



Press Release

Quetzal Energy Ltd.

TSX VENTURE: **V.QEI**

FOR IMMEDIATE RELEASE:

Quetzal Energy Ltd. Announces 2010 Annual Results

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Calgary, Alberta (May 3, 2011) Quetzal Energy Ltd. (TSX VENTURE: QEI) announces its audited results for the year ended December 31, 2010.

HIGHLIGHTS DURING 2010

- On March 18, 2010, the Quetzal Energy Ltd. ("Quetzal") completed a private equity placement raising \$C8,234,240 for the issuance of 58,816,000 units at \$C0.14 per unit. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company at a price of \$C0.20 during the period ending October 26, 2011. In connection with this issuance, the agents received 4,117,120 units (7.0% of the units issued) and 4,117,120 broker warrants. Each broker warrant will entitle the holder to acquire one common share of the Company at a price of \$C0.14 until October 26, 2011.
- On June 15, 2010, the Company successfully completed a 220 square kilometer 3D seismic acquisition program on Block LLA-27. The processing and interpretation of the seismic data was completed in early 2011. The Company is currently selecting well locations and anticipates it will commence drilling in the second or third quarter of 2011.
- On June 4, 2010, the Company commenced drilling the Canaguay-1 well in the Canaguaro block, Colombia. The well was successfully drilled to a final total depth ("TD") of 15,850 feet and on October 6, 2010 the Company announced that it had completed and had begun testing the Mirador, Barco, Gacheta and Une, with the Mirador zones. The Company completed the testing on November 22, 2010 and announced that the Mirador zone produced at a rate in excess of 2,200 barrels of crude oil.
- On September 9, 2010, the Company completed a private equity placement raising gross proceeds of \$C9,567,236 for the issuance of 68,337,400 units at \$C0.14 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of \$C0.20 until October 26, 2011.
- On November 15, 2010 the Company was granted credit approval from the Export Development Canada ("EDC") and the Company's bank whereby the EDC secured \$4.9 million in Letters of Credit issued by the Company to the Agencia Nacional de Hidrocarburos ("ANH"). The Company had acquired GICs that were held by its bank to secure these letters of credit. They were released to the Company and the funds, which were designated as "restricted funds", became available to the Company for general corporate use.

Financial highlights - \$US	December 31, 2010	December 31, 2009
Cash and cash equivalents	\$3,861,000	\$5,553,206
Petroleum and natural gas properties	36,033,641	21,057,701
Total assets	47,962,826	29,864,295
Total liabilities	9,169,676	5,251,456
Shareholders' equity	38,793,151	24,612,839
Deficit	12,372,554	4,751,657
Working capital	1,813,005	6,739,429
Net loss for year	(5,620,264)	(3,770,026)

The Form 51-101 F1, F2 and F3 in respect of Quetzal's oil and gas properties in Colombia and Guatemala as at December 31, 2010 was also filed on SEDAR today.

Forward Looking Statements – Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of Quetzal, including, but not limited to the impact of general economic conditions, industry conditions, volatility of commodity prices, risks associated with oil and gas activities, currency fluctuations, dependence upon regulatory approvals, the availability of future financing and exploration risk. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.

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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