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PAINTED PONY PETROLEUM ANNOUNCES SUCCESSFUL LOWER MONTNEY WELLS AND STRONG BAKKEN RESULTS

July 26, 2010 - Calgary, Alberta - Painted Pony Petroleum Ltd. ("Painted Pony" or the "Company") (TSXV: PPY.A and PPY.B) is pleased to provide an update on operations in northeast British Columbia and southeast Saskatchewan.

HIGHLIGHTS

British Columbia

- Two (0.4 net) lower Montney wells were tested at 8.7 MMcf/d and 7.9 MMcf/d respectively on the Cameron/Kobes block; and
- An independent appraisal valued the Company's undeveloped lands in British Columbia at \$127.5 million as at June 30, 2010.

Saskatchewan

- Drilled and cased one (0.75 net) vertical well in the Wapella exploration area;
- Year-to-date, the first nine Bakken wells brought on-stream averaged 160 bbls/d per well for the first month of production; and
- Entered into a farm-in agreement in the Flat Lake area on 27 (9.4 net after earning) contiguous sections of land with Bakken rights.

NORTHEAST BRITISH COLUMBIA

Two (0.4 net) horizontal wells have been successfully drilled and completed in the lower Montney. The first well (Kobes a-B10-J/94-B-09) tested at a stabilized rate of 8.7 MMcf/d at a pressure of 975 psi after more than five days of flowing. The second well (Gundy c-67-J/94-B-9) tested at 7.9 MMcf/d at a pressure of 890 psi after flowing intermittently for five days; the well has been placed on production at an initial rate of 5.1 MMcf/d at 753 psi. Both wells are located within the Cameron/Kobes block, where the Company holds 19,700 net acres (approximately 31 net sections) with Montney rights.

Drilling success within the Cameron/Kobes area has resulted in approximately net production of 400 boe/d of existing lower pressure gas sales being backed out temporarily, pending installation of additional facilities. At Kobes, a 15 MMcf/d capacity production facility is expected to be on-stream by the end of the third quarter. At Gundy, a compression and dehydration facility with a 25 MMcf/d capacity is expected to be operational early in the fourth quarter.

Painted Pony holds 120 net sections of Montney rights primarily in two large, contiguous blocks: Cameron and Blair/Town. In a National Instrument ("NI 51-101") compliant evaluation dated June 30, 2010, Seaton-Jordan & Associates Ltd. ("Seaton-Jordan") attributed a value of \$127.5 million to the Company's undeveloped land holdings in British Columbia.

The Company has now drilled and completed a total of three (1.4 net) vertical wells and four (1.7 net) horizontal wells in the Montney, at a 100% success rate. One (0.2 net) additional upper Montney horizontal well has been drilled on the Cameron/Kobes block and is awaiting completion. For information on prior results, please refer to the press releases announced on May 20, 2010, March 18, 2010 and January 21, 2010.

Management is very pleased with the results to-date in both the upper and lower Montney intervals, and, following additional engineering assessment, will be in a position to formalize development plans and schedules. The economics of Montney development in the area are unusually robust due to several factors: strong well results, existing infrastructure with significant surplus capacity, sweet gas production with liquids, high-grade roads, year-round access and favorable provincial royalty incentives. The Company has begun the licensing process to drill 13 (12.5 net) Montney horizontal wells from pads on the Blair/Town block, and partners are continuing to license additional wells on the Cameron/Kobes block.

SOUTHEAST SASKATCHEWAN

The Company continues to carry out an active exploration program. In addition to ongoing development drilling in core areas, the Company has drilled and cased one (0.75 net) vertical exploration well targeting Bakken oil at Wapella. Completion is expected later this quarter. A minimum of one additional well is expected to be drilled in the area during the balance of the year. The Company has aggregated over 25,000 net acres of land in the area, plus has access to an additional 11,300 (8,500 net after earning) acres secured under the terms of a rolling farm-in agreement.

Activity in new Bakken areas continues. Painted Pony has executed a farm-in agreement in the Flat Lake area on a 50% interest in approximately 17,100 (6,000 net after earning) acres of land targeting Bakken oil. The Company expects to participate in the drilling of one (0.35 net) well during the third quarter of 2010. Several prolific Bakken wells have been drilled in the Flat Lake area to-date by competitors; this farm-in arrangement gives Painted Pony a material land base in a new area with significant growth potential.

