

# Unitech Energy Resources Inc.

## UNITECH ENERGY CLOSES ON SUB-FARMOUT AGREEMENT AND INVESTMENT AGREEMENT AND COMPLETES FIRST TRANCHE OF PRIVATE PLACEMENT

### FOR IMMEDIATE RELEASE

May 11, 2011

Calgary, Alberta – Unitech Energy Resources Inc. ("**Unitech**" or the "**Company**") (TSXV: URX) is pleased to announce that it has closed on the terms of the previously announced arm's length sub-farmout agreement (the "**Sub-Farmout Agreement**") with Batoche Resources Ltd. ("**BRL**") as well the arm's length investment agreement ("**Investment Agreement**") with BRL and Gregory J. Leia, on behalf of an initial group of investors (the "**Initial Investor Group**"). The terms of the Sub-Farmout Agreement and the Investment Agreement were initially announced by the Company on April 27, 2011.

The Company completed the first tranche of its previously announced private placement of units (each, a "**Unit**") after receiving the conditional acceptance of the transactions contemplated by the Sub-Farmout Agreement and the Investment Agreement from the TSX Venture Exchange (the "**Exchange**"). Unitech issued a total of 55,400,000 Units at a price \$0.05 per Unit for gross proceeds of \$2,770,000. Each Unit is comprised of one common share in the capital of the Company (a "**Common Share**") and one common share purchase warrant (a "**Warrant**"). Each Warrant entitles the holder to purchase one Common Share at any time within two years of the date of issuance at a price of \$0.10 per Common Share. If the Company effects a consolidation of its Common Shares at any time within 12 months of closing of the private placement on the basis of at least 2 old for 1 new, the exercise price of the Warrants will be reduced to \$0.075 per Common Share (pre-consolidation).

The Investment Agreement provides that the Initial Investor Group (being an initial group of investors to be identified by Mr. Leia, including Mr. Leia) was required to subscribe for a minimum of \$2.5 million of Units. This condition was satisfied and Mr. Leia personally subscribed, directly or indirectly, for a total of 8,500,000 Units (\$425,000).

In connection with the completion of the first tranche of the private placement, Unitech paid a cash finder's fee in the amount of \$112,250 and issued 4,490,000 warrants to eligible finders who introduced subscribers to the private placement. Each such warrant was issued to finders on the same terms as the Warrants comprising the Units.

All of the securities issued under the private placement are subject to a four month resale restriction.

The proceeds of the first tranche of the Private Placement will be used to satisfy Unitech's obligations under the Sub-Farmout Agreement to drill, complete and equip (to a single well battery stage) a 2,500 foot lateral in an Eagle Ford horizontal well with multistage completion on the lands located 15 miles south of Eagle Pass in Maverick County, Texas (the "**Lands**"). An internal geological report on the Lands was prepared by Sharon Macleod (PhD. Geol) and Steve Price (P. Eng). The report provides that the Lands are located in the Upper Cretaceous Maverick Basin of the Western Gulf Province in Maverick County, Texas. In this portion of the basin the Eagle Ford is thermally mature, oil bearing and of reservoir quality. It produces oil with no water from horizontal wells. The report also provides that the Eagle Ford shale oil play is considered an unconventional accumulation and concludes that the play is an ideal candidate for horizontal drilling with multi-stage fracture stimulation technology.

The terms of the Sub-Farmout Agreement provide that if Unitech drills and completes this well, it will earn a net 65% working interest in 576 acres and Unitech will be entitled to 100% payback of its costs from the net cash proceeds. Unitech expects to commence drilling this well prior to the end of May 2011.

If Unitech drills and completes the first well, Unitech will have a rolling option (not an obligation) to drill, complete and equip (to a single well battery stage) an additional five Eagle Ford horizontal wells with multistage completion. The terms of the Sub-Farmout Agreement provide that, for each of the additional five wells that may be drilled and completed, Unitech will earn a net 65% working interest in an additional 1,000 acres for each well drilled and Unitech will be entitled to payback of its costs from the net cash proceeds. If Unitech drills and completes all six wells, it will have the right to become the operator.

The Sub-Farmout Agreement also provides for a put/call provision which provides that at any time after 6 months after drilling a well to earn a working interest in acreage on the Lands, either party can commission an independent engineer to prepare an engineering valuation of that parcel in accordance with value methodology which creates the maximum value used by such engineer, provided such methodology is acceptable to the Exchange. BRL's working interest in such earned acreage shall be valued at an amount equal to the engineered value for proved producing well and one probable well with a pre-tax discount factor of 10% using actual costs ("**FMV Earned Acreage**"). The Sub-Farmout Agreement provides that the Company can require BRL to sale, or BRL can require the Company to purchase, BRL's working interest in such earned acreage for a purchase price equal to the FMV Earned Acreage. The purchase price will be satisfied in part by a cash or debt (40% of the purchase price) as well as by the issuance of common shares of the Company at the then market price of the common shares (as determined in accordance with the policies of the Exchange).

