



PRESS RELEASE

September 7, 2010

PETROLIFERA PETROLEUM INITIATES REVIEW OF STRATEGIC ALTERNATIVES AND PROVIDES OPERATIONAL UPDATE

Calgary, Alberta – Petrolifera Petroleum Limited (“Petrolifera” or the “company”) (PDP – TSX) announced today that its Board of Directors has initiated a process to review Petrolifera’s business plan and to identify, examine and consider a range of strategic alternatives available to the company for enhancing shareholder value. Among other things, this may include exploring potential asset divestments and joint ventures, a corporate sale or business combination, evaluation of financing and recapitalization opportunities or other alternatives to increase shareholder value. The Board of Directors determined that it was an appropriate time to assess strategic options following a thorough review of current operations, the exploration opportunities, contractual obligations and capital requirements to exploit the Company’s lands in Argentina, Colombia and Peru and an evaluation of the Company’s current financial position.

The process of reviewing strategic alternatives will be overseen by a Special Committee of three independent directors: K. Andrew Gustajtis, Gordon H. Johnston and Christopher J. Smith. Mr. Smith, who is also Chairman of the Audit Committee of the Petrolifera Board, will serve as Chair of the Special Committee. The Special Committee has a mandate to solicit, review and consider strategic alternatives and to consider and recommend to the Board of Directors whether any proposed transaction is in the best interests of the Company and its security holders. In connection with its mandate, the Special Committee is in the process of retaining RBC Capital Markets for the purpose of assisting the Special Committee in the performance of its mandate.

No decision on any particular alternative has been reached at this time and there can be no assurance that the process will result in a transaction or, if a transaction is entered into, as to its terms or timing. Petrolifera does not intend to make any further announcements regarding the process unless and until its Board of Directors has approved a specific transaction or other course of action or otherwise deems disclosure of developments is appropriate.

Petrolifera has been active since its last report to shareholders issued on August 5, 2010. Of particular importance, the company is in the midst of its long term production test at Brillante. Over the past ten days, the Brillante SE 1X well, situated on the Sierra Nevada License in the Upper Magdalena Basin, Colombia, has flowed natural gas without stimulation at a choke-restricted rate of approximately three million cubic feet per day (through a 26/64 inch choke), with a measured wellhead pressure of approximately 1,034 psi. This rate reflects limitations imposed under government flaring regulations. Associated liquids have been recorded at the rate of approximately 5 bbl/d per million cubic feet. These results are in line with expectations and at this time indicate a significant accumulation of natural gas

has been identified for future development. Readers should be cautioned that the measured flow rates from the long term test may not be indicative of stabilized production rates for the Brillante SE 1X well. The long term test of the Brillante well is continuing; this information is required to further assess the size of the accumulation and its potential for commerciality.

In this regard, Petrolifera has been in discussions with Colombian companies which supply smaller scale volumes of natural gas to local markets and is evaluating an opportunity to proceed with a small scale commercial project at Brillante and possibly at La Pinta. Proceeding would allow Petrolifera to secure a modest source of Colombian cash flow. The application of this interim solution for marketing natural gas could also be important to Petrolifera, as the company may then be able to commence production of crude oil from the Porquero Formation at the La Pinta well, by conserving and producing associated natural gas indicated to be present with the light gravity crude oil tested from this Formation.

Petrolifera is also engaged in discussions with regional pipeline aggregators about medium term solutions to move Brillante and other regional natural gas to the available markets in Colombia.

The company's technical staff is currently interpreting 3D seismic which was shot over the La Pinta structure. Preliminary analysis is encouraging, as additional well-defined structures have been mapped in various prospective horizons.

The company is also evaluating its Turpial License in the Lower Magdalena Basin. These lands are prospective for medium to heavy oil accumulations and it is anticipated drilling could occur on the 50 percent-owned and operated block in 2011.

In Peru, Petrolifera is well advanced in its negotiations with a large international oil company which, if concluded, would lead to the farmout of its Blocks 107 and 133 in the Ucayali Basin, Peru. There can be no assurance these negotiations will result in the completion of a satisfactory agreement, if at all, and the timing of the resolution of negotiations is uncertain. Various parties continue to assess both the Ucayali acreage and the company's Block 106 in the Marañon Basin of northern Peru.

In Argentina, the company's overall production volumes have remained relatively stable after experiencing a minor downturn during a pump replacement on the 1012 well in the Puesto Morales Norte Field. During July 2010, crude oil sales realized an improved selling price of \$53.55/bbl, marking the sustained improvement in crude prices this year. Crude oil sales prices for the balance of 2010 are expected to be favorable.

Petrolifera is a Calgary-based crude, natural gas and natural gas liquids exploration, production and development company with extensive holdings in Argentina, Colombia and Peru.

Forward-Looking Information:

This press release contains forward-looking information relating to the Company's plans to review strategic alternatives for maximizing shareholder value, anticipated results from the Brillante SE 1X well and the potential to pursue a small scale commercial project at Brillante and possibly at La Pinta for the sale of natural gas and crude oil, continued evaluation of marketing strategies for natural gas production in Colombia, potential drilling activities at Turpial, planned farmout activities associated with the company's properties in Peru and anticipated improvements in crude oil sales prices in Argentina for the balance of 2010. Forward-looking information is not based on historical facts but rather on Management's expectations

regarding the company's future growth, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, plans for and results of drilling activity, environmental matters, business prospects and opportunities and expectations with respect to general economic conditions. Such forward-looking information reflects Management's current beliefs and assumptions and is based on information currently available to Management. Forward-looking information involves significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including but not limited to, risks associated with the oil and gas industry (e.g. operational risks in development, exploration and production, delays or changes to plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of geological interpretations; the uncertainty of estimates and projections in relation to production, costs and expenses and health, safety and environment risks), the risk of commodity price and foreign exchange rate fluctuations, the uncertainty associated with negotiating with foreign governments and third parties located in foreign jurisdictions and the risk associated with international activity. Readers are cautioned that there can be no assurance that the review of strategic alternatives will result in the announcement or completion of any specific transaction. In addition, the pursuit of certain strategic alternatives such as a corporate sale or farmout may impact the future plans of the company relating to exploration, development, production and marketing. Additional risks and uncertainties associated with Petrolifera's future plans are described in Petrolifera's Annual Information Form for the year ended December 31, 2009. Although the forward-looking information contained herein is based upon assumptions which Management believes to be reasonable, the company cannot assure investors that actual results will be consistent with this forward-looking information. This forward-looking information is made as of the date hereof and the company assumes no obligation to update or revise this information to reflect new events or circumstances, except as required by law. Because of the risks, uncertainties and assumptions inherent in forward-looking information, prospective investors in the company's securities should not place undue reliance on this forward-looking information.

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