



2010venture50™



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**PAINTED PONY ANNOUNCES MAJOR MONTNEY DISCOVERY
AND FIRST QUARTER 2010 FINANCIAL RESULTS**

May 20, 2010 - Calgary, Alberta - Painted Pony Petroleum Ltd. ("Painted Pony" or the "Company") announces an operational update and its first quarter 2010 financial results.

HIGHLIGHTS:

- Drilled and tested 3 (2.3 net) Montney wells on the Blair/Town block; a vertical which tested 1.5 MMcf/d and two horizontals which tested 3.9 MMcf/d and 5.0 MMcf/d.
- Generated funds flow from operations in the first quarter of 2010 of \$9.2 million (\$0.20 per diluted share), up 385% over Q1 2009.
- Grew daily production to average 2,322 boe/d (weighted 76% oil and liquids and 24% gas) for the quarter, up 90% over Q1 2009, and 16% over Q4 2009. Daily oil production increased 195% over Q1 2009.
- Exited the first quarter of 2010 with positive working capital of \$15.6 million and no debt.
- Increased available credit facilities to \$43 million.
- Realized first quarter 2010 field netbacks of \$58.71 per bbl for oil, on sales prices averaging \$79.58 per bbl.

MONTNEY DISCOVERY, BRITISH COLUMBIA

In the first quarter of 2010, Painted Pony successfully operated the drilling of 3 (2.3 net) gas wells targeting the Montney formation on the Blair/Town block. The first, a 100% working interest vertical well, tested 1.5 MMcf/d at 440 Psi after five days of flow-testing. The second, a 100% working interest horizontal well, tested 5.0 MMcf/d at 450 Psi after a total of 13 days of flow-testing. The third, a 30% working interest horizontal well, tested 3.9 MMcf/d at 640 Psi after a total of four days of flow-testing. All three wells tested sweet gas; the first two have been tied in to existing infrastructure. The third well is expected to be tied in before the end of the second quarter.

On the Cameron block, three horizontal wells (20% net working interest after completions) were drilled in the first quarter, with completions planned after spring breakup. Two of these wells were drilled for lower Montney, with the third drilled for upper Montney.

Effective May 20, 2010, Painted Pony holds 80,800 net acres of Montney rights in northeast British Columbia, of which 28,800 net acres are in the Blair/Town block and 19,200 net acres are in the Cameron block. The three discovery wells on the Blair/Town block were drilled approximately 17 miles northwest of the two previously announced discovery wells on the Cameron block (January 21, 2010 press release). As a result, the Company has identified approximately 400 net potential Montney locations, drillable from pads, within these two main contiguous land blocks. Further testing may increase this inventory as the Montney is approximately 1,000 feet thick in the area.

BLUESKY/ CADOMIN, BRITISH COLUMBIA

In the first quarter of 2010, Painted Pony drilled 2 (1.0 net) successful wells targeting the Bluesky and Cadomin formations at Cameron, of which 1 (0.5 net) well came on production during the quarter. Downspacing approval was received for a portion of this area in January 2010, which will allow the Company to drill up to 15 identified infill/development wells. The pace of this development will depend on commodity prices.

BUCKINGHORSE SHALE FORMATION, BRITISH COLUMBIA

In the Blair area, the Company plans to continue to pilot its Buckinghorse shale play with the drilling of 2 (1.0 net) wells in the third quarter of 2010.

LIGHT OIL OPERATIONS, SASKATCHEWAN

In Saskatchewan, Painted Pony carried out an active first quarter program with the drilling of 10 (9.3 net) wells, primarily in Midale and Huntoon. The Company drilled 8 (7.3 net) horizontal Bakken wells in the Huntoon, Midale and Weyburn areas, 1 (1.0 net) horizontal Mississippian well at Alameda and 1 (1.0 net) unsuccessful exploration well in Weyburn. All of the oil wells were on production by the end of the first quarter. During the remainder of this year, the Company currently expects to drill an additional 27 (22.8 net) wells, primarily targeting the Bakken formation.