During the second quarter, Painted Pony drilled four (3.1 net) successful horizontal Bakken oil wells in the Kisbey and Huntoon areas, which were placed on production in the third quarter. To date, in the third quarter, Painted Pony has drilled four (3.8 net) horizontal wells in the Huntoon and Midale areas targeting Bakken oil, which are in various stages of completion. During the remainder of this year, the Company currently expects to drill an additional 20 (13.9 net) wells in Saskatchewan.

PRODUCTION

The Company's production averaged 2,500 boe/d in the second quarter of 2010, an increase of 90% compared to the second quarter of 2009 and 8% compared to the first quarter of 2010. Production, based on actual sales for April and May and field estimates for June 2010, was weighted approximately 63% oil and liquids (1,566 bbls/d) and 37% natural gas (5.6 MMcf/d or 934 boe/d). Unusually wet weather in Saskatchewan resulted in drilling, completion and tie-in delays. Painted Pony has continued to enjoy strong Bakken drilling results, with the first nine development wells in 2010 averaging 160 bbls/d per well in the first month of production.

LAND

In the second quarter of 2010, Painted Pony purchased additional lands contiguous to its existing lands in northeast British Columbia. The Company has 98 net sections containing Buckinghorse rights, and 120 net sections of Montney lands, of which 105 net Montney sections are contained within the two large, contiguous blocks at Cameron/Kobes and Blair/Town. As at June 30, 2010, Painted Pony has 180,853 net acres (283 net sections) of developed and undeveloped lands in Saskatchewan and British Columbia.

As at June 30, 2010, the Company's undeveloped land was valued at \$172.3 million, of which \$127.5 million was attributed to lands in British Columbia and \$44.8 million for Saskatchewan lands. The land valuation was prepared by Seaton-Jordan in accordance with NI 51-101.

INVESTOR RELATIONS

Interested parties are invited to visit the Company's website to view an updated presentation.

For more information please visit www.paintedpony.ca or contact:

Patrick R. Ward
President & CEO

Joan E. Dunne
Vice President, Finance & CFO

PAINTED PONY PETROLEUM LTD.

300, 602 - 12 Ave SW
Calgary, AB T2R 1J3
Phone: (403) 475-0440
Fax: (403) 238-1487

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Advisory

This news release contains certain forward-looking statements, which are based on numerous assumptions including but not limited to (i) drilling success; (ii) production; (iii) future capital expenditures; (iv) cash flow from operating activities; (v) completion of facilities; and (vi) value of undeveloped land. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect.

With respect to forward-looking statements contained in this document, Painted Pony has made a number of assumptions. The key assumptions underlying the aforementioned forward-looking statements include assumptions that: (i) commodity prices will be volatile throughout 2010; (ii) capital, undeveloped lands and skilled personnel will continue to be available at the level Painted Pony has enjoyed to date; (iii) Painted Pony will be able to obtain equipment in a timely manner to carry out exploration, development and exploitation activities; (iv) corporate production rates in 2010 are expected to show growth from the first quarter of 2010; (v) Painted Pony will have sufficient financial resources with which to conduct the capital expenditure program; and (vi) the current tax and regulatory regime will remain substantially unchanged. Certain or all of the forgoing assumptions may prove to be untrue.

Certain information regarding Painted Pony set forth in this document, including management's assessment of Painted Pony's future plans and operations, number, type and timing of wells to be drilled, the planning and development of certain prospects, production estimates, and expected production growth may constitute forward-looking statements under applicable securities laws and necessarily involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond Painted Pony's control, including without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, environmental risks, inability to obtain drilling rigs or other services, capital expenditure costs, including drilling, completion and facility costs, unexpected decline rates in wells, wells not performing as expected, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the impact of general economic conditions in Canada, the United States and overseas, 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, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, and stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof. Readers are cautioned that the foregoing list of factors is not exhaustive. Painted Pony's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that the Company will derive therefrom. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

Additional information on these and other factors that could affect Painted Pony's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) or Painted Pony's website (www.paintedpony.ca).

The forward-looking statements contained in this document are made as at the date of this news release and Painted Pony does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

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.