

Quetzal Energy Ltd. Announces up to \$9.0 Million Private Placement Equity Financing

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Toronto, Ontario – Aug. 18 - Quetzal Energy Ltd. (TSX VENTURE:QEI) ("Quetzal" or the "Company") is pleased to announce that it has entered into an agreement with Canaccord Genuity Corp. (the "Agent") to issue, on a private placement "best efforts" agency basis, up to \$9,030,000 in units ("Units") at a price of \$0.14 per Unit (the "Offering"). Each Unit will consist of one common share ("Common Share") and one common share purchase warrant (the "Warrant"). Each whole Warrant will entitle the holder to acquire one common share of the Company at a price of \$0.20 for the period ending October 26, 2011. The Offering is expected to close on or about August 31, 2010, or any such other date as agreed to by the Company and the Syndicate.

In addition, the Agent shall have the option, exercisable in whole or in part at its sole discretion, for a period of five days after the Closing Date, to sell up to an additional 9,675,000 Units at the same price and terms as the Offering for additional gross proceeds of up to \$1,354,500.

The net proceeds of the Offering will be used to fund the Company's exploration and development activities and for general corporate purposes.

Completion of the private placement is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory approvals including the approval of the TSX Venture Exchange.

The Common Shares and the Warrants to be issued under this Offering have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from such registration. This news release shall not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States nor shall there be any offer or sale of securities in any jurisdiction where such offer, solicitation or sale would be unlawful.

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.

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