

## Border Petroleum Corp.

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### Border Announces Initial Slave Point Well Results and Financials and Reserves Data

TSX Venture: BOR

For Immediate Release

**Calgary, Alberta – July 16, 2012 - Border Petroleum Corp.** ("**Border**" or the "**Corporation**") is pleased to announce initial results from its first two Slave Point horizontal wells in the Red Earth area. The wells were drilled to a vertical depth of 1,400 metres with minimum 500 metre horizontal legs and fracture stimulated utilizing an average of 10 stages. The wells were drilled on 18,720 acres of Loon River Cree Nation exploration rights (the "Loon Block") granted under a federal government permit to Border on November 30, 2011. The two wells, which satisfied Border's first year drilling requirements under the permit, were drilled in proximity to infrastructure and into a gross pay thickness of 18 metres. Gross pay thicknesses on the Loon Block reach up to approximately 30 metres.

To date, based on field reporting, the peak seven days of initial production from these short leg horizontal wells averaged 159 bopd, with a single day peak rate average of 175 bopd, and 30 days of initial production ("30 day IP") averaging 102 bopd or 10 bopd per frac. 30 day IP and short-term rates are not necessarily indicative of long-term performance or of ultimate recovery.

Slave Point horizontal wells in the Red Earth area typically reach their maximum oil rates 30 – 120 production days after start-up (the "clean-up period"). During the clean-up period, rates fluctuate as fluid utilized in the fracture stimulation process ("frac fluid") is recovered and inflow stabilizes. As frac fluid is recovered, oil production typically increases. This trend is reflected in Border's well results as illustrated in the following table:

	Average Oil Production per Well	Average Oil Cut
Day 1	0 bopd	0%
Day 15	56 bopd	27%
Day 30	102 bopd	52%

The above results have validated Border's strategy of utilizing short horizontal wells to de-risk the Loon Block. Capital exposure and operational risk were minimized while valuable information was obtained to assist in future development. Having achieved a 30 day IP of 10 bopd per frac, Border now intends to take advantage of the efficiencies related to drilling long leg horizontal wells incorporating a minimum of 20 frac stages. In this regard, Border has initiated licensing its first long leg horizontal well which it plans to commence in the fall. The well will be funded by cash on hand and funds generated by current assets.

### SPROULE RESOURCE ASSESSMENT OF BORDER INTERESTS IN GREATER RED EARTH AREA

Border engaged Sproule Associates Ltd. ("Sproule") to conduct an assessment of its Contingent Slave Point Oil Resources (the "Sproule Resource Assessment") covering 20,000 gross (20,000 net) acres of the Corporation's interests in the Greater Red Earth Area effective May 31, 2012. The Sproule Resource Assessment was prepared in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGEH") and National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101").

Sproule's estimate of Discovered Oil Initially in Place ("DOIIP") on Border's Slave Point interests is 316 MMbbl (all volumes are net to Border). Sproule's best estimate of Contingent Slave Point Oil Resources as of May 31, 2012 is 40.4 MMbbls with a low estimate of 21.5 MMbbls and a high estimate of 65.1 MMbbls.

The Sproule Resource Assessment is based on a development plan that consists of one 1,400 metre long horizontal well per quarter section utilizing multi-stage fracture stimulation completions, and does not assign any Contingent Resources or reserves for secondary recovery schemes or down spacing of drill spacing units.

Summary of the Oil Initially-In-Place and Ultimate Recoverable Oil of Border Petroleum Corp's Slave Point Oil Holdings in the Greater Red Earth Area of Alberta (As of May 31, 2012)					
Category	Company Gross				
	Discovered Oil Initially-In-Place <sup>(1)(2)</sup>	Recovery Factor (%)	Discovered Ultimate Recoverable Oil <sup>(3)</sup> (MMbbl)	Ultimate Reserves <sup>(4)</sup> (MMbbl)	Contingent Oil Resources <sup>(5)</sup> (MMbbl)
<b>All Land Holdings</b>					
Low Estimate <sup>(6)</sup>	316.2	7%	21.5	0.2 (1P)	21.3
Best Estimate <sup>(6)</sup>	316.2	13%	40.4	1.5 (2P)	38.9
High Estimate <sup>(6)</sup>	316.2	21%	65.1	1.9 (3P)	63.2

**Notes:**

(1) "Discovered Oil Initially in place" means that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered petroleum initially in place includes production, reserves and contingent resources. There is no certainty that it will be commercially viable to produce any portion of these resources.

(2) All DOIIP other than cumulative production, reserves and contingent resources have been categorized as unrecoverable.

(3) "Discovered Ultimate Recoverable Oil" equals Contingent Oil Resources plus Ultimate Reserves.

(4) "Ultimate Reserves" are technical volumes and are shown as produced oil volumes plus remaining oil reserves, as reported in the March 31, 2012 Sproule Reserves Report. Note that 3P reserves were not included in the Sproule Reserves Report, but were estimated for the purposes of the Sproule Resources Assessment.

(5) "Contingent Oil 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 due to one or more contingencies. Contingencies may include factors such as distance from existing production, economic, legal, environmental, political, and regulatory matters or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage.

