NEWS RELEASE

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Orleans Energy Achieves 2008 Production Target and Announces Initial 2009 Capital Budget and Market Guidance

Calgary, Alberta - Orleans Energy Ltd. ("**Orleans**" or the "**Company**") (TSX:OEX) is pleased to announce the following:

Operations Update

Another successful year of drilling performance and operational activities has served as the catalyst to Orleans' strong production growth throughout 2008. Last year, the Company drilled 16 wells (13.8 net) at a 94% success rate, of which only two wells (1.14 net) were non-operated. Orleans drilled across the majority of its focus areas, including: 11 horizontal gas wells (9.3 net) at Kaybob, two gas wells (2.0 net) at Gordondale, two gas wells (2.0 net) at Gilby and one multi-zone gas well (0.5 net) at Pine Creek.

Exclusively as a result of the Company's drilling program, Orleans achieved its 2008 average daily production target of greater than 4,000 barrels of oil equivalent ("boe") per day, a performance target established in mid-August 2008 wherein 18 (16.3 net) wells were budgeted to be drilled. Average daily production for 2008 is estimated at 4,181 boe per day, a 50% increase over the 2,796 boe per day realized in 2007. Fourth quarter 2008 production approximated 4,700 boe per day, a marked 12% increase over the third quarter 2008 level of 4,210 boe per day and marks the sixth consecutive quarter of "organic" production growth. Orleans' Kaybob Montney production base contributed approximately 2,900 boe per day or 62% to the Company's record fourth quarter 2008 output. At Kaybob, Orleans recently completed the installation and commissioning of a compressor unit at its Company-owned and operated 10-22-60-19W5M group separator facility site, enabling a portion of Orleans' Kaybob production capability to bypass a third party facility and facilitate direct access into the Kaybob Amalgamated gas plant. The Company plans to install an additional, similar-sized compressor package unit by the end of January 2009 in order to optimize its operating cost profile through elimination of third party compression fees and maximize takeaway capability from the area.

Additionally, Orleans has been very active, internally-generating and posting available Crown land on several new and exciting Montney plays. These prospects are similar in geological environment and are on-trend geographically with the Company's Kaybob Montney property. To that end, Orleans has been successful since July 1, 2008 to-date at acquiring 23.75 net sections (15,200 net acres) of undeveloped land, primarily building two contiguous blocks of 100% interest land on Company-mapped "sweet spots" within the Montney gas fairway. These areas provide Orleans with a new platform for potential long-term growth, which will benefit from the knowledge and expertise already gained through the ongoing development and delineation of the Kaybob property.

2009 Capital Budget and Market Guidance

Orleans' Board of Directors has approved an initial 2009 capital budget for exploration and development expenditures of approximately $26 million (the "**2009 Capital Budget**"). With current financial market conditions encompassing fragile credit and equity markets, back-dropped against volatile commodity prices, the Company intends to internally fund the 2009 Capital Budget with forecasted cash flow from operations.

The initial 2009 Capital Budget encompasses the drilling of seven wells (5.8 net), including four (3.8 net) horizontal wells at Kaybob targeting the Triassic Montney gas formation. The drilling and completion expenditure component of Orleans' 2009 Capital Budget is projected at $19 million, with the remaining budgeted funds allocated towards investments in field facilities, well bore optimization techniques, seismic programs and undeveloped land expansion. In terms of core area allocation of the budgeted expenditures for drilling, completion and field facilities, $14.3 million or 65% is earmarked for continued Montney development activities at Kaybob, with the residual capital allocated across other core areas and new exploration initiatives on recently acquired acreage.

