



TSXV: LNE

NEWS RELEASE

**COLOMBIA – BUGANVILES BLOCK  
PRELIMINARY RESULTS OF VISURE-1X TESTING  
DEEPENING OF TUQUEQUE-1X WELL**

**Calgary, Alberta: February 2, 2011** - Loon Energy Corporation ("Loon") announces today the preliminary results of testing of the Lower Guadalupe zone in the Visure-1X well and the deepening of the Tuqueque-1X well. Both wells are located in the Buganviles Block, Upper Magdalena Valley Basin, Colombia. Loon has a 10% interest in both wells and in the Buganviles Block.

**Visure-1X**

The Visure-1X well, drilled on the southwestern flank of the Visure Prospect near to the southeastern border of the Buganviles Block, has been production tested in the Lower Guadalupe and produced oil with a gravity of 15.6° API. The well was drilled to evaluate a structural trap, similar to the trap at the Abanico Field located 4 kilometres to the northeast. The well had three main exploratory objectives: the Cretaceous Lower and Upper intervals of the Guadalupe Formation and the Tertiary Barzalosa Formation. The well was spud on October 16, 2010 and reached a final depth of 3,380 feet measured depth ("MD") or 2,205 feet true vertical depth subsea ("TVDSS") on November 1<sup>st</sup>, 2010. The well was drilled slightly deviated at an angle of 9 degrees and found the top of the Barzalosa Formation at 2,206 feet MD (1,040 feet TVDSS), the Upper Guadalupe at 2,995 feet MD (1,825 feet TVDSS), the Lower Guadalupe at 3,079 feet MD (1,908 feet TVDSS), and the top of Villeta Formation at 3,272 feet MD (2,099 feet TVDSS).

On November 4, 2010, Loon announced in a news release that the petrophysical evaluation of the well in the Barzalosa, Upper Guadalupe and Lower Guadalupe Formations indicated a total net pay of liquid hydrocarbons of 114 feet in the three intervals, ranging from 24.5 to 45.5 feet of net pay and 16% to 26% average porosity. In addition to the oil bearing sandstones, the well also showed gas saturated sandstones in the Barzalosa Formation. Testing of the well up to the date hereof, which has been solely in the Lower Guadalupe, has not changed the original interpretation. The summary below was included in the November 4, 2010 news release.

Unit	Interval (TVDSS) (feet)	Gross Reservoir (feet)	Net Reservoir (feet)	Net Pay (feet)	Average Sw (%)	Average Porosity (%)	Type of Hydrocarbon
Barzalosa	1,040-1,825	633.5	618	24.5	49.4	19.1	Oil/Gas
Upper Guadalupe	1,825-1,908	62	60.5	45.5	47.5	16.7	Oil

Lower Guadalupe	1,908-2,099	151	150.5	44	37.6	25.9	Oil
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The Visure-1X well confirmed an oil-water contact at 1,970 feet TVDSS in the Lower Guadalupe Formation. Seismic data suggest that the crest of the structure at Lower Guadalupe level is approximately 0.7 kilometres to the northeast which could imply an additional 65 feet of hydrocarbon column in the Lower Guadalupe Formation.

The well was perforated in the Lower Guadalupe and tested at a stabilized rate of 46 barrels of oil per day (“**bopd**”) with 14 barrels of water per day (“**bwpd**”). The Visure-1X well has now been suspended and the drilling rig released pending evaluation of the production testing. Depending of the results of this analysis, the Company will consider a possible test in the Upper Guadalupe and Barzalosa Formations. Different production techniques will be evaluated based on the production test analysis to economically produce the significant oil in place encountered in the Lower Guadalupe Formation.

### **Tuqueque-1X**

In the Tuqueque prospect, located to the northern part of the Bugarviles Block, the Tuqueque-1X exploratory well spudded on November 4, 2010, with the Cretaceous limestones of the Caballos Formation as the main exploratory target. After the tie between a vertical seismic profile in the well and the available 2D seismic data, the estimated final depth of the objective was revised from 7,600 feet to 11,300 feet MD, and the new depth for the Caballos was estimated at a MD of approximately 10,600 feet. The well is currently drilling 8½” hole at the depth of 9,303 feet MD in the Villeta Group (Tetuan Formation). The preliminary petrophysical evaluation in the upper part of the well, showed two additional prospective intervals in the upper levels: the Monserrate Formation with 31 feet of indicated net pay; and the El Cobre Formation with 9 feet of indicated net pay.

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### **Cautionary Note Regarding Forward-Looking Statements**

This news release contains forward-looking statements relating to the results of the Visure-1X well, the drilling of the Tuqueque-1X well and other related matters, some of which 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 wells may encounter drilling and/or completion problems which could lead to greater cost and, potentially, a failure to reach total depth or to evaluate the prospects being drilled, the state of the economy in general and capital markets in particular, investor interest in the business and future prospects of 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, Loon disclaims any intention and assumes 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, Loon undertakes no obligation to comment on the expectations of, or statements made, by third parties in respect of the matters discussed above.

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