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KNIGHT METALS LTD. COMPLETES TUNISIA OIL AND GAS TRANSACTION

VANCOUVER, BRITISH COLUMBIA--(Marketwire – December 6, 2011) – Knight Metals Ltd. (TSX VENTURE: KNP) ("Knight Metals" or the "**Company**") is pleased to announce that it has closed, in escrow, effective December 2, 2011 (the "**Closing Date**") the transaction ("the **Transaction**") to acquire Watutatu Inc. ("**Watutatu**"), a private Ontario company with certain oil and gas assets in Tunisia, North Africa (the "**Prospect**").

Transaction

Under the terms of the Transaction the Company acquired on the Closing Date all of the issued and outstanding common shares of Watutatu in exchange for an aggregate of 16,000,000 common shares of the Company and C\$300,000 (the "**Consideration**"). The Transaction has closed in escrow, and the Consideration is being held in trust pending final TSX Venture Exchange approval.

In addition to the Consideration the Company is obligated to issue an additional 16,000,000 shares to the Watutatu shareholders upon receipt of a technical report (prepared in compliance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**")) which confirms that future drilling program(s) on the Prospect demonstrates more than 20 million barrels of petroleum of 3P category or better.

A finder's fee in the amount of 1,600,000 common shares of the Company was issued to a third party for introducing the Transaction to the Company.

Brokered and Non Brokered Private Placement Totalling C\$3,011,989.50

As a condition to the completion of the Transaction, the Company completed a brokered private placement financing with BayFront Capital Partners Ltd. ("**BayFront**") of subscription receipts for gross proceeds of C\$1,500,000 at a price of C\$0.15 per subscription receipt. Each subscription receipt was converted into one common share of the Company on the Closing Date. The 10,000,000 common shares issued upon the conversion of the subscription receipts are subject to a hold period expiring April 3, 2012. BayFront received compensation of C\$105,000 as well 700,000 broker warrants exercisable to acquire 700,000 common shares of the Company at a price of \$0.15 per share until December 3, 2013.

In addition the Company completed a non brokered private placement financing of subscription receipts for additional gross proceeds of \$1,511,989.50 at a price of C\$0.15 per subscription receipt. Each subscription receipt was converted into one common share of the Company on the Closing Date. The 10,079,930 common shares issued upon the conversion of the subscription receipts are subject to a hold period expiring April 3, 2012. The Company paid finder's fees to a third party of C\$103,739 as well as 691,595 finder's warrants exercisable to acquire 691,595 common shares of the Company at a price of C\$0.15 until December 3, 2013.

Farm out Agreement

Concurrently with and as a condition to the completion of the Transaction, Watutatu, which is at arm's length from the Company, also completed its transaction ("**Bouhajla Closing**") contemplated under a Farmout Agreement dated [November 2, 2011](#) ("**Bouhajla Agreement**") between Watutatu and DualEx Tunisia Inc. ("**DualEx**"). The Bouhajla Agreement relates to DualEx's Bouhajla Exploration Permit (the "**Permit**"), onshore Tunisia. Pursuant to the Bouhajla Agreement, Watutatu will fund the first US\$7,250,000 towards the initial exploration program on

the Permit area, consisting of a 55 km² 3D seismic survey and an exploration well on the Bouhajla North Prospect, in exchange for 47.5% of the contractor share in the Bouhajla Production Sharing Contract (“PSC”), subject to the assignment provisions contained in the PSC. Knight has now advanced US\$2,000,000 towards the cost of the seismic program and will be required to advance the balance of US\$5,250,000 within 60 days of receipt of field data from the seismic program. DualEx will be the operator of the project. US\$450,000 has also been paid to DualEx, being a pro rata share of DualEx’s costs incurred to date on the project.

The Bouhajla Agreement, PSC and associated documents were executed in Tunis on September 11, 2009, and were ratified and made effective on April 30, 2010. The initial term of the PSC is three years, with two optional renewal periods of three years each.

Bouhajla Permit

The Bouhajla Permit encompasses 416 square kilometres (105,000 acres), and is located onshore in the Pelagian Basin of east central Tunisia. The Permit area lies immediately west of the Sidi el Kilani field, which has produced to date approximately 48 million barrels of light oil from the Abiod formation, which is the primary exploration target of the initial program. At Sidi el Kilani the Abiod reservoir consists of a fractured chalk, locally dolomitized in association with wrench tectonics. Reservoirs of this type tend to have high recovery factors accompanied by high individual well productivity rates. The Sidi El Kilani field occupies a pop-up structural inversion and a similar structure has been identified on seismic previously recorded over the Bouhajla North prospect area. In addition to the Bouhajla North prospect, two other significant prospects on the Permit, Bouhajla Northeast and Bouhajla Southeast have been mapped.

An NI 51-101 compliant technical report dated November 13, 2011 prepared B. L. Whelan, P. Geo. with respect to the Prospect has been accepted for filing by the TSX Venture Exchange (the “Exchange”) and will be filed on SEDAR.

The Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

**ON BEHALF OF THE BOARD OF
KNIGHT METALS LTD.**

“David Patterson”

Chairman

Forward-Looking Statements

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "schedule", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this news release contains forward looking statements and information concerning Knight Metals' future operations and prospects. The forward-looking statements and information are based on certain key expectations and assumptions made by Knight Metals, including expectations and assumptions concerning equipment and crew availability, and joint venture partner financial capability. Although Knight Metals believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward looking statements and information because Knight Metals can give no assurance that they will prove to be correct. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause Knight Metals' actual results and experience to differ materially from the anticipated results or expectations expressed. These risks and uncertainties include, but are not limited to, reservoir performance, labour, equipment and material costs, access to capital markets, interest and currency exchange rates, and political and economic conditions. Additional information on these and other factors is available in continuous disclosure materials filed by Knight Metals with Canadian securities regulators. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date it is expressed in this news release or otherwise, and to not use future-oriented information or financial outlooks for anything other than their intended purpose. Knight Metals undertakes no obligation to update publicly or revise

any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

Neither the 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.

Suite 2150 • 885 West Georgia Street
Vancouver • BC • Canada • V6C 3E8
Tel: (604) 684-6535 • Fax: (604) 602-9311