Based on the budgeted capital investments anticipated within the initial 2009 Capital Budget, Orleans' year-end 2009 exit production rate is anticipated to range between 4,600 to 4,700 boe per day with average daily production for 2009 projected at 4,300 boe per day, weighted 80% natural gas and 20% light crude oil and natural gas liquids. Notwithstanding a cash flow reinvestment ratio of approximately one times, currently restricted production at Kaybob and a scheduled production disruption in the second quarter, the 2009 production forecast represents a 3% increase over the Company's estimated 2008 average daily production of 4,181 boe per day and a 54% increase over Orleans' 2007 average daily production level of 2,796 boe per day. The Company anticipates encountering temporary production downtime in 2009 due to the planned maintenance turnaround at the third party-operated Kaybob Amalgamated gas plant during the entire month of May, resulting in estimated off-lined production of 3,400 to 3,500 boe per day during this one month period (or approximately 300 boe per day on an average daily production basis for fiscal 2009). Additionally, as a result of partially off-lined production at Kaybob presently awaiting the installation of Orleans' second field compressor by the end of January 2009, the Company is forecasting first quarter 2009 production to average approximately 4,300 boe per day.

With regards to cash flow from operations for 2009, utilizing the current forward 2009 strip commodity price assumptions of US$52.25 per bbl for West Texas Intermediate ("WTI") oil, an AECO gas price of C$6.45 per Mcf and an exchange rate of 1C$ = 0.84US$, cash flow from operations for 2009 is estimated at approximately $26 million or $0.57 per share (basic outstanding).

Presently, with poor access to capital, economic sluggishness, and lower commodity prices, "financial flexibility" is a paramount objective not only for Orleans but the entire oil and gas sector. Maintaining financial flexibility should enable the Company to weather a potentially extended stormy period of commodity price weakness and restrictive credit and equity markets. This strategy has allowed Orleans, historically, to positively respond to improved equity market conditions and/or commodity prices through increased capital spending and associated upwardly revised business plan market guidance. To this end, the Company's 2009 Capital Budget and associated business plan forecast is budgeted to result in a year-end 2009 net debt position of approximately $49 million, as compared to the $65 million borrowing capacity on its recently-reviewed operating credit facility with a Canadian chartered bank. As at January 7, 2009, $43.9 million was drawn against this credit facility.

Orleans Energy Ltd. is a Calgary, Alberta-based emerging crude oil and natural gas company, with common shares trading on the Toronto Stock Exchange under the symbol "OEX". Orleans is a team of dedicated, experienced professionals focused on the creation of shareholder value via acquisition, exploration and development of crude oil and natural gas assets in Alberta, Canada.

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The information in this news release contains certain forward-looking statements. These statements relate to future events or our 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", "approximate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar expressions. These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control, including: the impact of general economic conditions; 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; fluctuations in commodity prices and foreign exchange and interest rates; stock market volatility and market valuations; volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions, of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry ; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; and obtaining required approvals of regulatory authorities. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that the Company will derive from them. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements.

In this news release, reserves and production data are commonly stated in barrels of oil equivalent ("boe") using a six to one conversion ratio when converting thousands of cubic feet of natural gas ("mcf") to barrels of oil ("bbl") and a one to one conversion ratio for natural gas liquids ("NGLs" or "ngls"). Such conversion may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl is based on energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

The term cash flow from operations or operating cash flow contained herein should not be considered as an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with Canadian generally accepted accounting principles ("GAAP"). This term does not have a standardized meaning under GAAP and may not be comparable to other companies. Orleans believes that cash flow from operations is a useful supplementary measure as investors may use this information to analyze operating performance, leverage and liquidity. Cash flow from operations, as disclosed within this news release, represents funds from operations before any asset retirement obligation cash expenditures and is expressed before changes in non-cash working capital. Additionally, net debt refers to outstanding bank debt plus working capital deficit (excludes current unrealized amounts pertaining to risk management commodity contracts) plus long-term accounts receivables. Net debt is not a recognized measure under Canadian GAAP. Projected year-end 2009 net debt assumes 50% recovery of the total estimated, financial exposure of $8.6 million associated with the SemGroup L.P. bankruptcy filing in July 2008, as outlined in the Company's July 27, 2008 news release.