

MOONCOR

Oil & Gas

MOO: TSX Venture Exchange

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MOONCOR ANNOUNCES SIGNING OF FARMOUT AGREEMENT AT HAMBURG, CONVERTIBLE DEBENTURE EXTENSION AND CANCELLATION OF FINANCING

Calgary, Alberta – Mooncor Oil & Gas Corp. (“**Mooncor**”) (TSXV:MOO) announced today that it has entered into a Farmout Agreement with a private Alberta based oil and gas exploration company (the “**Farmee**”) over its land in the Hamburg area in Alberta (the “**Hamburg Lands**”). The Farmout Agreement has been conditionally approved by the TSX Venture Exchange (the “**Exchange**”) but is subject to final approval by the Exchange before it becomes effective, which includes shareholder consent.

Under the terms of the Farmout Agreement, the Farmee must drill eleven (11) test wells on the lands and log and test all formations prospective of containing petroleum substances under rights held by Mooncor. The Farmee will commence drilling operations on or before May 30, 2012 at its sole cost, risk and expense. Upon fulfilling its obligations to drill all eleven (11) test wells, the Farmee will earn (i) 100% of Mooncor’s interest in each of the eleven (11) drill spacing units subject to a 6% overriding royalty payable to Mooncor (subject to specific deductions) which is convertible into a 20% undivided participating interest upon payout, and (ii) 80% of Mooncor’s interest in the remaining Hamburg Lands. The eleven (11) test wells will validate as qualified land of a licence to extend from the primary term (4 years) to an intermediate term (additional 5 year extension). The Farmee has until April 30, 2012 to demonstrate dedicated funds of a minimum \$16.5 million in order to meet its obligations pursuant to the Farmout Agreement.

As a result of the contemplated Farmout Agreement, Mooncor also announces that it has cancelled the previously announced (November 22, 2011) \$5 million financing, which funds were principally being raised to develop the Hamburg Lands.

Mooncor further announces that it has negotiated an extension of its two convertible debentures (the “**Debentures**”), initially disclosed upon issuance in 2007. As a result of several amendments, the Debentures matured on December 31, 2011 and each has \$510,719 in principal outstanding. Subject to the Farmout Agreement becoming effective, the maturity date of the Debentures will be extended to March 31, 2013. In consideration for the extension, Mooncor has agreed to (i) amend the conversion price of the Debentures from \$0.225 to \$0.115, (ii) extend the expiry date of the 500,000 warrants (the “**Compensation Warrants**”) previously issued to each Debenture holder from December 31, 2011 to March 31, 2013, (iii) amend the exercise price of the Compensation Warrants from \$0.225 to \$0.115, and (iv) pay a refinance fee to each Debenture holder of \$50,000. Each Compensation Warrant shall entitle the holder thereof to purchase one common share (a “**Share**”) in the capital of Mooncor at \$0.225 per Share. The Debentures accrue interest at 10% per annum and are payable on conversion or maturity, or in advance without penalty. The Debentures are convertible into units (“**Units**”) of Mooncor at \$0.115 per Unit. Each Unit shall consist of one Share and one-half of one warrant, with each whole warrant entitling the holder thereof to purchase one Share at \$0.10 per Share until March 31, 2013.

Business of Mooncor Oil & Gas Corp.

Mooncor Oil & Gas Corp. is a junior oil and gas exploration and development company focusing on shale gas opportunities. Mooncor’s current emphasis is on securing a joint venture partner for its proven Muskwa/Duvernay shale gas project at Hamburg, Alberta. It is also pursuing opportunities to realize near-term value from its southwest Ontario assets, potentially through a spin-off into a new entity.

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