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FOR IMMEDIATE RELEASE

NAL ANNOUNCES 2012 GUIDANCE

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CALGARY, January 11, 2012 / - NAL Energy Corporation ("NAL" or the "Corporation") announces that it will be meeting with the investment community in Calgary, Alberta today at 2:00 pm MST to outline details of NAL's 2012 guidance with a focus on the Corporation's operating plan, key plays and prospects, and financial assumptions. The Corporation's 2012 guidance presentation is available on the Corporation's website (www.nalenergy.com).

A live webcast of the presentation will be available for viewing at:

<http://events.digitalmedia.telus.com/nal/012611/index.php>

The webcast will be available at this link for 60 days following the presentation date.

2012 STRATEGIC DIRECTION AND PRIORITIES

NAL's strategic direction for 2012 is to maximize cash flow through the development of low risk oil and liquids inventory while balancing sustaining capital with the monthly dividend commitment. The corporation's 2012 development program is 100 percent allocated toward light oil and liquids, with approximately 85 percent focused on light oil drilling. Spending will be increased in NAL's Cardium programs at Garrington, Westward Ho and Lochend. Southeast Saskatchewan remains a core oil producing and cash generating area for the corporation, but will be allocated slightly lower capital in 2012 to reduce the risk of wet weather interruptions experienced in 2011.

NAL has based its 2012 plans on a US\$95 WTI per barrel crude oil price, a 0.98 C\$/US\$ exchange rate and C\$3.00 per GJ AECO natural gas price.

MONTHLY DIVIDEND

NAL's 2012 plan targets a dividend payout ratio of approximately 35 percent of current year cash flow. This objective balances the development of the Corporation's extensive inventory of light oil opportunities, maintains a competitive dividend and retains financial flexibility.

In light of the current weak AECO natural gas price and uncertain economic outlook for 2012, the Board of Directors has decided to reduce NAL's monthly dividend to \$0.05 per share from \$0.07 per share effective with the January dividend payable in February, 2012.

NAL's business plan for 2012 improves the sustainability of the Corporation for the long-term and preserves the balance sheet for acquisition opportunities that will create incremental value for our shareholders.

2012 CAPITAL PROGRAM FOCUSED ON CARDIUM & MISSISSIPPIAN OIL

NAL is planning a \$200 million capital program and expects to drill approximately 124 (62 net) wells. The Corporation operates a high percentage of its program and has flexibility over the timing and scale of the capital program which permits it to adjust its program to react to commodity prices, drilling results and market conditions.

2012 Capital Allocation

	\$MM
Drill, complete, tie-in	170
Plant / facilities	10
Land / seismic	10
	<u>190</u>
Other	10
	<u>200</u>

The 2012 program is expected to be 85% focused on oil development opportunities in Alberta and Saskatchewan with incremental capital allocated to other oil opportunities and high liquids rich gas projects primarily in the Deep Basin. Highlights of the opportunities in the 2012 program include:

- Drilling 40 (24 net) Cardium oil wells focusing on the existing Garrington/Westward Ho core area as well the emerging Lochend (Cochrane) program where activity increases from six wells in 2011 to 10 - 12 wells in 2012;
- Drilling for Mississippian light oil will focus on encouraging results in the 2011 program at Oungre and Neptune with the drilling of 48 (24 net) wells in total in Saskatchewan. A newly completed oil battery at Hoffer is expected to facilitate more on stream time for oil production in the region that was significantly impacted by wet weather in 2011.
- Other oil drilling activity includes activity planned in a new non-operated area recently acquired by NAL in the Slave Point Carbonate at Sawn Lake in north central Alberta; and
- Five net liquids rich gas wells are planned in areas such as Wilrich, Wilson Creek and Fireweed.

The Corporation plans to have an active first quarter, spending approximately 43% of its full year capital in this period.

PRODUCTION VOLUMES

In 2012, NAL anticipates being able to deliver full year production volumes averaging between 28,000 - 29,000 boe per day. Oil and liquids production in 2012 is expected to grow from approximately 47 percent in 2011 to 50 percent at year-end 2012, while natural gas volumes are expected to decline to 50 percent from 53 percent.

