

## **NOVUS ENERGY INC. ANNOUNCES FIRST QUARTER 2010 RESULTS**

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**Calgary, Alberta, May 27, 2010** – Novus Energy Inc. ("Novus" or the "Company") (TSXV: NVS) announces that it has filed its unaudited interim consolidated financial statements and management's discussion and analysis ("MD&A") as at and for the three months ended March 31, 2010. These may be accessed through the SEDAR website [www.sedar.com](http://www.sedar.com) and at the Company's website [www.novusenergy.ca](http://www.novusenergy.ca).

Based on the recent \$25 million financing, management plans on using the Company's significantly improved financial position to complete an aggressive thirty five well (35 net) drilling program in its core Viking oil area of Dodsland, Saskatchewan. Novus plans to focus the majority of its efforts over the near term on developing these assets and pursuing complementary acquisitions to consolidate its interests within the Dodsland area.

### **FINANCIAL HIGHLIGHTS**

- For the three months ended March 31, 2010, Novus' gross revenue increased 228% to \$2,986,670 compared to \$911,220 recorded in the comparative period in 2009.
- Funds flow used in operations was \$78,731 in the first quarter of 2010, versus the comparative three month figure of \$1,379,121.
- Novus' capital program for the first quarter of 2010 was \$5,937,958, versus \$220,158 spent in the first quarter of 2009.
- As at March 31, 2010, the Company had no bank debt and had approximately \$23 million cash on hand. At the time of writing this report, the Company has no bank debt and cash on hand of approximately \$34 million.

### **OPERATIONAL HIGHLIGHTS**

- Average daily production for the first quarter increased 132% to 710 boe/d compared to 306 boe/d recorded in the corresponding period in 2009.
- Average crude oil and liquids production for the first three months of the year was up 264% to 273 bbls/d versus 75 bbls/d in the comparative quarter. Natural gas production averaged 2,620 mcf/d, an 89% increase from 1,385 mcf/d a year ago.
- Current production is approximately 875 boe/d.

- During the first quarter of 2010, Novus participated in the drilling of 11 wells (9.5 net). Nine of the wells (8.45 net) targeted oil, and of these, six (6.0 net) were Viking horizontal wells in the Dodsland area.
- On January 18, 2010, Novus entered into a 0.5 section farm-in agreement in the Dodsland area. Novus agreed to drill 3 wells on these lands and issued 325,000 of its common shares in conjunction with the transaction. Novus has drilled all the requisite earning wells, and has fulfilled its earning commitment for these lands.
- On March 1, 2010, Novus acquired all the issued and outstanding shares of a private company by issuing 18.67 million common shares of Novus. The private company had approximately 214 boe/d of production, positive working capital of approximately \$8 million and approximately 16,300 net undeveloped acres (25.5 sections) of land. The core assets acquired are primarily located in Novus' Viking oil resource play in Dodsland, Saskatchewan.
- On March 4, 2010, Novus acquired all the issued and outstanding shares of a private company for the consideration of \$812,274 and the assumption of \$112,276 of debt, subject to a final statement of adjustments. This transaction encompassed two sections of highly prospective lands in the main Dodsland area.
- On March 31, 2010, the Company purchased certain interests in the Wembley/Dimsdale area of Alberta for consideration of \$950,000.
- On April 19, 2010, the Company announced that it had entered into three separate transactions within its core Viking oil resource play at Dodsland, Saskatchewan encompassing an aggregate 4,000 acres (approximately 6.25 sections) for the consideration of \$3.85 million.
- On April 27, 2010, Novus announced that it had entered into two separate non-binding agreements for the purchase of assets within its core area of Dodsland, Saskatchewan. Pursuant to the agreements, Novus will acquire a total of 5,760 acres (9 sections) for aggregate proceeds of \$2.3 million and the issuance of 390,000 common shares of Novus.
- On May 3, 2010, the Company entered into a farm-in agreement with a private oil and gas company to earn up to 16.25 net sections of land with petroleum and natural gas rights in the Viking formation in the Dodsland area of Saskatchewan. In addition to the farm-in, the Company also closed the acquisition of 640 acres of land (one section) in the Dodsland area.
- On May 18, 2010, the Company successfully closed an offering of 22,730,000 common shares of Novus at a price of \$1.10 per common share for aggregate gross proceeds of approximately \$25 million.
- Novus is also pleased to announce that the Company has entered into a non-binding letter of intent to further supplement its land position in the Dodsland area through the proposed purchase of 640 acres of land (one section) in the Dodsland area for \$0.3 million.
- Novus now controls over 70 net sections in its Dodsland Viking core area, and has a six year drilling inventory of more than 230 Viking horizontal oil wells.

Novus started its 2010 drilling program in the latter half of the first quarter and has drilled 19 wells to date, including casing its fourteenth, 100% working interest, Viking horizontal oil well. Two additional

horizontal wells are in the current phase of drilling and shall be done over the next ten days, weather permitting. This drilling program has proven to be very effective utilizing monobore technology and controlled drilling in the horizontal section. This has enabled the well paths to stay in the target zone for the vast majority of the lateral leg. Drilling costs for these wells have averaged approximately \$400,000 per well to date, with lateral lengths of approximately 600 – 700 meters.

