



Suite 550, 1010 - 1st Street S.W., Calgary AB T3G 2Z1 - T. 403.264.5980 - F. 403.261.8060
www.magnumenergyinc.com

CALGARY, ALBERTA – DECEMBER 18, 2009

**MAGNUM ENERGY INC. ANNOUNCES YEAR END 2009
FINANCIAL RESULTS AND FILING OF ITS NI 51-101 DISCLOSURES**

Magnum Energy Inc. (“the Company” or “Magnum”) (TSX Venture – MEN.A) is pleased to announce that it has filed on SEDAR its audited financial statements and related management’s discussion and analysis (“MD&A”) for the year ended August 31, 2009. The Company has also filed, on November 30, 2009, its reserves data and other oil and gas information for the year ended August 31, 2009 as mandated by National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. Selected operational and financial results are outlined below and should be read in conjunction with Magnum’s audited financial statements and MD&A. Copies of these filings can be found at www.SEDAR.com.

Magnum was formed to operate in Canada as an oil and gas exploration, development and production company. The goal of the Company is to create sustainable and profitable growth in production and cash flow. To accomplish this, Magnum plans to develop existing properties using cash flow generated from existing production and from development drilling and recompletions. Initially, efforts will be concentrated in the Sedalia area where the Company has an average 78% working interest in 13.24 sections of land and operates a gas processing facility. Magnum currently in the process of re-entering or recompleting eight wells in the area and plans to drill two additional wells in Sedalia early in 2010.

HIGHLIGHTS FOR THE YEAR ENDED AUGUST 31, 2008

- Petroleum and natural gas production was 39,361 boes for the year, an increase of 35% compared to 29,234 boes for the year ended August 31, 2008.
- The Company drilled three successful gas wells (100% w.i.) in the Sedalia area that commenced production during the year.

FINANCIAL AND OPERATING HIGHLIGHTS

| | Three Months Ended August 31 | | Year Ended August 31 | |
|--|------------------------------|------------|----------------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| FINANCIAL | | | | |
| Oil and natural gas sales | \$ 329,349 | \$ 470,114 | \$ 1,528,419 | \$ 1,868,137 |
| Cash flow from (used in) operations | (83,592) | 21,550 | 30,453 | 407,385 |
| Per share, basic and diluted | 0.00 | 0.00 | 0.00 | 0.02 |
| Net income (loss) | 3,024 | (281,914) | (401,206) | (82,825) |
| Per share, basic and diluted | 0.00 | (0.01) | (0.02) | 0.00 |
| Capital expenditures (net of dispositions) | 33,960 | 361,417 | 2,051,947 | 1,198,037 |
| Working capital deficiency, end of period | (2,084,842) | (108,310) | (2,084,842) | (108,310) |
| Weighted average shares outstanding - | | | | |
| Basic and diluted | 25,143,572 | 24,929,514 | 25,024,521 | 24,536,069 |
| OPERATIONS | | | | |
| Production | | | | |
| Oil and NGL's (bbls) | 2,133 | 2,381 | 14,915 | 11,114 |
| Gas (mcf) | 65,241 | 22,943 | 146,677 | 108,720 |
| Combined (boe) | 13,007 | 6,205 | 39,361 | 29,234 |
| Average selling price | | | | |
| Oil and NGLs(\$/bbl) | 63.52 | 115.08 | 64.53 | 98.24 |
| Gas (\$/mcf) | 2.97 | 8.55 | 3.86 | 7.14 |
| Total (\$/boe) | 25.32 | 75.77 | 38.83 | 63.90 |
| Operating netback (per boe at 6:1) | \$ 12.39 | \$ 57.83 | \$ 24.04 | \$ 43.35 |
| Cash flow netback (per boe at 6:1) | \$ (6.43) | \$ 3.47 | \$ 0.77 | \$ 13.94 |

As referred to above, to view a full copy of the Company's audited financial statements, the accompanying MD&A and the Reserves Data and Other Information for the year ended August 31, 2009, please refer to the SEDAR website at www.sedar.com.

Reader Advisory

This news release and the documents referred to therein contain certain forward-looking statements, including management's assessment of future plans and operations and capital expenditures and the timing thereof, that involve substantial known and unknown risks and uncertainties, certain of which are beyond Magnum's control. Such risks and uncertainties include, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserves estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, 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, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory bodies. Actual results could differ materially from those expressed in or implied by these forward-looking statements. No assurances can be given that any of the events anticipated by any forward-looking statements will transpire or occur, or if any of them do so, what benefits Magnum will derive there from. Readers are cautioned that the foregoing list of factors is not exhaustive. All subsequent forward-looking statements, whether written or oral, attributable to Magnum or persons acting on behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements contained in this news release and the documents referred to herein, are made as at the date of this news release, and Magnum 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.

Petroleum and natural gas volumes are converted to an equivalent measurement basis referred to as a "barrel of oil equivalent" (boe) on the basis of 6 thousand cubic feet of natural gas equaling 1 barrel of oil. This is based on an energy equivalency conversion method applicable at the burner tip and does not necessarily represent a value equivalency at the wellhead. Readers are cautioned that boe figures may be misleading, particularly if used in isolation.

FOR FURTHER INFORMATION PLEASE CONTACT:

Mr. Richard Nemeth
President & CEO
(604) 669-3155
rnemeth@magnumenergyinc.com

Neither 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.