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FOR IMMEDIATE RELEASE

NAL OIL & GAS TRUST ANNOUNCES PLANS FOR CORPORATE CONVERSION

Media Release No. 24-10

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CALGARY / Marketwire / NAL Oil & Gas Trust (the "Trust" or "NAL") (**TSX: NAE.UN**) today announced that its board of directors (the "Board"), unanimously approved the conversion of the Trust to an exploration and production ("E&P") corporation to be named NAL Energy Corporation (the "Corporation").

RATIONALE FOR CONVERSION

Since late 2006, NAL has accomplished fundamental changes in its business in response to the announced "Tax Fairness Plan" in respect of certain specified investment flow-through ("SIFT") trusts and partnerships by the Department of Finance (Canada) on October 31, 2006 and enacted into legislation by the Government of Canada in June 2007 (the "SIFT Rules").

NAL management believes these changes have positioned the Trust for long-term sustainability and success by:

- Enhancing its technical capability through an increase in geological and geophysical staff
- Building significant acreage positions in existing core areas with a focus on high quality light oil and liquids rich natural gas resources with significant drilling inventory upside
- Encouraging a culture of "innovation" and the generation of opportunities in-house
- Maintaining financial flexibility to manage commodity price volatility
- Adding significant tax pools to shelter future earnings

APPROVALS, TIMING AND MECHANICS OF THE ARRANGEMENT

NAL has scheduled a special meeting of Unitholders (the "Special Meeting") to be held at 3:00 pm (MST) on December 16, 2010 in the McMurray Room of the Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta, to consider a proposed arrangement pursuant to the *Business Corporations Act* (Alberta) (the "Arrangement") involving the Corporation, NAL and a number of NAL's subsidiaries, pursuant to which NAL will be reorganized into a dividend paying corporation. The Arrangement is expected to be completed on or about December 31, 2010 and will be subject to the satisfaction of a number of conditions including, among other things, the approval of unitholders and the Court of Queen's Bench of Alberta.

Under the planned conversion, NAL unitholders will receive one common share of the Corporation in exchange for each NAL trust unit they hold. The conversion is intended to be tax deferred for Canadian residents. Also under the conversion, NAL's issued and outstanding convertible unsecured subordinated debentures will be assumed by the Corporation.

NAL expects the common shares issued, and the convertible debentures assumed, by the Corporation to trade on the Toronto Stock Exchange following the completion of the corporate conversion with the "NAE" ticker symbol. The trust units of NAL will be delisted following completion of the conversion. The conversion will not trigger or accelerate any payments under compensation plans or employment agreements for employees of the manager of the Trust or the officers or directors of NAL.

After due consideration of the financial and other impacts of the conversion, including the potential impact on NAL and its unitholders as well as other relevant matters, the Board has unanimously determined that the conversion, including the transactions and other matters related thereto, is in the best interests of NAL and its unitholders and is fair to the unitholders. Accordingly, the Board unanimously recommends that unitholders vote in favour of the resolution approving the Arrangement at the Special Meeting.

NAL's senior management team and directors will continue to serve in their current roles with the Corporation. A management information circular and proxy statement outlining the details of the matters to be dealt with at the Special Meeting is expected to be mailed to unitholders in November 2010 and will be available on SEDAR (www.sedar.com) and NAL's website (www.nal.ca).

CORPORATE DIVIDEND

NAL's corporate strategy is expected to deliver total return by focusing on income with modest growth. Effective with the proposed conversion to a corporation and commencing with the January 2011 dividend payable in February 2011, NAL anticipates paying a monthly dividend of \$0.07 per share, a reduction from the current monthly cash distribution of \$0.09 per unit. From a Canadian taxable shareholder perspective, the new dividend level will be approximately equivalent, on an after tax basis, to our current distribution and implies a current yield of approximately 6.8% based upon the Trust's October 19, 2010 closing unit price of \$12.38.

The new dividend level will allow for a greater proportion of internally generated cash flow to be allocated to the Corporation's attractive light oil development programs.

The Board will continue to assess dividend levels taking into consideration commodity prices, internal capital investment opportunities, forecast cash flow of the Corporation, financial market conditions, availability of financing and taxability.

2011 OUTLOOK

NAL management remains encouraged by current drilling and development programs in the Trust's core Mississippian and Cardium light oil regions of southeast Saskatchewan and central Alberta. A preliminary view of NAL's development program for 2011 will see the Trust continue to direct approximately 75% - 85% percent of the proposed development capital toward light oil projects and remain relatively balanced between Cardium oil projects in Alberta and Mississippian oil projects in Saskatchewan.

Based upon success in the 2010 development program, NAL's preliminary estimates for the 2011 capital development program are in the range of \$200 – \$230 million assuming commodity prices of US\$83.00/bbl West Texas Intermediate ("WTI") and C\$4.25/GJ AECO and a CAD/USD foreign exchange rate of \$0.97. Based upon this range of spending, the annual average production is expected to be between 30,000 – 31,500 boe/d in 2011.

Consistent with the Trust's budget and planning process, NAL intends to provide its detailed 2011 guidance and operational plans at the end of January 2011.

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. This press release contains forward-looking information pertaining to, among other things, the conversion of the Trust to an E&P corporation, the anticipated dividend policy of the Corporation, the development program for 2011, estimated 2011 capital expenditures, the allocation of development capital among oil projects and anticipated 2011 average production.

Various assumptions were used in drawing the conclusions contained in the forward-looking information contained in this press release including, without limitation, that all conditions to the completion of the conversion will be satisfied as well as with respect to commodity prices, exchange rates, the effectiveness of capital expenditures, the success of NAL's 2010 drilling program and the production profile of NAL's oil and gas reserves.

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, failure to obtain the approvals required to complete the conversion of NAL to an E&P corporation, changes in commodity prices and exchange rates, unanticipated operating results or production declines, risks inherent in oil and gas operations, the imprecision of reserve estimates, limited, unfavorable or no access to capital or credit markets, the lack of availability of qualified operating or management personnel, the inability to obtain industry partner and other third party consents and approvals, when required, general economic conditions in Canada, the United States and globally, changes in government regulation of the oil and gas industry, including environmental regulation, and other risk factors discussed in other public filings of the Trust including the Trust's current Annual Information Form. Readers are cautioned that the foregoing list of risk factors is not exhaustive.

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 Oil & Gas Trust provides investors with a yield-oriented opportunity to participate in the Canadian upstream oil and gas industry. The Trust generates monthly cash distributions for its unitholders 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. Trust units trade on the Toronto Stock Exchange under the symbol "NAE.UN".

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