



MILAGRO
EXPLORATION

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NEWS RELEASE

MILAGRO OIL & GAS, INC. ANNOUNCES COMPLETION OF FINANCINGS

Milagro Oil & Gas, Inc. Closes Private Placement of \$250 Million of its 10.500% Senior Notes, Enters into New Revolving Credit Facility

Houston, TX, May 11, 2011 – Milagro Oil & Gas, Inc. (“Milagro”) announced today the closing of its private placement of \$250,000,000 of its 10.500% Senior Secured Second Lien Notes due in 2016 (the “Notes”).

Concurrently with the placement of the Notes, Milagro entered into a new senior secured, first lien revolving credit facility. The new revolving credit facility allows borrowings of up to \$300,000,000, subject to an initial borrowing base of \$170,000,000.

Proceeds of the offering of the Notes and loans under the new revolving credit agreement were used to repay in full the loans outstanding under its existing first lien credit agreement and its existing second lien credit agreements and for general corporate purposes.

Milagro has also amended the terms of its Series A Preferred Stock to make it a perpetual instrument and to provide that shares of its Series A Preferred Stock may not be redeemed prior to the maturity date of certain qualified indebtedness, including the Notes.

James G. Ivey, President and Chief Executive Officer of Milagro, said: “I am delighted at our ability to access a new source of funding from a broad base of institutional investors in the public debt market and to put a new credit facility in place. These balance sheet enhancements put us in a stronger position to pursue our strategic objectives with significantly improved liquidity.”

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ABOUT MILAGRO

Milagro is an independent oil and gas company primarily engaged in the acquisition, exploitation, development and production of oil and natural gas reserves. Milagro was formed in 2005 with a focus on properties located onshore in the U.S. Gulf Coast. In November 2007, Milagro acquired the Gulf Coast Division of Petrohawk Energy Corporation which included properties primarily in the onshore Gulf Coast region in Texas, Louisiana and Mississippi. Since that acquisition, Milagro has acquired additional proved producing reserves that it believes have upside potential, implemented an active drilling, workover and recompletion program and expanded its geographic diversity by moving into the Midcontinent region.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This press release includes "forward-looking statements." All statements other than statements of historical facts included or incorporated herein may constitute forward-looking statements. Actual results could vary significantly from those expressed or implied in such statements and are subject to a number of risks and uncertainties. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. The forward-looking statements involve risks and uncertainties that affect our operations, financial performance, and other factors. We do not undertake any duty to update any forward-looking statement except as required by law.