

MOONCOR

Oil & Gas

MOO: TSX Venture Exchange

August 4, 2011

MOONCOR RELEASES UPDATE TO SHAREHOLDERS

Calgary, Alberta – Mooncor Oil & Gas Corp. (“**Mooncor**”) (TSXV:MOO) distributed a corporate update to shareholders this morning. The content of the update appears below.

Dear Shareholder,

Mooncor Oil & Gas Corp. concluded its Annual General Meeting on July 26 and I would like to take this occasion to provide an update to you on the execution of Mooncor’s corporate strategy, both accomplishments realized over the past year as well as what can be expected going forward.

Before going any further, allow me to express the company’s heartfelt appreciation for the contribution made by Richard Cohen, who passed away on June 6, 2011. Richard was Mooncor’s founder, Chairman and a trusted adviser and supporter who played an invaluable role in the creation of corporate strategy, capital raising and corporate communications. Richard was a good friend to all on the management team and we miss him very much. We are proud to move forward with what we believe to be a prudent plan for deriving maximum value from Mooncor’s assets, and in doing so build upon Richard’s legacy.

Hamburg Liquids-rich Natural Gas Project

As you know, Mooncor’s primary asset is a 103,000 acre land position that the company assembled through a very disciplined land acquisition strategy in the Hamburg area of Alberta. Hamburg is underlain by the Muskwa/Duvernay shale. Land costs averaged \$15.52/acre and established Mooncor as the early mover in this liquids-rich shale gas play.

Extensive technical work by the company, including results from a vertical test well, demonstrated the potential for this formation. The pilot well test demonstrated a remarkably overpressured formation with a Natural Gas Liquids (NGLs) content of 75 bbls/MMcf. At current prices for natural gas, condensate and other NGLs, management’s economic modelling points to attractive rates of return on successful horizontal wells, with full capital cost recovery in approximately one year. Mooncor’s land position could likely accommodate some 300+ wells and extensive pipeline and processing infrastructure is situated nearby.

In order to drill initial production wells and generate cash flow from the Hamburg project, Mooncor has been assessing the possibility with multiple parties of entering into a multi-well joint venture program. Shareholders contact us frequently to ask for insight on the status of these discussions, so let me use this platform to inform you that the interest from potential partners in participating is serious. We are confident that the extensive technical work, the nature of the project economics, and the predictability that comes with working in the Province of Alberta provides a compelling set of reasons for potential partners to want to participate. Recent land sale activity and the announcement of drilling programs by some of the industry’s larger players highlight the potential now being recognized in the Muskwa/Duvernay shale.

Non-core Assets

Mooncor has announced plans to undertake a divestment of assets located in Lloydminster, Alberta, and in southwestern Ontario. These assets represent unrealized potential for Mooncor. Recently, we have been working on plans to move these assets into other publicly listed companies in exchange for substantial share positions. While the transactions will not add cash to the balance sheet, Mooncor will participate in the upside potential of these assets as new capital is invested to enhance their underlying value.

The first of these transactions was announced on June 22, 2011, with the Lloydminster asset being vended into a Capital Pool Company named Madeira Minerals Ltd. The new company will debut with an excellent share structure

and a focus on heavy oil in western Canada. Mooncor will receive 6 million shares in Madeira for the transfer of the Lloydminster asset. The transaction awaits approval by the TSX Venture Exchange.

The southwest Ontario assets are under consideration for a similar transaction and we hope to be able to announce an agreement for these in the near future.

Board of Directors Welcomes New Member

We are very pleased to welcome Mr. Richard Patricio to our board of directors, as announced on July 28, 2011. Richard is Vice President, Corporate and Legal Affairs for Pinetree Capital Ltd., a diversified investment, financial advisory and venture capital firm focused on investing in early stage micro and small cap resource companies.

Richard also holds senior officer and director positions in several junior mining companies that are listed on the TSX and the TSX Venture exchanges. We look forward to working with Richard and benefiting from his extensive experience in the resource exploration and development sector.

Conclusion

Mooncor was an early mover in the Muskwa/Duvernay liquids-rich gas shale opportunity. Announcements by several companies in recent months regarding land acquisition and drilling plans have signalled recognition by the broader industry of the potential for this play. We understand that the wait for a joint venture partner has been long, but with natural gas prices stabilizing and prices for condensate and other NGLs exhibiting impressive strength (movement in crude oil prices provides a good barometer), we believe we are in a position at which the project is very attractive on a fully risked basis, and that this is reflected in the interest currently being shown by potential partners.

On behalf of management and the board of directors, we thank you for your support of Mooncor and look forward to the opportunity to continue working on your behalf to generate maximum value from what we believe to be a strong asset portfolio.

Sincerely,

Darrell Brown
President and CEO
Mooncor Oil & Gas Corp.

For more information please contact:

Darrell Brown
Chief Executive Officer
Mooncor Oil & Gas Corp.
dbrown@mooncor.com

Contact Financial Corp.
Tel: (778) 327-5019
info@contactfinancial.com

The information in this news release includes certain information and statements about management's view of future events, expectations, plans and prospects that constitute forward looking statements. These statements are based upon assumptions that are subject to significant risks and uncertainties. Because of these risks and uncertainties and as a result of a variety of factors, the actual results, expectations, achievements or performance may differ materially from those anticipated and indicated by these forward looking statements. Although Mooncor believes that the expectations reflected in forward looking statements are reasonable, it can give no assurances that the expectations of any forward looking statements will prove to be correct. Except as required by law, Mooncor disclaims any intention and assumes no obligation to update or revise any forward looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward looking statements or otherwise.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.