

## News Release

### Porto Energy Corp. Reports Fiscal Year 2011 Results

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THE WOODLANDS, TX, November 18 /CNW/ – Porto Energy Corp., (“**Porto**” or the “**Company**”) (TSXV:PEC), a company focused on oil and gas exploration, appraisal and development in Portugal, today announced its financial results for the year ended August 31, 2011. All amounts are stated in US dollars unless otherwise noted by C\$ for Canadian dollars or € for Euros.

#### Selected Highlights for Fiscal 2011

- Successfully completed an initial public offering (the “Offering”) through a syndicate of underwriters (the “Agents”), issuing 70,000,000 common shares at a price of C\$1.00 raising gross proceeds C\$70,000,000;
- Completed the re-entry of the ALJ- 4 well and recovered approximately 65 meters of conventional core and approximately 430 meters of open hole logs in the Jurassic Brenha gas reservoir;
- Spud the SPC-1 and SPC-2 wells using the 3-D seismic interpretation from the 240 km<sup>2</sup> survey completed in Q2 with SPC-1 being a dry hole and results from SPC-2 currently being evaluated;
- During the fourth quarter, the Company began 3-D seismic operations over approximately 240 km<sup>2</sup> over the Montejunto Anticline in the Torres Vedras-3 concession onshore Portugal;
- Completed a 25,000 km<sup>2</sup> aeromagnetic data survey in July 2011; and
- Completed the acquisition of 1,000 km<sup>2</sup> of 3-D seismic offshore Portugal in the Sao Pedro de Muel-2 and Cabo Mondego-2 concessions to cover the Monte Real Platform Trend which is expected to define exploration well locations after further evaluations of results.

“Activities levels were higher in the quarter as we continued to advance our drilling campaign to appraise and develop our gas discovery while simultaneously testing our Jurassic Reef and Pre-Salt oil prospects in our concessions in Portugal,” said Joseph Ash, President and CEO of Porto. “Our near-term focus remains completing our assessment of the ALJ-4 and SPC-2 wells as well as processing and interpreting the additional seismic and aeromagnetic data gathered during the year, which we expect to support our ongoing efforts to secure a joint venture partner.”

#### Financial Review

For the years ended August 31, 2011 and 2010, revenue was composed primarily of interest income from cash on hand. The Company has not yet established commercial oil and natural gas production from its concessions and, as such, its sources of revenue are not of a recurring, consistent nature.

G&A expense increased by \$2,299,369 from \$2,250,528 for the year ended August 31, 2010 to \$4,549,897 for the corresponding period in 2011. The increase in G&A expense for the year ended August 31, 2011 was primarily a result of hiring additional management and operations staff, higher rent and office expenses from new office facilities and increased travel costs as a result of increased corporate and operational activity of the Company compared to the prior year periods when it was in cash conservation mode. The increase for the year ended August 31, 2011, also includes a one-time charge of \$246,622 in severance payments to former employees.

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Stock based compensation expense for the year ended August 31, 2011 was \$2,894,442 compared with \$nil for the year ended August 31, 2010. During the year ended August 31, 2011, a total of 11,600,000 options to acquire shares of common stock were issued to officers, directors and employees in accordance with the Company's long-term incentive plan, subject to vesting requirements, and 1,548,208 options expired due to employment terminations.

Professional fees, which include legal, audit and engineering related expenses, totaled \$403,699 for the year ended August 31, 2011, compared with \$706,228 for the comparative period in 2010. The professional fees associated with the Company's private placement and IPO are offset against the offering proceeds and recorded against share capital.

Foreign currency translation gains for the year ended August 31, 2011 were \$270,206 compared to translation losses of \$77,073 in the comparative period for 2010. The foreign currency unrealized gains and losses reflect the changing value of the Canadian dollar and Euro versus the US dollar, in which the Company maintains its accounts, at the respective period ends.

The Company recorded a net loss before income taxes and gain on settlement of debt for the year ended August 31, 2011 of \$7,550,429 as compared with \$3,148,775 for the comparative period ended August 31, 2010. As the Company is in the exploration phase of operations, there are currently no oil and natural gas producing properties generating revenues. The Company's net losses for these periods were primarily generated from G&A expenses including salaries, office costs and travel costs in addition to professional fees and stock based compensation.

At August 31, 2011, the Company had working capital of \$33,884,346, comprised primarily of cash of \$44,089,305 and accounts payable and accrued liabilities, as compared with working capital of \$1,866,842 and cash of \$3,315,591 at August 31, 2010. Working capital increased primarily as a result of the Company's completion of a public offering in March 2011 of 70,000,000 common shares of stock at a price of C\$1.00. This was partially offset by the comprehensive loss of \$9,475,002 for the year ended August 31, 2011 due to the lack of any significant revenues being generated as well as net cash used in property and equipment of \$41,101,393 mainly associated with the Company's exploration efforts during the year ended August 31, 2011. Both factors contributed to limited receivables, decreased cash on hand and increased current liabilities.

### **Operational Review and Outlook**

During March 2011, the Company completed a C\$70.0 million equity raise. The Company entered into an agency agreement dated March 15, 2011 and qualified the sale and distribution of 70,000,000 common shares at a price of C\$1.00 per common share on March 29, 2011. The gross proceeds received by the Company were C\$70,000,000, before deducting issue expenses and agents' fees in the aggregate totaling approximately C\$4,370,000.