(6) "Uncertainty Ranges" as are described by the COGEH as low, best, and high estimates for reserves and resources as follows:

Low Estimate: This is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

Best Estimate: This is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

High Estimate: This is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

## **FILING OF FINANCIALS, ANNUAL INFORMATION FORM AND RESERVES DATA**

Border is also pleased to report its financial results for the year ended March 31, 2012. The audited financial statements and Management's Discussion & Analysis ("MD&A") were filed on SEDAR on July 16, 2012. The Corporation is also pleased to announce that pursuant to NI 51-101 it has filed its Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*, Form 51-101F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator* and Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure*. Border's Annual Information Form for the year ended March 31, 2012 has also been filed on SEDAR on July 16, 2012. A copy of the annual and NI 51-101 filings of the Corporation are available for viewing at [www.sedar.com](http://www.sedar.com).

## **HIGHLIGHTS OF THE YEAR ENDED MARCH 31, 2012**

The following are the highlights of Border's operations for the year ended March 31, 2012:

- Entered a new joint venture (the "Joint Venture") with the wholly-owned energy company of the Loon River Cree Nation (the "Nation") to develop up to 17,120 net acres in the Slave Point light oil play in the Red Earth area of northwest Alberta;
- Joint Venture with the Loon River Cree Nation succeeded by the issuance of a permit to Border by Indian Oil and Gas Canada, with the approval of Border and the Nation, covering an expanded 29 1/4 sections (18,720 acres) of Slave Point rights incorporating the Alberta Horizontal Oil New Well Royalty Rate with a 10% minimum;
- Closed a \$25,561,500 bought deal equity financing in the Corporation's third quarter for the issuance of 93,150,000 common shares of the Corporation at a price of \$0.21 per common share and 24,000,000 flow-through shares of the Corporation at a price of \$0.25 per flow-through share (resulting in approximately 224.5 million shares currently outstanding);
- Appointed Peter Fridrich, P.Geol., as Vice President, Exploration (formerly Senior Geologist, NW Alberta District, with Penn West Exploration); and
- Border commenced drilling its first two Slave Point horizontal wells in the Red Earth area.

## **FINANCIAL OVERVIEW**

Certain selected financial and operational information for the year ended March 31, 2012 is set out below and should be read in conjunction with the Corporation's audited consolidated financial statements and related MD&A. The following table provides a summary of key financial results.

**Financial**

	THREE MONTHS ENDED		YEARS ENDED	
	MARCH 31		MARCH 31	
	2012	2011	2012	2011
Petroleum and natural gas revenues	\$ 707,901	\$ 277,191	\$ 3,324,944	\$ 858,750
Funds flow from operations	\$ (833,877)	\$ (510,921)	\$ (1,841,348)	\$ (889,484)
per share - basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.03)
Net loss	\$ (10,758,266)	\$ (717,162)	\$ (12,836,158)	\$ (1,301,488)
per share - basic and diluted	\$ (0.05)	\$ (0.01)	\$ (0.09)	\$ (0.05)
Capital expenditures	\$ 8,661,986	\$ 861,860	\$ 34,377,339	\$ 3,394,827
Weighted average shares outstanding				
basic and diluted	224,492,821	70,586,293	135,394,501	27,785,400

**Operational**

## Production

Oil and liquids (bbls/d)	73	36	79	31
Natural gas (mcf/d)	1,190	25	891	32
Oil equivalent (boe/d)	272	40	227	36

## Sales price per unit

Oil and liquids (\$/bbl)	69.42	83.38	80.25	72.43
Natural gas (\$/mcf)	2.27	4.14	3.10	4.16
Oil equivalent (\$/boe)	28.65	77.34	39.97	65.40

## Reserves (Proved plus probable)

Oil and liquids (mmbbls)			1,820	706
Natural gas (mmcf)			2,523	33
Oil equivalent (mboe)			2,240	712

**OUTLOOK**

Border has assembled one of the largest contiguous land interests in the developing Slave Point play with its 18,720 acre permit on the Loon Block. The Loon Block contains approximately 120 potential locations based on quarter section spacing which Border operates 100 percent.

Based on the initial results of its first two Slave Point wells as detailed above, Border is moving forward with its development plan focused exclusively on its Slave Point light oil opportunities at Red Earth. In this regard, Border plans to drill one to two more wells over the balance of the year with its next well planned for this fall. Capital expenditures with respect to the next phase of development are expected to be funded by cash and funds generated from current assets.

**ANNUAL GENERAL MEETING**

Border's Annual General and Special Meeting is scheduled for 10:00 am on September 13, 2012 at the offices of Burstall Winger LLP, located at 1600, 333 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta.

## Further Information

For further information, please contact:

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## Forward-Looking Statements

*The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Border. Although Border believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Border can give no assurance that they will prove to be correct.*

*Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the failure to obtain necessary regulatory approvals, risks associated with the oil and gas industry in general (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), commodity price and exchange rate fluctuations and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. A description of assumptions used to develop such forward-looking information and a description of risk factors that may cause actual results to differ materially from forward-looking information can be found in Border's disclosure documents on the SEDAR website at [www.sedar.com](http://www.sedar.com).*

*The forward-looking statements contained in this document are made as of the date hereof and Border 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.*

## BOE

*BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*