

Not for distribution to U.S. news wire services or dissemination in the United States



November 5, 2010
For Immediate Release
Calgary, Alberta

DEETHREE EXPLORATION LTD. ANNOUNCES 2010 THIRD QUARTER RESULTS

DEETHREE EXPLORATION LTD. ("DeeThree" or the "Company") (DTX: TSX-V) is pleased to announce its financial and operational results for the three and nine months ended September 30, 2010. DeeThree has filed its unaudited consolidated financial statements for the period ended September 30, 2010 and related management's discussion and analysis with Canadian securities regulatory authorities. These materials will be available in due course under DeeThree's SEDAR profile on www.sedar.com.

HIGHLIGHTS

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2010	2009	Change	2010	2009	Change
<i>(000s, except per share data)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>
Financial						
Oil and gas revenues	1,618	820	97	5,590	3,455	62
Funds from (used in) operations ⁽¹⁾	413	(18)	2,394	1,626	677	140
Per share						
– basic and diluted	0.02	--	--	0.08	0.05	60
Net loss	(666)	(830)	(20)	(1,481)	(2,399)	(38)
Per share						
– basic and diluted	(0.03)	(0.06)	(50)	(0.07)	(0.18)	(61)
Capital expenditures	3,525	1,683	109	14,689	4,177	252
Working capital	20,668	(190)	10,978	20,668	(190)	10,978
Shareholders' equity	55,912	20,106	178	55,912	20,106	178
<i>(000s)</i>	<i>(#)</i>	<i>(#)</i>	<i>(%)</i>	<i>(#)</i>	<i>(#)</i>	<i>(%)</i>
Share Data						
At period-end	29,311	13,465	118	29,311	13,465	118
Weighted average						
– basic and diluted	20,452	13,465	52	20,452	13,143	56
			<i>(%)</i>			<i>(%)</i>
Operating						
Production						
Natural gas <i>(mcf/d)</i>	3,958	2,900	36	4,449	3,130	42
Crude oil and NGLs <i>(bbls/d)</i>	18	10	80	16	15	7
Total <i>(boe/d)</i>	678	493	38	758	536	41
Average wellhead prices						
Natural gas <i>(\$/mcf)</i> ⁽²⁾	4.12	2.84	45	4.33	3.78	15
Crude oil and NGLs <i>(\$/bbl)</i>	71.24	67.85	5	72.74	57.37	27
Total <i>(\$/boe)</i>	25.94	18.08	43	27.02	23.61	14

Operating cost (\$/boe)	8.71	8.84	(1)	8.11	8.57	(5)
Operating netback (\$/boe)	12.92	6.86	88	13.33	11.89	12
Gross (net) wells drilled						
Gas (#)	1 (1.0)	2 (2.0)	(50) (-50)	5 (5.0)	5 (5.0)	-- (--)
Oil (#)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
Standing (#)	1 (1.0)	-- (--)	-- (--)	1 (1.0)	2 (2.0)	(50) (-50)
Dry and abandoned (#)	3 (3.0)	-- (--)	-- (--)	6 (6.0)	-- (--)	-- (--)
Total (#)	5 (5.0)	2 (2.0)	150 (150)	12 (12.0)	7 (7.0)	71 (71)
Average working interest (%)	100	100	--	100	100	--

(1) Funds from operations and funds from operations per share are not recognized measures under Canadian generally accepted accounting principles. Refer to the Management's Discussion and Analysis for further discussion.

(2) Product prices include realized gains/losses from physical fixed priced contracts.

(3) For a description of the boe conversion ratio, refer to the commentary at the beginning of the Management's Discussion and Analysis.

Financial and Operational Accomplishments

DeeThree continued to post record year-over-year third quarter results, despite depressed natural gas prices and operational challenges. DeeThree's accomplishments during the three-month period included:

- Growing average daily production 38% to 678 boe/d.
- Increasing funds from operations to \$0.4 million.
- Investing \$3.5 million in capital expenditures.
- Raising \$22.0 million through a common share public offering at \$2.80 per share.
- Exiting the quarter with positive working capital of \$20.7 million.

During the third quarter of 2010, DeeThree drilled five gross (5.0 net) wells on its Lethbridge property, thereby fulfilling the second year drilling commitment on these lands. To date, the Company has drilled a total of 15 gross (15.0 net) shallow wells in this core area (50% success rate) primarily targeting the Bow Island, Barons and Sunburst formations.

The Company is currently producing approximately 675 boe/d with an estimated 550 boe/d behind pipe volumes from our 2009 and 2010 drilling successes. Due primarily to weakening natural gas prices, DeeThree has elected not to expend capital on tie-ins required to bring these volumes on-stream at this time.

