



For Immediate Release

*Investor Contact: Michael Neufeld
(903) 595-4139*

Pegasi Energy announces the initial Results of its Haggard Unit B #1 well in Marion County, Texas.

Tyler, Texas, January 23, 2012/PrimeNewswire/ - Pegasi Energy Resources Corp. (OTCBB: PGSI) (the "Company"), an East Texas based oil and gas exploration and production company headquartered in Tyler, Texas, today announced the initial results of its recently completed Haggard Unit B #1 well in Marion County, Texas.

The Company is pleased to announce the successful completion of an extension well to the previously announced Pegasi Norbord #1 gas condensate discovery. The Haggard Unit B# 1 well was tested for an AOF of 1,414 mcfpd of 0.62 Gr. gas at 6,925 feet.

This development well in the Pegasi discovered Rodessa (Norbord-Travis Peak) Field was completed in a deeper zone than the original well providing the opportunity for additional drilling below the 6,700 foot discovery Norbord zone. The original pay sand is present behind pipe in the Haggard Unit B # 1 well and is available for future completion. The deliverability rate is estimated at 1,246 mcfpd and 15 bcpd of 65 deg API condensate on a 14/64 inch choke and FTP of 1,028 psi. Pegasi has a 32% working interest in the well.

The company is presently drilling a further extension well to the Norbord in the field.

About Pegasi Energy Resources Corporation

Pegasi Energy Resources Corporation is an organic growth-oriented independent oil and gas exploration and production company, headquartered in Tyler, Texas. Pegasi is focused on a repeatable, low geological risk, high potential project in the active East Texas oil and gas region. The company's strategy is focused on establishing a portfolio of drilling opportunities to exploit undeveloped reserves to grow production, as well as undertaking exploration to grow future reserves. Additional information concerning Pegasi Energy is available at www.pegasienergy.com.

Cautionary Note to U.S. Investors

Effective January 1, 2010, the United States Securities and Exchange Commission (SEC) permits oil and gas companies, in their filings with the SEC, to disclose not only "proved" reserves (i.e., quantities of oil and gas that are estimated to be recoverable with a high degree of confidence), but also "probable" reserves (i.e., quantities of oil and gas that are as likely as not to be recovered) as well as "possible"

reserves (i.e., additional quantities of oil and gas that might be recovered, but with a lower probability than probable reserves). As noted above, statements of reserves are only estimates and may not correspond to the ultimate quantities of oil and gas recovered. Any reserve estimates provided in this press release that are not specifically designated as being estimates of proved reserves may include estimated reserves not necessarily calculated in accordance with, or contemplated by, the SEC's latest reserve reporting guidelines. Investors are urged to consider closely the disclosure in the Company's Annual Report on Form 10-K available from the Company at 218 N. Broadway, Suite 204, Tyler, Texas 75702 (attn: Investor Relations). You can also obtain this report from the SEC by calling 1-800-SEC-0330 or from the SEC's website at www.sec.gov.

Forward Looking Statements

The statements in this press release regarding Pegasi Energy's expectations with respect to the timing of testing and drilling operations, transportation of crude oil, and the construction of the pipeline, the ability of Pegasi Energy to plan a full field development, including additional drilling, facilities and pipeline to handle new production as appropriate through 2011, and the expectation as to sources of funding, are 'forward-looking statements' within the meaning of Section 27A of the United States Securities Act of 1933, as amended, and Section 21E of the United States Securities Exchange Act of 1934. Although these forward-looking statements reflect the good faith judgment of management, forward-looking statements are inherently subject to known and unknown risks and uncertainties that may cause actual results to be materially different from those discussed in these forward-looking statements including, but not limited to, in the case of these forward-looking statements: unexpected delays in drilling or pipeline or other transportation infrastructure completion due to equipment failure or other unforeseen reasons; unforeseen events, such as unexpected difficulties in drilling or unexpected discoveries, may cause Pegasi Energy to reallocate resources, which may delay drilling, surveys, design plans, transportation infrastructure development and production or alter the mix of development drilling and exploration drilling in Pegasi Energy's portfolio; and unexpected costs may decrease funds available to carry out Pegasi Energy's plans described in this press release, which could delay or prevent execution of these plans. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. Pegasi Energy assumes no obligation to update these forward-looking statements to reflect any event or circumstance that may arise after the date of this release, other than as may be required by applicable law or regulation. Additional information on risks and other factors that may affect the business and financial results of the Company can be found in the filings of the Company with the U.S. Securities and Exchange Commission at www.sec.gov. If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, Pegasi Energy's actual results may vary materially from those expected or projected.

Contact information

Michael Neufeld

Pegasi Energy Resources Corp.

218 N. Broadway, Suite 204

Tyler, TX 75702