

January 26, 2012

LEGACY OIL + GAS INC. ANNOUNCES 2012 BUDGET AND PUBLIC GUIDANCE; 29 PERCENT PRODUCTION GROWTH YEAR OVER YEAR

CALGARY, ALBERTA (January 26, 2012) Legacy Oil + Gas Inc. (“Legacy” or the “Company”) is pleased to announce its capital and operating budget and associated public guidance for 2012. Continued success in the Company’s dominant position in the Spearfish in southern Manitoba and North Dakota and the Rundle at Turner Valley has added significantly to its drilling inventory and these areas will play a key role in 2012 organic activity and growth.

Legacy expects to spend \$305 million in 2012 focused on light oil development with the majority (83 percent) directed to drilling, completions and tie-ins. The spending is distributed as follows: drilling, completions and tie-ins - \$254 million; facilities - \$28 million; land and seismic - \$18 million and other \$5 million. The majority of the capital spending will be allocated to the Company’s major plays: Turner Valley - \$98 million (32 percent), Spearfish (Manitoba and North Dakota) - \$75 million (25 percent), conventional Mississippian – \$47 million (15 percent), Frys/Antler - \$27 million (9 percent) and Taylorton - \$19 million (6 percent).

Legacy is planning to drill 123 gross (96 net) wells in 2012, targeting high quality light oil. In addition to drilling, the Company is planning capital expenditures on a pilot waterflood at Frys/Antler and Taylorton. No capital has been budgeted for acquisitions, although the Company continues to evaluate new opportunities, both within and beyond its core areas.

Legacy anticipates a 2012 average production rate of 16,300 Boe per day (85 percent weighted to light oil and NGL) representing growth of 29 percent over 2011 expected average production, and 26 percent on a per share basis. The Company has incorporated a significant reduction in second quarter volumes to account for the possibility of an extended spring break up in its Williston Basin core area. Legacy expects to exit 2012 at approximately 17,900 Boe per day, representing 10 percent growth from 2011 exit rate guidance. The operational parameters used in the budget are as follows:

- Average Production - 16,300 Boe per day (85 percent light oil and NGL)
- Average Crude Quality - 39° API
- Royalty Rate - 16.5 percent
- Operating Costs - \$14.00 per Boe
- Transportation Costs - \$2.50 per Boe
- G&A (expensed) - \$2.65 per Boe
- Common Shares Outstanding (basic, weighted average) - 143.3 million

At recent strip pricing, this budget is expected to deliver cash flow in excess of \$295 million, or \$2.05 per basic common share, an increase of over 50% year over year. This cash flow generation results in a debt to cash flow ratio of approximately 1.3 times. Projected 2012 year end net debt at recent strip pricing is expected to be \$397 million. Cash flow sensitivity to changes in oil price is 1.8 percent per USD 1.00 per barrel change in WTI oil price.

Legacy begins 2012 with an extensive light oil development drilling inventory of more than 1,200 net locations, which represents over 12 years of development potential, based on expected 2012 activity levels. This significant opportunity set does not reflect the potential upside from downspacing Bakken light oil resource play lands from 4 to 8 wells per section or the waterflood potential at Frys/Antler, Taylorton, Heward/Stoughton and Spearfish and recognizes only a portion of the Bottineau County, North Dakota Spearfish drilling potential. Furthermore, Legacy has material exposure to emerging light oil resource plays in southern Alberta for Alberta Bakken and Maxhamish

in northeast BC for Chinkeh that could add significantly to the development drilling inventory and growth potential of the Company.

Legacy also announces that Paul Charron has resigned from the board of directors to pursue other business interests. The Company would like to thank Mr. Charron for his contribution to Legacy's ongoing success.

Legacy is a uniquely positioned, technically driven intermediate oil and natural gas company with a proven management team committed to aggressive, cost-effective growth of light oil reserves and production in large hydrocarbon in-place assets and resource plays. Legacy's common shares trade on the TSX under the symbol LEG.

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FORWARD LOOKING STATEMENTS: This press release contains forward-looking statements. More particularly, this press release contains statements concerning planned capital expenditures, the breakdown of planned capital expenditures by class and area, planned exploration and development activities, the anticipated 2012 average and exit rates of production, anticipated cash flow and cash flow per share in 2012, the anticipated year end net debt and debt to trailing cash flow ratio and the development and growth potential of Legacy's properties.

The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Legacy, including the operational parameters specifically set out in the press release and expectations and assumptions concerning the success of future drilling and development activities, the performance of existing wells, the performance of new wells, the successful application of technology, prevailing weather conditions, commodity prices, royalty regimes and exchange rates and the availability of capital, labour and services.

Although Legacy believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Legacy can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks), uncertainty as to the availability of labour and services, commodity price and exchange rate fluctuations, unexpected adverse weather conditions and changes to existing laws and regulations. Certain of these risks are set out in more detail in Legacy's Annual Information Form which has been filed on SEDAR and can be accessed at www.sedar.com.

The forward-looking statements contained in this press release are made as of the date hereof and Legacy undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Meaning of Boe: When used in this press release, Boe means a barrel of oil equivalent on the basis of 1 Boe to 6 thousand cubic feet of natural gas. Boe/d means a barrel of oil equivalent per day. Boe's may be misleading, particularly if used in isolation. A Boe conversion ratio of 1 Boe for 6 thousand cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.