



NEWS RELEASE

TSX Venture Exchange: PRY

PINECREST ENERGY INC. REPORTS SIGNIFICANT INCREASE TO ITS RED EARTH DRILLING INVENTORY and PROVIDES OPERATIONAL UPDATE

July 27, 2011 - **CALGARY, ALBERTA** – Pinecrest Energy Inc. ("Pinecrest" or the "Company") (TSXV: PRY) is pleased to provide an update to its low risk Slave Point drilling inventory and an operational update relating to its recent successful capital program.

INVENTORY UPDATE

Since the last corporate update on April 20, 2011, Pinecrest has increased its low risk development drilling inventory by approximately 35% to 242 locations (up from 180 locations), based on 4 wells per section. Additionally, the Company now owns in excess of 97 net sections of land in the greater Red Earth area prospective for the light oil Slave Point play, which is an increase of approximately 50%. This opportunity base does not include the anticipated significant incremental upside associated with waterflooding the Slave Point reservoir and the corresponding opportunity to downspace to 8 wells per section.

Pinecrest is anticipating results from its Evi waterflood project in approximately 3-6 months, in line with response times to water injection observed in analogous Slave Point pools in the immediate Red Earth area. Pinecrest is very excited with its waterflood opportunity base and continues to plan for the implementation of additional water injection locations. Pinecrest believes waterflooding will result in significantly lower decline rates and materially improve overall oil recovery over primary recovery rates.

OPERATIONAL UPDATE

The Company is pleased to report that the Company has:

- Restored production to corporate budget levels;
- Recommenced drilling activity with two operated drilling rigs; and
- Completed the expansion of its pipeline and Evi production facility.

The Company has restored its production to its previously announced 2011 budget levels following shut-ins due to forest fires and the suspension of a third party pipeline. Sales oil is temporarily bypassing the Rainbow pipeline system and is being trucked from the Company's newly expanded treating facility to alternate clean oil shipping terminals. The incremental cost of trucking clean oil is approximately \$8 per barrel. This unbudgeted trucking cost does not affect the Company's 2011 corporate budget as this incremental cost is more than offset by the much higher sales price being received versus the Company's budgeted oil price of US\$85 WTI per barrel.

Pinecrest is pleased to report that it has finished drilling its first well post spring break-up (rig released July 23rd) and has moved its second drilling rig into the area with the second well having spud on July 23, 2011. Pinecrest plans to keep both drilling rigs active through to break-up 2012. The Company is on track to complete its previously announced 2011 drilling program and expects to exit 2011 at its previously announced rate of 3,000 – 3,200 barrels per day of light oil.

The Company is also pleased to announce that it has completed the expansion of its treating facility in Evi. All production from Pinecrest's operated horizontal Slave Point light oil wells is now being produced into its recently constructed pipeline system and into its Evi production facility.

OUTLOOK

Pinecrest is extremely encouraged by the results we have achieved to date. The Company entered 2011 with an extensive low risk light oil development drilling inventory to which we have made significant additions. The Company believes the low risk, high quality, light oil development inventory will drive strong per share growth on both a reserves and production basis. Concurrent with the execution of the development program, we will continue to evaluate and bring forward incremental growth opportunities.

Pinecrest was formed 14 months ago, to apply its considerable in-house expertise utilizing multi-stage fracturing technology in the creation of a growth company in the emerging, light oil Slave Point carbonate resource play focussed in the greater Red Earth area of north-central Alberta. To date, the Company has established a sizable land position and inventory of low risk development drilling locations in key areas of the play.

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Advisory

The information in this press release contains certain forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar expressions. In particular, forward looking statements in this press release includes, but is not limited to: Pinecrest's capital program and 2011 business objectives, Pinecrest's 2011 budget, oil recovery rates, the effects of waterfloods on recovery factors, decline rates and type curves for wells, production rates, exit rates for production and bank debt, downspacing opportunities, the quantity of reserves, and projections of market prices and costs. These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond Pinecrest's control, including: the impact of general economic conditions; industry conditions; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; fluctuations in commodity prices and foreign exchange and interest rates; stock market volatility and market valuations; volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions, of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves. Pinecrest's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that Pinecrest will derive from them. Except as required by law, Pinecrest undertakes no obligation to publicly update or revise any forward-looking statements.

Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources or reserves described can be profitably produced in the future.

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