

SKYWEST ANNOUNCES SECOND QUARTER 2011 RESULTS

August 25, 2011 (Canada NewsWire Group) --

CALGARY, August 25 /CNW/ - SkyWest Energy Corp ("SkyWest", "we", "us", "our" or the "Company") (TSX-V: SKW) is pleased to announce its financial and operating results for the second quarter ending June 30, 2011.

| (\$ CDN unless otherwise noted) | For the three month period ended June 30, 2011 | For the three month period ended June 30, 2010 | For the six month period ended June 30, 2011 | For the six month period ended June 30, 2010 |
|--|--|--|--|--|
| FINANCIAL | | | | |
| Revenues | 7,115,635 | 140,482 | 14,098,571 | 149,756 |
| Funds from (used in) operations ⁽¹⁾ | 3,311,137 | (448,299) | 6,536,579 | (521,439) |
| Per share (basic) | 0.02 | (0.02) | 0.03 | (0.03) |
| Per share (diluted) | 0.02 | (0.02) | 0.03 | (0.03) |
| Net income (loss) | 101,808 | (3,022,795) | (37,654) | (3,098,429) |
| Per share (basic) | 0.00 | (0.14) | (0.00) | (0.20) |
| Per share (diluted) | 0.00 | (0.14) | (0.00) | (0.20) |
| Capital expenditures, net | 3,380,257 | 547,091 | 20,984,448 | 1,188,549 |
| Total assets | 114,464,625 | 33,091,401 | 114,464,625 | 33,091,401 |
| Shareholders' equity | 75,715,065 | 27,722,869 | 75,715,065 | 27,722,869 |
| Working capital (deficiency) | (15,361,524) | 11,946,076 | (15,361,524) | 11,946,076 |
| OPERATIONS | | | | |
| Production sales | | | | |
| Oil (bbls/d) | 466 | 9 | 515 | 5 |
| Natural gas (mcf/d) | 5,042 | 178 | 5,352 | 89 |
| NGL (bbls/d) | 87 | 1 | 103 | - |
| Total (boe/d @ 6 mcf:1) | 1,394 | 40 | 1,510 | 20 |
| Average pricing | | | | |
| Natural gas (\$/mcf) | 3.96 | 4.23 | 4.10 | 4.24 |
| Oil (\$/bbl) | 97.52 | 75.66 | 88.45 | 76.20 |
| NGL (\$/bbl) | 79.00 | 48.67 | 66.87 | 48.94 |
| Combined (\$/boe) | 56.11 | 38.04 | 51.60 | 39.73 |
| Expenses | | | | |
| Operating expenses (\$/boe) | 13.92 | 16.92 | 12.94 | 20.11 |
| Transportation expenses (\$/boe) | 2.62 | - | 2.32 | - |
| Royalty expense (\$/boe) | 4.62 | 4.47 | 4.77 | 5.07 |
| Netback Combined | 34.95 | 16.65 | 31.57 | 14.55 |
| Net Cardium sections | 35 | 15 | 35 | 15 |
| Common Shares | 202,503,548 | 102,553,407 | 202,503,548 | 102,553,407 |
| Total shares, warrants and options issued | 229,453,224 | 121,574,235 | 229,453,224 | 121,574,235 |

⁽¹⁾ Funds from operations are calculated as cash flow from operating activities before the change in non-cash working capital and is a non-IFRS measurement (see "Non-IFRS measures").

Message to Shareholders

SkyWest is pleased to provide you with our second quarter 2011 operational and financial results. SkyWest was able to construct and install its main trunk line infrastructure at Willesden Green through breakup and this enabled us to tie-in the Willesden Green 1-2 well which was drilled and completed before breakup. We also constructed the pipeline from 5-24 into the Conoco Alder Gas Plant and placed the well on production. Our main focus during breakup was spending capital on key infrastructure for future development. In other areas we focused on capital efficiency, lowering operating costs and optimizing our existing production.

