

Desmarais ENERGY CORPORATION

TSX Venture Exchange Symbol: DES

For Immediate Release

Desmarais Files a Proposal under the Bankruptcy and Insolvency Act

Calgary, Alberta – November 18, 2011 – Desmarais Energy Corporation (TSXV: DES) (the "**Corporation**" or "**Desmarais**") announces that today it has filed with the Office of the Superintendent of Bankruptcy a proposal ("**Proposal**") respecting the restructuring of the Corporation's financial affairs under the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**"). The Proposal sets forth a restructuring plan that would see \$2,338,174 of the Corporation's debt satisfied primarily through the issuance of Desmarais common shares ("**Common Shares**"). As part of the Proposal, \$616,271 of the amounts owing to Desmarais' secured lender would be satisfied through the issuance of Common Shares, on the same basis as the claims of other creditors satisfied in the Proposal. Accordingly, through a successful Proposal, the Corporation will satisfy \$2,338,174 of its outstanding debt, such that after the Proposal it will have approximately \$45,000 in positive working capital and approximately \$2,100,000 in secured debt (inclusive of \$100,000 in debtor-in-possession financing incurred by the Corporation).

Through a successful Proposal, Desmarais anticipates it will be able to continue to explore and develop its oil and gas assets and operate its business, with a significantly improved balance sheet. Further, Desmarais expects to pursue additional business opportunities and strategic alternatives after completing the Proposal, with the cooperation of its secured creditor, with the goal of further enhancing value for all stakeholders. Desmarais therefore believes the Proposal represents the opportunity for a greater return for its creditors, through ongoing equity ownership in the Corporation, than would be realized in the event of a forced liquidation of Desmarais' assets through a receivership or bankruptcy asset sale.

The Proposal

Pursuant to the Proposal, in full and final satisfaction of their claims, certain of Desmarais' creditors (the "**Affected Creditors**") will be given the opportunity (subject to those Affected Creditors whose claims are less than \$100) to choose to receive either Common Shares (for the full value of their claim) or to share (to a maximum amount of 10% of the value of their claim) in a limited cash pool (the "**Cash Pool**") in the total amount of \$40,000. Affected Creditors whose claims are \$100 or less shall be paid in full in cash. More specifically, Affected Creditors whose claims are greater than \$100 will be entitled to choose between the following two options:

- (i) Affected Creditors owed more than \$100 may choose to receive Common Shares in satisfaction of their claims (rounded up to the nearest Common Share in the case of partial shares), with such Common Shares valued for this purpose at \$0.08 per Common Share (being the 30-day volume weighted average trading price of the Common Shares on the TSX Venture Exchange ("**TSXV**") immediately prior to Desmarais' announcement of its Notice of Intention to File a Proposal under the BIA on September 26, 2011) such that an Affected Creditor will receive 12,500 Common Shares for every \$1,000 value of their claim, subject to applicable withholdings under the BIA; or

- (ii) Affected Creditors owed more than \$100 may choose to assign all (but not less than all) of their claims to an arm's length third party to be identified at the first meeting of creditors in exchange for participation in the Cash Pool. In this option, Affected Creditors will receive the lesser of: (i) 10% of the value of their claim; or (ii) their pro rata share of the total amount of the Cash Pool, subject to applicable withholdings under the BIA.

The assignee of claims under option (i) described above shall, upon implementation of the Proposal, be issued Common Shares of Desmarais in the same manner as Common Shares issued to Affected Creditors who choose option (ii) described above.

The Proposal remains subject to the necessary approval of creditors at an upcoming meeting of creditors currently scheduled for December 8, 2011 as well as court and other regulatory approval, including the approval of the TSXV. A copy of the Proposal will be filed on Desmarais' SEDAR profile and will be available for viewing at www.sedar.com.

