production test result is similar to Bellamont's original vertical well discovery in the Triassic D Pool. The Corporation has initiated the process of tying the well in to its 100% owned oil battery with production expected in the first quarter of 2012 at an initial rate of approximately 60 bbl/d.

Based on the Corporation's interpretation of three dimensional seismic over its lands, Bellamont believes the new Montney oil pool has the potential of being similar in size and scope as the Triassic D pool. Currently, Bellamont is producing approximately 535 Boe/d (490 bbl/d oil) from the Triassic D Pool from 11 wells (10 horizontal wells and one vertical). Bellamont expects to develop the new pool with multi-stage fraced horizontal wells in a similar manner as the Triassic D Pool.

The delineation wells results have reinforced the Corporation's confidence in its ability to image reservoir quality Montney sand on its three dimensional seismic. Based on the recent delineation drilling, core analysis and reservoir modeling, the Corporation now estimates its land at Grimshaw contains approximately 110 million barrels of Discovered Petroleum Initially in Place<sup>1</sup> ("DPIIP") in the Montney formation. In total, when combining the existing Triassic D Pool and the new pool discovery, Bellamont estimates it has 52 (52 net) horizontal drilling locations at Grimshaw, all of which are supported by three dimensional seismic.

### **Grimshaw Area Acquisition**

Bellamont has entered into an agreement to acquire a minority partner's interest in the Grimshaw area. The acquired asset consists of 13 gross sections (5.2 net) of land and includes a 25% working interest in two joint Montney oil wells. Following closing of the acquisition, Bellamont will have a 100% working interest in 17 contiguous sections of lands at Grimshaw.

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<sup>1</sup> Discovered Petroleum Initially in Place ("DPIIP") - is defined in the Canadian Oil and Gas Evaluation Handbook ("COGEH") as the quantity of hydrocarbons that are estimated to be in place within a known accumulation. Original Gas in Place ("OGIP") is a more commonly used industry term when referring to gas accumulations. DPIIP is divided into recoverable and unrecoverable portions, with the estimated future recoverable portion classified as reserves and contingent resources. There is no certainty that it will be economically viable or technically feasible to produce any portion of this DPIIP except for those portions identified as proved or probable reserves. A recovery project cannot be defined for this volume of DPIIP at this time, and as such it cannot be further sub-categorized.

## Reservoir Simulation at Grimshaw

Bellamont recently undertook a reservoir simulation study of the Triassic D Pool with Epic, a Division of Baker Hughes Canada, an independent reservoir engineering firm. The study supports a 10.5% primary recovery factor based on eight horizontal wells per section, and a 19% secondary recovery factor possible under water flood. Bellamont has applied for regulatory approval to initiate a pilot waterflood project in 2012.

## RESERVES UPDATE

Bellamont has recently undertaken a preliminary review of its oil and gas reserves with its independent evaluator, GLJ Petroleum Consultants Ltd. The evaluation was conducted effective as of December 31, 2011, utilizing GLJ's October 1, 2011 price forecasts (hereinafter called the "Preliminary Report<sup>2</sup>"). The Preliminary Report indicates total proved reserves of 6,912 Mboe (48.6% oil and natural gas liquids) with a net present value of future net revenue of \$106.3 million (@NPVBT10%) and total proved plus probable reserves of 15,006 Mboe (45% oil and natural gas liquids) with a net present value of future net revenue of \$190.7 million (@NPVBT10%). These findings represent a 30% increase in total corporate proved plus probable reserves and a 26% increase of net present value of future net revenue (@ BT10%) over 2010.

## FINANCIAL AND OPERATING HIGHLIGHTS

The Corporation will file its unaudited interim financial report and related management's discussion and analysis ("MD&A") for the three and nine months ended September 30, 2011, with Canadian securities regulatory authorities on SEDAR. Copies of these documents may be accessed electronically on SEDAR at [www.sedar.com](http://www.sedar.com) or at [www.bellamont.com](http://www.bellamont.com). Certain selected financial and operational information for the three and nine months ended September 30, 2011 and 2010 are set out below and should be read in conjunction with Bellamont's interim financial report and MD&A.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
<b>FINANCIAL</b> (\$000s, except per share)				
Petroleum and natural gas sales	<b>11,344</b>	9,696	<b>36,232</b>	26,711
Funds generated from operations <sup>(1)</sup>	<b>4,921</b>	3,861	<b>15,133</b>	11,286
Per Class A and Class B share <sup>(2)</sup>	<b>0.03</b>	0.03	<b>0.10</b>	0.08
Net income/(loss)	<b>1,280</b>	(615)	<b>2,760</b>	(6,588)
Per share basic and diluted <sup>(3)</sup>	<b>0.01</b>	-	<b>0.02</b>	(0.05)
Net capital expenditures <sup>(4)</sup>	<b>556</b>	9,613	<b>17,016</b>	79,108
Net debt <sup>(1)</sup>	<b>34,447</b>	32,787	<b>34,447</b>	32,787