In March 2011, the Company completed the acquisition and processing of 240 km<sup>2</sup> of 3-D seismic within its Aljubarrota-3 and Torres Vedras-3 Concessions in anticipation of its 2011-2012 exploration and development work programs. Interpretation of the 3-D seismic data over the Jurassic Reef Play in Torres Vedras-3 has been completed and is being used to delineate drill sites. The interpretation of the remaining 3-D seismic data is expected to be complete by the end of November 2011.

In April 2011, the Company entered into a one year drilling rig contract with KCA Deutag drilling GmbH. Using the Deutag Rig, the Company commenced re-entry operations on the Alj-4 well on the Aljubarrota-3 onshore concession in central Portugal in May 2011. The Alj-4 well was originally drilled in 2005 to a depth of 2,110 meters as a direct offset to the Company's Alj-2 well that discovered 366 BCF of contingent gas resources in a Jurassic fractured Brenha carbonate formation where it was temporarily

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abandoned above the gas accumulation due to operational constraints. The Company deepened the ALJ-4 well by 450 meters to approximately 2,550 meters and recovered approximately 65.0 meters of conventional core and approximately 430 meters of open hole logs in the Jurassic Brenha gas reservoir. The Company is currently testing and analyzing the core, logs and associated data. Drilling operations, including acquisition of 60-70 meters of conventional core, took approximately one month. Analysis of the well results is expected to be completed by the end of November 2011.

After completing the re-entry of the ALJ- 4 well, the Deutag rig was mobilized to spud the SPC-1 well in July 2011, which reached total measured depth of approximately 2,064 meters in August 2011. The well was designed to penetrate multiple stacked reef targets as delineated by the Company's 120 km<sup>2</sup> 3-D seismic survey of this area. Subsequent evaluation of drilling and open-hole log data indicates the SPC-1 had oil shows. However, the well did not encounter commercial accumulation of hydrocarbons and the well was plugged and abandoned as a dry hole. The Company then moved the drilling rig to the SPC-2 location to test a second Jurassic Reef prospect.

In August 2011, the Company reached the target depth of the SPC-2 well of approximately 1,950 meters. The well drilled through a clearly defined four way closure trap in the Jurassic Reef as delineated by the Company's 120 km<sup>2</sup> 3-D seismic survey of this area. Logs taken from this well indicate approximately 29 meters of gross pay in the Upper Jurassic Montejunto Formation. The Company has taken sidewall cores of this interval and is currently waiting on the analysis to be completed before committing to the \$3.0 million cash outlay necessary to case and complete the well down to that interval. The sidewall core analysis is expected to be completed by the end of November 2011. In the meantime, the Company mobilized the rig back to the ALJ-4 well to finish completing and testing the Basal Brenha.

The Company also completed a 25,000 km<sup>2</sup> aeromagnetic data survey in July 2011. Management expects this survey to help locate sedimentary basins, inferring the location of the thickest sedimentary section and delineate the boundaries of the Lusitanian Basin in order to help management understand the regional geology to economically focus exploration efforts. Processing has been concluded and interpretation is expected to be completed by November 2011.

In early September 2011, the Company completed the acquisition of more than 1,000 km<sup>2</sup> of 3-D seismic data over portions of the Cabo Mondego-2 and Sao Pedro de Muel-2 concessions offshore Portugal using towed streamer arrays. The Company believes it has obtained good quality, analyzable data and expects processing and interpretation to be completed by February 2012. The seismic acquisition covered the Monte Real Platform Trend which is expected to define exploration well locations in an attempt to attract joint venture partners.

In June 2011, the Company entered into an agreement to acquire 3-D seismic over approximately 240 km<sup>2</sup> over the Montejunto Anticline in its Torres Vedras-3 concession onshore Portugal. The Company has performed approximately 70% of the work and is expected to be completed with the entire survey by the end of December 2011. Processing and interpretation is expected to be completed by the end of March 2012. With the completion of the Montejunto onshore 3-D seismic acquisition, the Company will have fulfilled its seismic obligation under the work program commitments to the Portuguese government.

To view the Company's fiscal 2011 Consolidated Financial Statements, related Notes to Consolidated Financial Statements, and Management's Discussion and Analysis, please see the Company's year-end filings which will be available on [www.sedar.com](http://www.sedar.com) and at [www.portoenergy.com](http://www.portoenergy.com).

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## About Porto Energy Corp.

Porto Energy Corp. is an international oil and gas company engaged in the exploration of crude oil and natural gas in Portugal, including the appraisal of a gas discovery. Through its wholly owned subsidiary, Mohave Oil And Gas Corporation (a Texas corporation with branch offices in Portugal), the Company holds working interests in five concessions in Portugal's Lusitanian Basin totaling 1,444,152 net acres or 5,844 km<sup>2</sup>. Through its exploration efforts to date, the Company has identified seven major exploration trends over its concessions and generated more than 45 prospects and leads. Porto Energy's shares trade on the TSX Venture Exchange under the ticker symbol "PEC". For more information on Porto Energy visit [www.portoenergy.com](http://www.portoenergy.com).

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