Personnel Matters

Desmarais further announces that Mr. James Long has agreed to resign as President and Chief Executive Officer of the Corporation effective immediately following the implementation of the Proposal. Mr. Long is expected to continue to serve as a director of the Corporation. It is expected that Mr. Doug Robinson, the current Chairman of the Corporation, will assume the position of President and Chief Executive Officer on an interim basis immediately subsequent to the implementation of the Proposal. The Corporation and Mr. Long have agreed that all claims of Mr. Long related to his employment with the Corporation, including any outstanding wages and severance and other amounts claimed under his employment agreement, will be settled for the aggregate amount of \$100,000 (the "**Employment Claim**"). Mr. Long and the Corporation have further agreed that the Employment Claim will be settled, as part of the Proposal, for Common Shares.

Multilateral Instrument 61-101

Approximately \$848,637 in debt subject to the Proposal is held by related parties of Desmarais, being, specifically, the amount of \$616,271 owing to 323 Holdings Ltd. and \$123,879 owing to Nuteck Resources Ltd. being entities controlled by Mr. Doug Robinson, a director of the Corporation, the amount of the Employment Claim, being a claim of the Corporation's President and Chief Executive Officer and \$8,486 owing to a numbered company controlled by Sue-Anne Davis, a director of the Corporation. Desmarais is subject to the provisions of the Multilateral Instrument 61-101 ("**MI 61-101**"), governing, among other things, transactions between issuers and related parties. The issuance of Common Shares by Desmarais constitutes a "related party" transaction for the purposes of MI 61-101 due to the fact that pursuant to the Proposal related parties of Desmarais will receive Common Shares. Desmarais expects that the issuance of any Common Shares to related parties pursuant to the Proposal will be exempt for the valuation and minority shareholder approval requirements of MI 61-101 on the basis that the Proposal is subject to court approval (or court order) and the transaction is to be effected pursuant to the provisions of the BIA.

Issuance of Common Shares

Upon the implementation of the Proposal, Desmarais expects that it will issue an aggregate of 29,227,175 Common Shares (subject to adjustments for rounding), at a deemed price of \$0.08 per Common Share. Desmarais currently has 27,081,835 Common Shares issued and outstanding and expects that, subsequent to completion of the Proposal, it will have approximately 56,309,010 Common Shares issued and outstanding.

FOR MORE INFORMATION, PLEASE CONTACT:

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Reader Advisory: The press release may contain certain forward looking statements which may include plans, expectations, forecasts, projections, guidance or other statements that are not statements of fact, including without limiting the generality of the foregoing, the amount of working capital and debt outstanding after the Proposal, meeting the terms, conditions and approval requirements under the BIA, the exemptions from MI 61-101 that are available to Desmarais, the resignation of James Long as an officer of Desmarais and the settlement of his employment entitlements and appointment of Doug Robinson, the number of issued and outstanding Common Shares, the status and amount of both secured and unsecured debt, the effect of the Proposal under the BIA on the Corporation and the Corporation's expectations regarding the same. Although Desmarais believes that the expectations reflected in such forward looking statements are reasonable, it cannot give any assurance that such expectations will prove to be correct. The effect of the Proposal and related matters are subject to a number of conditions which Desmarais cannot give any assurance that such conditions will be met on a timely basis, or if at all, as certain of the conditions are in the control of other parties. As such, the future plans and objectives of Desmarais are forward looking statements that involve risks and uncertainties that may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in such statements. The foregoing list of risk factors is not exhaustive. Additional information on risk factors is included in other public documents available under Desmarais' profile on SEDAR. Although Desmarais has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the forward looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. In making its forward looking statements, Desmarais used, among others, the following material factors or assumptions to develop a forward looking information enumerated above: the protections under the BIA are available to Desmarais, Desmarais proper identification and classification of its debts and Desmarais' creditors will accept the Proposal on the terms presented to them. Desmarais' forward looking statements are expressly qualified in their entirety by this cautionary statement. Unless otherwise required by applicable securities laws, Desmarais does not intend, nor does it undertake any obligation, to update or review any forward looking statements to reflect subsequent information, events, results or circumstances or otherwise.

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