

## News Release

### Porto Energy Corp. Announces Results from Alj-4 Re-Entry Well and Provides Operational Update

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**THE WOODLANDS, TX, December 1, 2011** – Porto Energy Corp., (“Porto” or the “Company”) (TSXV:PEC), a company focused on oil and gas exploration, appraisal and development in Portugal, today announced that following the completion of its analysis of the 65 meters of conventional core and 430 meters of open hole logs, the ALJ-4 re-entry well in the Aljubarrota-3 concession encountered promising reservoir properties and gas shows. However, it was not able to sustain economic production levels due to water encroachment and, therefore, the Company has elected to plug and abandon the well. The water had high concentrations of salt, approximately 175 thousand parts-per-million, indicating the origin of the water encroachment is most likely the salt pack below the bottom of the well and is being introduced by a nearby fault that is approximately 300 meters away. Prior to the completion of the Basal Brenha, the company confirmed that the Upper Brenha tight gas section is water free but wellbore limitations prevented completion of this interval.

“We were initially encouraged by the normal pressures encountered in the ALJ-4 well and by the fractured and matrix porosity identified in the core analysis of the bottom ten meters of the Basal Brenha interval. Initial results indicated fracture porosity above 2.0%, which was promising given analogous economically producing wells have a fractured porosity of approximately 2.0%,” said Joseph Ash, President and CEO of Porto, “This porosity is also the mechanism that is allowing water to penetrate into the fractures and ultimately is preventing sustained gas production. As a result, more interpretation and analysis is required to further our understanding of the play and the basin in general to see if we can mitigate the risk profile and identify a suitable location for a commercially viable well. Although we remain optimistic that the Brenha gas play can be commercialized, management estimates that the lack of commercial gas rates in the ALJ-4 will reduce the contingent gas resources assigned to the Basal Brenha by approximately 80 billion cubic feet (“BCF”). However, management estimates that the play still has approximately 270 BCF of contingent gas resources remaining in the Upper Brenha and additional resources in the Basal Brenha if we can eliminate the water coming up the fault near the ALJ-2 and ALJ-4 wells. We need to perform additional work to understand this tight gas play in order to commercialize the contingent resources.”

#### Torres Vedras-3 (97.5% working interest)

During the Company’s 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. Additionally, Porto continues to evaluate core samples from the SPC-2 reef well drilled in August 2011 to determine if there is reasonable evidence that pay exists, warranting the completion of the well to that interval.

#### Offshore Portugal Concessions (100% working interest)

The Company recently 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 following further evaluation of the results.

#### Presalt Prospect (100% working interest)

The Company has recently received the final enhanced pre-stack time migration processing from the Aljubarrota 3-D seismic shoot outlining the Presalt prospect below the Aljubarrota tight gas play.

“Although we have more work to do on the Presalt, we are very encouraged by these initial results,” said Joseph Ash. “We have mapped a large four way closure approximately 1,000 to 1,500 meters up-dip of the gas shows in the ALJ-2 well as well as a thick section in the Presalt reservoir. In addition, we do not see any salt windows in the area which indicates a good top seal for the Presalt. We are now working to



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identify drill sites to test this Presalt prospect. We intend to test this feature after our 3-D interpretation is finalized.”

### Drilling Outlook

”From the preliminary data we are getting from the 24,000 km<sup>2</sup> aeromagnetic data survey completed in July 2011 along with the 3-D seismic data from the Montejunto currently being shot, combined with the pre-stack processing of the Presalt under the Brenha, we feel it would be beneficial to completely interpret and integrate the data from each of these studies before moving forward with our next drilling decisions,” said Joseph Ash. “We want to analyze all of this data to further de-risk future drilling decisions and determine an optimum location to spud a Presalt well once the analysis process is complete.”

On that basis, Porto has elected to temporarily suspend drilling operations pending the completion of ongoing seismic and geophysical analysis. The Company has successfully negotiated modifications to its drilling contract with KCA Deutag and intends to stack the rig at a Porto storage facility by December 31, 2011. The Company will retain the rig at a reduced rate. Upon the resumption of drilling operations, the Company expects to carry out the remaining term of the original KCA Deutag contract effective May 2011 with an option to extend past the original maturity date.

“KCA Deutag understands our desire to be the first producers in Portugal. We have reservoir, porosity and permeability throughout the basin. We are now in search of trap and we believe waiting for the geological data interpretation to be completed is the most prudent course going forward, allowing us to conserve capital while we complete that process,” said Joseph Ash. “Additionally, this temporary suspension will provide additional time to find and secure joint venture partners who are very interested in the final interpretations of our geological data. We believe finalizing the geological data interpretation is key to helping us create long term shareholder value.”

### **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 including unconventional oil and gas resource plays as well as conventional oil and gas targets. 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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### **Cautionary Statements**

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable because of one or more contingencies. The contingent resources shown are contingent upon demonstration of the economic viability of the projects. Commercial flow rate testing and documentation of development plans will provide further evidence of economic viability of these projects. If these contingencies are resolved, some portion of the contingent resources estimated may be reclassified as reserves. There is no certainty that it will be commercially viable to produce any portion of the contingent resources.

This press release contains certain forward-looking statements. These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-



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looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "predict" and "potential" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. These forward-looking statements are made as of the date of this press release and the Company does not undertake to update any forward-looking statements that are contained in this press release, except in accordance with applicable securities laws.

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