



February 2, 2010
Calgary, Alberta

**MONTEREY EXPLORATION LTD. ANNOUNCES
\$20.0 MILLION BOUGHT DEAL FINANCING**

Monterey Exploration Ltd. ("Monterey") (TSX: MXL) is pleased to announce that it has entered into an agreement with a syndicate of underwriters led by Cormark Securities Inc. and including Wellington West Capital Inc., Acumen Capital Finance Partners Limited and GMP Securities L.P. pursuant to which the underwriters have agreed to purchase 4,762,000 common shares ("Common Shares") at an issue price of \$4.20 per Common Share for gross proceeds to Monterey of approximately \$20.0 million (the "Offering").

The Offering is scheduled to close on or about February 19, 2010 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the Toronto Stock Exchange.

Proceeds of the Offering will be used to fund Monterey's exploration and development of its Montney gas project located in the Groundbirch area of northeast British Columbia and other general corporate purposes. The Common Shares will be offered in certain provinces of Canada by way of a short form prospectus.

The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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Reader Advisory:

This press release contains forward-looking statements and forward-looking information within the meaning of applicable Canadian securities legislation (collectively, "forward-looking statements"). Specifically, this press release contains forward-looking statements relating to the use of proceeds of the Offering, the filing of the short form prospectus and the closing date of the Offering. The forward-looking statements are based on certain key expectations and assumptions made by Monterey, including assumptions concerning the timing of obtaining regulatory approvals and the state of the economy and the exploration and production business, which expectations and assumptions management of Monterey believes to be reasonable at this time. Although Monterey believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable at the date of this press release, undue reliance should not be placed on the forward-looking statements and information as Monterey 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. The closing of the Offering could be delayed if Monterey is not able to obtain the necessary regulatory and stock exchange approvals on the timelines it has planned. The Offering will not be completed at all if these approvals are not obtained or some other condition to the closing is not satisfied. Accordingly, there is a risk that the Offering will not be completed within the anticipated time or at all. Additionally, the intended use of the proceeds of the Offering by Monterey may change if the board of directors of Monterey determines that it would be in the best interests of Monterey to deploy the proceeds for some other purpose. The forward-looking statements contained in this press release are made as of the date hereof and Monterey undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

The Toronto Stock Exchange has neither approved nor disapproved the contents of this press release.