<sup>2</sup> The Preliminary Report has not been formally accepted by the Corporation's Reserves Committee, and is subject to revisions pursuant to the evaluation to be undertaken following year end 2011. The net present value of future net revenue attributable to the Corporation's reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, and well abandonment costs for only those wells assigned reserves by GLJ. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Corporation's reserves estimated by GLJ represent the fair market value of those reserves. The recovery and reserve estimates of our crude oil, NGL and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.

<b>OPERATING</b>				
Production				
Crude Oil (Bbls per day)	<b>962</b>	837	<b>999</b>	743
Natural gas (Mcf per day)	<b>7,693</b>	9,554	<b>8,205</b>	8,459
Natural gas liquids (Bbls per day)	<b>167</b>	157	<b>166</b>	127
Total (Boe per day)	<b>2,411</b>	2,586	<b>2,532</b>	2,280
Average realized prices				
Crude Oil (\$ per Bbl)	<b>83.98</b>	71.68	<b>87.31</b>	72.81
Natural gas (\$ per Mcf)	<b>4.02</b>	3.84	<b>4.12</b>	4.26
Natural gas liquids (\$ per Bbl)	<b>69.82</b>	55.61	<b>70.79</b>	60.57
Average realized price (\$ per Boe)	<b>51.15</b>	40.76	<b>52.41</b>	42.91
Netbacks <sup>(1)</sup> (\$ per Boe)				
Petroleum and natural gas sales	<b>51.15</b>	40.76	<b>52.41</b>	42.91
Royalties	<b>(9.65)</b>	(5.79)	<b>(9.13)</b>	(6.23)
Operating and Transportation expenses	<b>(13.74)</b>	(14.96)	<b>(14.71)</b>	(14.22)
Operating netback	<b>27.76</b>	20.01	<b>28.57</b>	22.46
Undeveloped land holdings				
Gross acres	<b>101,453</b>	81,094	<b>101,453</b>	81,094
Net acres	<b>76,562</b>	56,454	<b>76,562</b>	56,454
Average working interest	<b>75%</b>	70%	<b>75%</b>	70%
<b>SECURITIES (000s)</b>				
Shares outstanding, end of period				
Class A shares	<b>140,998</b>	140,788	<b>140,998</b>	140,788
Class B shares	<b>1,012</b>	1,012	<b>1,012</b>	1,012
Weighted average shares				
Basic	<b>140,998</b>	140,788	<b>140,871</b>	131,722
Diluted <sup>(3)</sup>	<b>151,738</b>	140,788	<b>151,923</b>	131,722

(1) Funds generated from operations, Net debt and Netbacks as presented do not have any standardized meaning prescribed by GAAP and therefore may not be comparable with the calculation of similar measures for other entities. Please refer to the Non-GAAP Measures section of the MD&A for more details.

(2) For the three and nine month periods ended September 30, 2010 and September 30, 2011, respectively, the Class B shares are converted at the minimum Class A share price of \$1.00 and added to the Class A shares. Thus, each Class B share converted to 10 Class A shares for the purpose of funds generated from operations per share.

(3) For the three and six months ended September 30, 2011, Bellamont included in the weighted average outstanding shares the effect of Class A share options and convertible Class B shares as they were dilutive. For the three and nine months ended September 30, 2011, the Class B shares were converted at the minimum Class A share price of \$1.00. Thus, each Class B share was converted to 10 Class A shares for the diluted share calculation. For the three and nine months ended September 30, 2010 the effect of Class A share options and convertible Class B shares were excluded from the weighted average outstanding shares as they were anti-dilutive.

(4) Total net capital expenditures, including acquisitions and dispositions.