In accordance with the terms of the Investment Agreement, Unitech has also completed a change of its board of directors and management. Messrs. Colin Ogilvy, Roger Brundrit and Dwayne Vinck resigned as directors of Unitech and Mr. Leia was appointed as a director to fill one of the vacancies. It is expected that the other two vacancies will be filled by two other individuals nominated by Mr. Leia and acceptable to the Exchange. The new board of directors appointed Gregory J. Leia as the President and Chief Executive Officer of the Company while Steve Price, formerly the President, was appointed as the V.P. Engineering. Dwayne Vinck will remain as the Company's Chief Financial Officer.

Mr. Leia is currently the sole shareholder of BRL. Mr. Leia was the sole shareholder of Batoche Energy Corp. which was sold to and amalgamated with Antler Creek Energy Corp (TSXV: AFE) in May 2009. In May 2010, Mr. Leia resigned as an officer and director of Antler Creek Energy Corp (which has since changed its name to Pinecrest Energy Inc. (TSXV: PRY)). Mr. Leia has practiced law in the Province of Alberta for over 28 years, most recently with the law firm Wolff Leia since 1990.

The Company will provide additional disclosure relating to the additional directors who will be joining the Company at the applicable time.

Unitech also announces that it has called a special meeting of shareholders for June 16, 2011 to approve: (i) a proposed consolidation of the Common Shares on a 10 old for 1 new basis; (ii) a proposed change of the Company name to "Jadela Oil Corp."; and (iii) the Change of Control (as defined in the policies of the Exchange) resulting from Mr. Leia's subscription under the initial tranche of the private placement and his position as a director and officer of the Company.

In addition to the Sub-Farmout Agreement and the Investment Agreement, at closing, Unitech also entered into two option agreements with BRL with a view to acquiring additional oil and gas minerals rights in Maverick County, Texas. The terms of these option agreements provide that Unitech may acquire a 77.5% working interest (subject to certain rights of first refusal) in mineral rights by paying the consideration set out in the option agreement or lease agreement referenced in such option agreements. Similar to the Sub-Farmout Agreement, the option agreements also provide for a put/call provision which provides that at any time after 6 months after drilling a well to earn a working interest, either party can commission an independent engineer to prepare an engineering valuation of that parcel in accordance with value methodology which creates the maximum value used by such engineer, provided such

methodology is acceptable to the Exchange. BRL's working interest in such earned acreage shall be valued at an amount equal to the FMV Earned Acreage. The option agreements provide that the Company can require BRL to sale, or BRL can require the Company to purchase, BRL's working interest in such earned acreage for a purchase price equal to the FMV Earned Acreage. The purchase price will be satisfied in part by a cash or debt (40% of the purchase price) as well as by the issuance of common shares of the Company at the then market price of the common shares (as determined in accordance with the policies of the Exchange).

### **About Unitech**

Unitech's business currently includes a wide range of oil and gas activities including oil and gas proprietary technologies, oil and gas exploration and oil and gas services, including oil and water disposal services. For additional details, please visit Unitech's website at [www.unitechenergy.ca](http://www.unitechenergy.ca).

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### **Reader Advisory**

*Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this press release includes, but is not limited to, statements with respect to the timing and completion of the Company's proposed activities, the business plan of the Company, statements concerning the proposed consolidation of the Common Shares, the change of name of the Company, the proposed use of proceeds and related information. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.*

*Forward-looking information is based on the opinions and estimates of management at the date the statements are made and are founded on the basis of expectations and assumptions made by the Company which include, but are not limited to, the timing of the receipt of the required shareholder, regulatory and third party approvals, the future operations of, and transactions completed by Unitech as well as the satisfaction of other conditions pertaining to the completion of the transactions described herein. Such forward-looking information is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in the prices of oil and natural gas; governmental regulation of the oil and gas industry, including environmental regulation; unanticipated operating events or performance which can reduce production or cause production to be shut in or delayed; failure to obtain industry partner and other third party consents and approvals, if and when required; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, skilled personnel and supplies; incorrect assessments of the value of acquisitions; geological, technical, drilling, processing and transportation problems; changes in tax laws and incentive programs relating to the oil and gas industry; failure to realize the anticipated benefits of acquisitions and dispositions; and other factors. Readers are cautioned that this list of risk factors should not be construed as exhaustive.*

*The forward-looking information contained in this news release is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.*

*This press release does not constitute an offer to sell or solicitation of an offer to buy any of the securities described herein. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold within the United States or to "U.S. persons" (as such term is defined in Regulation S promulgated under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.*

*The TSX Venture Exchange has in no way passed upon the merits of the proposed transactions described above and has neither approved nor disapproved the contents of this press release.*

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*