Bakken/Exshaw Oil Play

Although the Company's recent drilling results targeting the shallow horizons have fallen short of our expectations, management firmly believes that our Lethbridge property holds tremendous potential for shallow crude oil and natural gas as well as light crude oil from the Bakken/Exshaw formations.

With over 100 sections of lands that the Company feels is prospective from the Bakken/Exshaw coupled with DeeThree's ownership of all facilities and pipeline infrastructure in the area, DeeThree is well positioned to capitalize on this emerging oil play, which boasts potential for exceptional recoverable oil reserves per section. As a result, the Company has shifted its focus to the exploration and development of the Bakken/Exshaw oil play on our undeveloped land holdings.

DeeThree has two firm drilling locations identified for vertical stratigraphic tests of the Bakken/Exshaw fairway to be completed by year-end and anticipates drilling another six locations (four vertical, two horizontal) during the first half of 2011. These locations are designed to test multiple intervals within the play across the Company's large acreage position. The Company has also commenced a 20-section 3-D seismic program over a portion of these lands, and upon completion (estimated for November 15, 2010); DeeThree will have also fulfilled its second year seismic commitment on the Lethbridge property.

Financial Strength

DeeThree is firmly positioned financially to implement its future endeavors. We entered the final quarter of 2010 with over \$20 million in working capital and we anticipate receiving an additional \$15 million from a recently announced flow-through share private placement at the price \$4.55 per share. This financing is expected to close on or about November 18, 2010 and will further enhance our ability to explore and develop the Bakken/Exshaw oil play.

Outlook

Due to the continued stagnation of natural gas prices and the emergence of the Bakken/Exshaw oil play, DeeThree has revised its corporate guidance accordingly. Given the Company's decision to defer any further tie-ins of behind pipe volumes, the 2010 average production rates are expected to be 700 to 750 boe/d with an exit rate of approximately 650 to 700 boe/d. In addition, DeeThree's Board of Directors recently approved shifting a portion of the Company's 2011 capital expenditures into 2010, thereby allowing the Company to drill an additional three locations by year-end in order to take advantage of favorable weather conditions and availability to oilfield services. The increased activity will result in an expanded 2010 capital budget to \$22 million from \$20 million.

For further information, please contact Martin Cheyne, President and Chief Executive Officer of the Company by telephone at (403) 263-9130.

Reader Advisory

Forward-Looking Statements. Certain statements contained in this news release may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly relied upon by investors. These statements speak only as at the date of this news release and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this news release contains forward-looking statements pertaining to the following: projections of market prices and costs, supply and demand for natural gas and crude oil, the quantity of reserves, natural gas and crude oil production levels, capital expenditure programs, treatment under governmental regulatory and taxation regimes, expectations regarding the Company's ability to raise capital and to continually add to reserves through acquisitions and development, and projections of market prices and costs. With respect to forward-looking statements contained in this news release, the Company has made assumptions regarding, among other things, the legislative and regulatory environments of the jurisdictions where the Company carries on business or has operations, the impact of increasing competition and the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors included in this news release such as: volatility in the market prices for natural gas and crude oil; uncertainties associated with estimating reserves; geological, technical, drilling and processing problems; liabilities and risks, including environmental liabilities and risks inherent in natural gas and crude oil operations; incorrect assessments of the value of acquisitions; and, competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel.

This forward-looking information represents the Company's views as at the date of this news release and such information should not be relied upon as representing its views as of any date subsequent to the date of this news release. DeeThree has attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation.

BOE Presentation. References herein to "boe" mean barrels of oil equivalent derived by converting gas to oil in the ratio of six thousand cubic feet (mcf) of gas to one barrel (bbl) of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf : 1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Non-GAAP Measurements. This news release contains the terms "funds from operations", "funds from operations per share", "funds flow netback" and "net income netback", which should not be considered an alternative to or more meaningful than net earnings or cash flow from operating activities as determined in accordance with Canadian generally accepted accounting principles ("GAAP") as an indicator of the Company's performance. These terms do not have any standardized meaning as prescribed by GAAP. DeeThree's determination of funds from operations, funds from operations per share, funds flow netback and net income netback may not be comparable to that reported by other companies. Management uses funds from operations to analyze operating performance and leverage, and considers funds from operations to be a key measure as it demonstrates the Company's ability to generate cash necessary to fund future capital investments and to repay debt. Funds from operations is calculated using cash flow from operating activities as presented in the statement of cash flows before changes in non-cash working capital and settlement of retirement costs. DeeThree presents funds from operations per share, which is prohibited under GAAP. Per share amounts are calculated using weighted average shares outstanding consistent with the calculation of earnings per share.