## OUTLOOK

Throughout fiscal 2011, the Corporation focused its capital initiatives primarily on delineating its oil resource at Grimshaw, consolidating its land positions at both Grande Prairie and Grimshaw and building its new core areas in an oil prone area of British Columbia. That resulted in the Corporation redirecting \$7.7 million of the 2011 capital budget that originally targeted low risk development drilling at Grande Prairie and Saddle Hills. To maintain its balance sheet strength, Bellamont disposed of two non-core area properties for net proceeds of \$9.6 million. Bellamont estimates its net capital expenditures (i.e. after proceeds from dispositions) for 2011 will be \$24.0 million, which included \$7.8 million of acquisitions. Bellamont expects to produce an average of 2,450 boe/d (46% oil and liquids) for the year, resulting in funds generated from operations of approximately \$20.0 million, an increase of 27% per share over 2010. The Corporation is projecting net debt of \$36 million at year end 2011, an increase of \$3.3 million over 2010. Bellamont recently renewed its \$57.0 million credit facility with its lender.

The Corporation's 2011 capital strategy has resulted in a significant increase in the Corporation's reserves and corresponding net asset value. Based on the net present value of future net revenues of the Corporation's proved plus probable reserves calculated at NPVBT10% (as set out in the Preliminary Report), forecasted year end net debt, and an internal estimate of undeveloped land at \$100 per acre, Bellamont now estimates its net present value to be \$1.05 per fully diluted share<sup>3</sup>. This represents a 30% increase in Bellamont's net asset value per share estimated at year end 2010

Due to the unfavorable pricing of natural gas relative to oil, Bellamont has focused the majority of its 2011 drilling program on its high netback Grimshaw oil property and deferred drilling additional high rate, development wells at its more gas prone Montney oil pool at Grande Prairie. This has contributed to a lower exit production rate than originally forecast. Notwithstanding, Bellamont has benefitted from oil's increasingly favorable commodity pricing. For the first nine months of 2011, Bellamont has realized an operating netback of \$28.57/boe, an increase of 27% over the same period in 2010. Bellamont's current netback is approximately \$30/Boe.

Bellamont's new Montney oil pool discovery at Grimshaw adds to an already deep inventory of oil and liquids rich projects. Bellamont estimates it has over 140 net drilling locations specifically targeting oil and intends to continue focusing on these projects into 2012. For the remainder of the 2011, Bellamont expects to drill two more horizontal oil wells at Grimshaw. Completion of these two wells is not expected until the first quarter of 2012, with production forecasted for February. The Corporation expects to undertake a robust drilling program in 2012 and plans to provide budget guidance early in the new year. The Corporation has secured, or is in the process of securing, drilling licenses for another ten wells at Grimshaw (Montney oil), two wells at Stoddart, British Columbia (Baldonnel oil) and three wells at Grande Prairie (Montney oil and liquids rich natural gas).

Bellamont's strategy is to build a low risk reserve, production and cash flow base through acquiring, developing and exploring primarily in the Peace River Arch area of Alberta and British Columbia. Bellamont has a strong technically focused management team that internally generates and develops high quality large resource based prospects.

Bellamont is an oil and gas company focused on the acquisition, exploration, development and production of oil and natural gas in western Canada and trades on the TSX Venture Exchange under the symbols "BMX.A" and "BMX.B". The Corporation has 140,997,699 Class A shares and 1,012,000 Class B shares outstanding.

## **FORWARD LOOKING STATEMENTS**

This press release may contain forward-looking statements including expectations of future production, reserves, cash flow, netbacks and earnings. More particularly, this press release contains statements concerning Bellamont's future production estimates, expansion of oil and gas property interests, exploration and development drilling and capital expenditures. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated. These risks include, but are not limited to: the risks associated with the oil and gas industry (e.g. operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks),

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<sup>3</sup> It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Corporation's reserves estimated by GLJ represent the fair market value of those reserves nor does the internal estimate for undeveloped land represent fair market value of those undeveloped lands.

commodity price, price and exchange rate fluctuation and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Additional information on these and other factors that could affect Bellamont's operations or financial results are included in Bellamont's reports on file with Canadian securities regulatory authorities.

The forward-looking statements or information contained in this news release are made as of the date hereof and Bellamont undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

## **OIL AND GAS ADVISORY**

This press release contains disclosure expressed as "Boe/d". All oil and natural gas equivalency volumes have been derived using the ratio of six thousand cubic feet of natural gas to one barrel of oil. Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head.

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