

	
TSXV: PDQ	TSXV: LEC

JOINT NEWS RELEASE

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PETRODORADO ENERGY LTD. AND LOON ENERGY CORPORATION ANNOUNCE LETTER OF INTENT FOR ACQUISITION OF LOON ENERGY CORPORATION

Calgary, Alberta: July 19, 2010 - Petrodorado Energy Ltd. ("**Petrodorado**") and Loon Energy Corporation ("**Loon**") are pleased to announce that they have entered into a non-binding letter of intent dated July 15, 2010 (the "**Letter Agreement**"), pursuant to which, subject to the entering into of a definitive agreement (the "**Definitive Agreement**") and certain other conditions, the parties propose for the acquisition of all of the outstanding shares of Loon (the "**Proposed Transaction**") by Petrodorado.

Loon has halted trading of its common shares on the TSX Venture Exchange ("**TSXV**") and the Market Surveillance Department of the Investment Industry Regulatory Organization of Canada has also halted trading of Petrodorado's common shares on the TSXV. It is expected that trading in the shares of Petrodorado and Loon will resume later today.

The Proposed Transaction

The Proposed Transaction is an arm's length transaction pursuant to which shareholders of Loon ("**Loon Shareholders**") would be entitled to receive common shares of Petrodorado (the "**Acquisition Shares**") based upon an exchange ratio of five (5) common shares of Loon for each one (1) common share of Petrodorado. Petrodorado would issue approximately 19,200,000 Acquisition Shares to Loon Shareholders under the Proposed Transaction. In addition, with respect to Block 127 in Peru owned by Loon, Petrodorado has agreed to issue additional Acquisition Shares (the "**Performance Shares**") equal to a value of \$3,000,000 upon the occurrence of the following:

- (a) \$1,500,000 of Performance Shares upon completion of 300 km of 3D seismic; and
- (b) \$1,500,000 of Performance Shares upon spud of the initial well.

The Performance Shares would be issued at the 10 day weighted average trading price of Petrodorado's common shares immediately prior to each of the occurrences listed above.

The Letter Agreement is non-binding except for obligations relating to a period of exclusive dealing and confidentiality. If a Definitive Agreement is entered into, the parties will cooperate to complete the Proposed Transaction as soon as practical, subject to the receipt of all necessary regulatory and other approvals and satisfaction of all other customary closing conditions. The Proposed Transaction will be effected by way of a plan of arrangement, amalgamation, share exchange or other similar form of

transaction. The Proposed Transaction may also be subject to the approval of the shareholders of Loon and/or Petrodorado.

Further details concerning the Proposed Transaction will be announced if and when a Definitive Agreement is entered into.

About Petrodorado Energy Ltd.

Petrodorado is primarily engaged in petroleum and natural gas exploration and development activities in Colombia, Peru and Paraguay. Its head office is located in Calgary, Alberta, Canada and Petrodorado's common shares are traded on the TSXV under the trading symbol PDQ.

Petrodorado was formed to explore for and develop petroleum assets in South America, with an initial focus on Colombia, Peru and Paraguay. Its highly experienced management team have acquired a significant portfolio of assets with three low-risk blocks (blocks have an oil discovery) and six potential high impact blocks.

Petrodorado currently has a 49.5% interest in the Buganviles block in Colombia and assuming that the Proposed Transaction is completed, Petrodorado will own a 69.5% interest in the Buganviles block.

About Loon Energy Corporation

Loon is primarily engaged in petroleum and natural gas exploration and development activities in Colombia and Peru. Its head office is located in Calgary, Alberta, Canada and Loon's common shares are traded on the TSXV under the trading symbol LNE.

Its principal assets are a 20% working interest in the Buganviles block in Colombia along with Petrodorado and others and a 20% working interest in Block 127 in the Marañon Basin area of northeast Peru.

Significant Conditions to Completion of the Proposed Transaction

Petrodorado and Loon caution that a Definitive Agreement has yet to be entered into among the parties, and accordingly, no assurances can be given that the process contemplated by the Letter Agreement will lead to a Definitive Agreement relating to the Proposed Transaction on the terms contemplated by the Letter Agreement or at all. Neither Petrodorado nor Loon intend to make any further announcements or communications regarding the Proposed Transaction until either a Definitive Agreement has been entered into or discussions are terminated prior to such event.

Completion of the Proposed Transaction is subject to a number of conditions, including regulatory and shareholder approval (including on a disinterested basis to the extent required). The Proposed Transaction cannot close until the required shareholder approvals are obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of either Petrodorado Energy Ltd. or Loon Energy Corporation should be considered highly speculative.

If and when a Definitive Agreement between Petrodorado and Loon is entered into, in accordance with the policies of the TSXV, Petrodorado and Loon will issue a subsequent press release containing further details in respect of the Proposed Transaction.

For further information, please contact:

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Cautionary Note Regarding Forward-Looking Statements

This news release contains forward-looking statements relating to the Proposed Transaction, including statements regarding the exchange ratio for the Proposed Transaction, the anticipated acquisition of Loon, the anticipated timeline for holding the meetings of Loon and/or Petrodorado shareholders to approve the Proposed Transaction and other related matters, issuing further announcements concerning the Proposed Transaction and other matters, the receipt of all necessary regulatory approvals and satisfaction of all other customary closing conditions in connection with the Proposed Transaction and other statements that are not historical facts. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These assumptions, risks and uncertainties include, among other things: the risk that the Proposed Transaction will not be completed if a Definitive Agreement is not reached or that the necessary approvals and/or exemptions are not obtained or some other condition to the closing of the Proposed Transaction is not satisfied; the risk that closing of the Proposed Transaction could be delayed if Petrodorado and Loon are not able to obtain the necessary approvals on the timelines planned; the assumptions relating to the parties entering into the Definitive Agreement in respect of the Proposed Transaction and the timing thereof, the timing of obtaining required approvals and satisfying closing conditions for the Proposed Transaction, state of the economy in general and capital markets in particular, investor interest in the business and future prospects of Petrodorado and Loon.

The forward-looking statements contained in this press release are made as of the date of this press release. Except as required by law, Petrodorado and Loon disclaim any intention and assume no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law. Additionally, Petrodorado and Loon undertake no obligation to comment on the expectations of, or statements made, by third parties in respect of the matters discussed above.

Neither 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

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