In the first quarter of 2010, a multi-well oil battery and water disposal facility in the Huntoon area was placed on stream. Solution gas and liquids conservation facilities are currently under construction, with completion scheduled for mid year. The Huntoon oil sales line was completed during the second quarter of 2010.

Painted Pony has agreed to farm in on approximately 11,000 net acres of Bakken rights in the Wapella area, adding to the existing land base of over 25,000 net acres. The Company plans to drill two 100% exploratory Bakken wells on the Wapella prospect in 2010.

FINANCIAL RESOURCES

At March 31, 2010, Painted Pony had a positive working capital position of \$15.6 million and no debt. The Company's demand credit facilities from a Canadian chartered bank have been increased to \$43 million; a \$36 million revolving operating credit facility and a \$7 million for a non-revolving acquisition/development facility.

INVESTOR RELATIONS

Interested parties are invited to visit the Company's website on Friday May 21, 2010 to view an updated presentation dated May 20, 2010. Painted Pony will be undertaking a series of presentations to interested parties over the next several weeks in various cities in Canada and the United States.

Painted Pony Class A Shares and Class B Shares trade on the TSX Venture Exchange under the symbols "PPY.A" and "PPY.B", respectively.

For further information, please see www.paintedpony.ca or contact:

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Financial and Operational Highlights

(unaudited)

Three months ended March 31,	2010	2009
Financial (000's except per share)		
Petroleum and natural gas revenue (before royalties)	\$ 14,146	\$ 4,560
Funds flow from operations ⁽¹⁾	\$ 9,166	\$ 1,890
Per share – basic and diluted ⁽²⁾	\$ 0.20	\$ 0.05
Cash flow from operating activities	\$ 9,231	\$ 1,499
Net earnings (loss)	\$ 681	\$ (1,598)
Per share – basic and diluted ⁽²⁾	\$ 0.01	\$ (0.05)
Capital expenditures ⁽³⁾	\$ 35,243	\$ 7,530
Net working capital	\$ 15,639	\$ 6,407
Total assets	\$ 185,645	\$ 92,605
Shares outstanding		
Class A	44,136,700	28,222,700
Class B	1,173,600	1,173,600
Operational		
Daily sales volumes		
Oil	(bbls/d) 1,722	583
Condensate	(bbls/d) 27	26
NGL's	(bbls/d) 19	11
Gas	(mcf/d) 3,322	3,631
Total	(boe/d) 2,322	1,225
Realized prices		
Oil	(/bbl) \$ 79.58	\$ 51.51
Gas	(/mcf) \$ 5.21	\$ 5.30
Field operating netbacks		
Oil	(/bbl) \$ 58.71	\$ 32.10
Gas & associated liquids	(/boe) \$ 13.45	\$ 12.25
Company combined	(/boe) \$ 47.02	\$ 21.69
Wells drilled ⁽⁴⁾		
Gross	15	3
Net	12.6	2.5
Net success rate	92%	100%

1. This table contains the term "funds flow from operations", which should not be considered an alternative to, or more meaningful than "cash flow from operating activities" as determined in accordance with Canadian generally accepted accounting principles ("GAAP") as an indicator of the Company's performance. Funds flow from operations and funds flow from operations per share (basic and diluted) does not have any standardized meaning prescribed by GAAP and may not be comparable with the calculation of similar measures for other entities. Management uses funds flow from operations to analyze operating performance and leverage and considers funds flow from operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future capital investment. The reconciliation between funds flow from operations and cash flow from operating activities can be found in "Management's Discussion and Analysis". Funds flow from operations per share is calculated using the basic and diluted weighted average number of shares for the period, and after the deemed conversion of the Class B shares to Class A shares, consistent with the calculations of earnings per share.

2. Class B shares are converted into Class A shares at \$10 divided by the greater of \$1.00 and the Current Trading Price, defined as the weighted average trading price of the Class A shares for the last 30 consecutive trading days.

3. Including Asset Retirement Costs and Stock-Based Compensation.

4. Does not include wells drilled under farm out agreements.

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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; and (iv) cash flow from operating activities. 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) 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 program; and (vi) the current tax and regulatory regime will remain substantially unchanged. Certain or all of the foregoing 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.