RECENT HIGHLIGHTS

- Significantly increased production and cash flow from Q2 2010. Q2 2011 production volumes averaged 1,394 boepd versus 40 boepd in Q2 2010. In Q2 2011, production was approximately 40% oil and NGLs which resulted in 67% of the Company's revenues. Generated funds flow from operations of \$3,311,137 in Q2 2011 versus \$(448,299) in Q2 2010.
- Increased Corporate netbacks to \$34.95/boe from \$16.65/boe in Q2 2010 (an increase of 110%).
- Decreased operating costs to \$13.92/boe in Q2 2011 from \$16.92/boe in Q2 2010.
- Brought our 60% working interest Carrot Creek 9-14 well on production in the second quarter and the well has exceeded our type curve and averaged 175 bbl/day of oil over the initial 120 days of production.
- On July 22nd, 2011, brought our 100% working interest 01-02 Willesden Green well on production which averaged approximately 400 boepd (approximately 40% oil and NGLs) of production over its first 30 days of production.
- Subsequent to June 30th, 2011, SkyWest successfully drilled 3 (1.95 net) Cardium horizontal wells. All three wells are scheduled to be completed and on production by the end of September.
- Current production is approximately 1600 boepd and does not include the 3 (1.95 net) successful Cardium horizontal wells drilled subsequent to June 30th or our non-operated, 20% working interest, Ricinus D-3 well which is expected to come back on in late September at approximately 200 net boepd.

Looking Ahead

The Company, and the industry in general, is experiencing a net decline in production in the second quarter of 2011 due to an extended break-up. Fortunately, we were able to begin drilling operations in mid July and we have drilled 3 wells to date, 2 at Carrot Creek and 1 at Willesden Green. 1 well at Carrot Creek has been completed and results should be released fairly shortly. The 2nd well at Carrot Creek is expected to be completed in the fourth week of August or earlier, followed up by the 1 well at Willesden Green. SkyWest will continue to drill at Willesden Green until the end of 2011 and plans to drill another 5 wells in this area. We have reduced our drilling operations to one drilling rig and will provide a guidance update after our three recent Cardium horizontals have been completed and brought on production.

The Company also plans on recompleting some existing vertical oil wells in Saskatchewan. Results in the area have been very positive, increasing production by 10 fold.

SkyWest will be prudent in monitoring debt to cash flow for this year's capital program. The Company will make the proper adjustments to our program should commodity prices fall weaker than expected. We are anticipating oil prices to range from \$75.00 to \$90.00 a barrel and gas prices ranging from \$3.25 to \$4.25 per gj for the remainder of the year.

I would like to thank all our shareholders for their continued support. It is much appreciated and we look forward to the balance of our 2011 drilling program.

On behalf of the Board of Directors

Mr. Lawrence Urichuk, President and Chief Executive Officer

Information Regarding SkyWest

SkyWest Energy Corp. is a Cardium focused, public oil and gas exploration and development company, located in Calgary, Alberta with operations in Alberta. SkyWest currently trades on the TSX Venture Exchange (TSXV) under the Symbol "SKW".

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Statements herein that are not historical facts may be considered forward looking statements including management's assessment of future plans and operations, growth expectations within

the Corporation, expected initial production rates from certain new wells, timing of completion of wells and of production additions, expected size of various plays, construction or expansion of facilities and the timing thereof and expected costs and the effects thereof, drilling plans and the effects thereof. These forward-looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Corporation's objectives, goals or future plans are forward-looking statements. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties including, without limitation, risks associated with the Acquisition, oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence, SkyWest's actual results may differ materially from those expressed in, or implied by, the forward-looking statements.

Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although SkyWest believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because SkyWest can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the ability of SkyWest to obtain equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which SkyWest has an interest in to operate the field in a safe, efficient and effective manner; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the timing and costs of pipeline, storage and facility construction and expansion; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which SkyWest operates; and the ability of SkyWest to successfully market its oil and natural gas products.

Readers are cautioned that the foregoing list of factors and assumptions is not exhaustive. Additional information on these and other factors that could effect SkyWest's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and SkyWest 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.

BOEs

Disclosure provided herein in respect of barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