Completion operations have been ongoing. Eight of the first 14 horizontal wells have been successfully fraced, while the remaining wells will be fraced using two crews. Temporary field facilities will be installed to allow these wells to be brought on production over the course of the next month. Plans are also underway to build and install two Company owned batteries in strategic locations to enable the Company to treat its oil and conserve associated solution gas production.

Additionally the Company has recently completed its 3D seismic program on its Forgan lands in Dodsland. The Company is currently surveying an additional twenty-five new drilling locations in the greater Dodsland area.

Novus will be drilling a minimum of 35 wells this year in the Dodsland area. This number is expected to increase with continued drilling success and as further acquisitions and farm-ins warrant.

A summary of financial and operational results for the three month period ended March 31, 2010, along with the comparative period, are outlined in the following table:

	Three months ended Mar 31	
	2010	2009
<b>Financial</b>		
<b>(000s, except per share amounts)</b>		
Revenue	\$ 2,987	\$ 911
Funds flow from (used in) operations	(79)	(1,379)
per share – basic and diluted	-	(0.09)
Net loss	2,824	9,147
per share – basic and diluted	0.02	0.60
Capital expenditures, net	5,938	220
Working capital	20,483	6,298
Weighted average shares outstanding	128,781	15,313

	Three months ended Mar 31	
	2010	2009
<b>Operational</b>		
<b>Production</b>		
Oil & liquids (bbls/d)	273	75
Gas (mcf/d)	2,620	1,385
Oil equivalent (boe/d)	710	306
<b>Average realized prices</b>		
Oil & liquids (\$/bbl)	71.65	39.72
Gas (\$/mcf)	5.20	5.14
Oil equivalent (\$/boe)	46.76	33.05

The full text of the March 31, 2010 interim consolidated financial statements and associated MD&A can be found on the Company's website at [www.novusenergy.ca](http://www.novusenergy.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## **NON-GAAP FINANCIAL MEASUREMENTS**

Included in this press release are references to funds flow from (used in) operations, a financial measure commonly used in the oil and gas industry. This measure has no standardized meaning, is not defined by Canadian generally accepted accounting measures ("GAAP"), and accordingly is referred to as a non-GAAP measure. This supplemental measure is used by management to assess operating results between periods and between peer companies as it provides an indication of the results generated by the Company's principal business activities before the consideration of how these activities are financed or how the results are taxed.

Novus determines funds flow from (used in) operations as cash provided by operating activities prior to changes in non-cash working capital items and asset retirement expenditures. Funds flow from (used in) operations has been presented for information purposes only and should not be considered an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with GAAP. The Company considers funds flow from (used in) operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary to repay debt and to fund future growth through capital investment. The determination of Novus' funds flow from (used in) operations may not be comparable to similarly titled measures reported by other companies.

## **OTHER MEASUREMENTS**

Reported production represents Novus' ownership share of sales before the deduction of royalties. Where amounts are expressed on a barrel of oil equivalent ("boe") basis, natural gas has been converted at a ratio of six thousand cubic feet to one boe. This ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Boe's may be misleading, particularly if used in isolation. References to natural gas liquids ("liquids") include condensate, propane, butane and ethane and one barrel of liquids is considered to be equivalent to one boe.

Novus Energy Inc. is a well positioned, junior oil and gas company with a proven management team committed to aggressive, cost-effective growth of high netback light oil reserves and production. Novus will continue to grow through a targeted acquisition and consolidation strategy coupled with development and exploration drilling. Novus' current financial position of having \$34 million of cash and unused lines of credit will allow for the exploitation of its drilling inventory and expansion of the Company's opportunity suite through internally generated prospects and strategic light oil acquisitions.

Novus Shares trade on the TSX Venture Exchange under the symbol NVS. Novus currently has 165.2 million common shares outstanding.

**FOR FURTHER INFORMATION PLEASE CONTACT:**

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#### **ADVISORY REGARDING FORWARD LOOKING STATEMENTS**

Certain disclosures set forth in this press release constitute forward-looking statements. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “anticipate”, “believes”, “budget”, “continue”, “could”, “estimate”, “forecast”, “intends”, “may”, “plan”, “predicts”, “projects”, “should”, “will” and other similar expressions. All estimates and statements that describe the Company’s future, goals, or objectives, including Management’s assessment of future plans and operations, may constitute forward-looking information under securities laws. Forward-looking statements involve known and unknown risks and uncertainties which include, but are not limited to: exploration, development and production risks; assessments of acquisitions; reserve measurements; availability of drilling equipment; access restrictions; permits and licenses; aboriginal claims; title defects; commodity prices; commodity markets; transportation and marketing of crude oil, liquids and natural gas; reliance on operators and key personnel; competition; corporate matters; funding requirements; access to credit and capital markets; market volatility; cost inflation; foreign exchanges rates; general economic and industry conditions; environmental risks; Kyoto protocol; and government regulation and taxation.

Forward-looking statements relate to future events and/or performance and although considered reasonable by Novus at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated in the statements made. Novus does not undertake any obligation to publicly update forward-looking information except as required by applicable securities law.