2012 Forecast Production Volume Composition

Crude oil (bbl/d)	11,400
Natural gas liquids (bbl/d)	2,900
Natural gas (mmcf/d)	85
Total Volume (boe/d)	28,500

Note: Assumes mid-point of guidance range.

OPERATING COSTS

Operating costs are anticipated to be between \$11.50 - \$12.00 per boe in 2012. NAL will continue to focus on cost initiatives in its field operations to manage increases in service costs and build on improved operations efficiencies.

2012 FULL YEAR GUIDANCE SUMMARY

Average total production (boe/d)	28,000 - 29,000
Capital expenditures (\$MM)	\$200
Operating costs (\$/boe)	\$11.50 - 12.00

FINANCIAL POSITION - CREDIT LINES, HEDGING

At year-end 2011, approximately \$305 million of bank debt was drawn on credit lines of \$550 million, leaving \$245 million available in 2012.

NAL continues to be active in its hedging program to manage cash flow volatility for the purposes of sustaining dividends and maintaining an active capital program. For crude oil, NAL has approximately 67 percent of net 2012 production (after royalty) hedged for the full year. For natural gas, NAL has 10 - 15 percent of net budgeted volumes hedged for the full year. All commodity hedge counterparties are Canadian chartered banks.

FORWARD LOOKING STATEMENTS

This press release contains statements that constitute "forward-looking information" within the meaning of applicable securities legislation. Forward looking information is typically identified by words such as "anticipate", "estimate", "expect:", "forecast", "may", "will", "could", "plan", "intend:", "should", "believe", "outlook", "project:", "potential:", "target:", and similar words suggesting future events or future performance. In addition, statements relating to "reserves" are forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities estimated and can be profitably produced in the future. In particular, this press release contains forward-looking information regarding, among other things: the strategic direction of the Corporation's; NAL's anticipated dividend payments and payout ratio; the 2012 capital program and estimated amounts and timing of capital expenditures; business plans for drilling, exploration and development; estimates of 2011 and 2012 production and operations performance; estimates of operating costs and unit operating costs; net debt levels; the Corporation's hedging program; and other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance.

Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking information contained in this press release. Forward-looking

information is based on current expectations, estimates and projections that involve a number of risks, which could cause actual results to vary and in some instances to differ materially from those anticipated by NAL and described in the forward-looking information contained in this press release. Undue reliance should not be placed on forward-looking information. The material risk factors include, but are not limited to: the risks of the oil and gas industry, such as operational risks in exploring for, developing and producing oil and natural gas, market demand and unpredictable facilities outages; risks and uncertainties involving the geology of oil and gas deposits; the uncertainty of estimates and projections relating to production, costs and expenses; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; risk that adequate pipeline capacity to transport oil and natural gas to market may not be available; fluctuations in oil and gas prices, foreign currency exchange rates and interest rates; the outcome and effects of any future acquisitions and dispositions; safety and environmental risks; uncertainties as to the availability and cost of financing and changes in capital markets; competitive actions of other industry participants; changes in general economic and business conditions; the possibility that government policies or laws may change or governmental approvals may be delayed or withheld; changes in tax laws; changes in royalty rates; the results of NAL's risk mitigation strategies including hedging; and NAL's ability to implement its business strategy. Readers are cautioned that the foregoing list of risk factors is not exhaustive. Additional information on these and other factors which could affect NAL's operations or financial results are included in NAL's most recent Annual Information Form and Annual Financial Report. In addition, information is available in NAL's other reports on file with Canadian securities regulatory authorities.

Forward-looking information is based on the estimates and opinions of NAL's management at the time the information is released.

BOE CONVERSION

Throughout this press release, the calculation of barrels of oil equivalent (boe) is calculated at a conversion rate of six thousand cubic feet (mcf) of natural gas for one barrel of oil and is based on an energy equivalence conversion method. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalence conversion method primarily applicable at the burner tip and does not represent a value equivalence at the wellhead.

ABOUT NAL

NAL Energy Corporation provides a total return to its investors which combines income with modest growth in the Canadian upstream oil and gas industry. The Corporation generates returns for its shareholders by pursuing a strategy of acquiring, developing, producing and selling crude oil, natural gas and natural gas liquids from pools in southeastern Saskatchewan, central Alberta, northeastern British Columbia and Lake Erie, Ontario.

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