



**News Release
August 13, 2007**

Crocotta Energy Inc. and Diamond Tree Energy Ltd. Announce Combination

Calgary, Alberta, August 13, 2007 – Crocotta Energy Inc. ("Crocotta") and Diamond Tree Energy Ltd. (TSX: DT) ("Diamond Tree") are pleased to announce that their respective boards have unanimously approved a combination of the two entities through a Plan of Arrangement (the "Arrangement") and the transfer of certain properties into a new entity ("Newco"). A definitive arrangement agreement was executed and delivered by Diamond Tree, Crocotta, and Newco on Friday, August 10, 2007 (the "Arrangement Agreement"). Upon completion of the Arrangement, Diamond Tree shareholders will receive 0.9527 of a Crocotta share and 1.0 of a Newco share for each Diamond Tree share held as at that time.

Crocotta will acquire approximately 1,500 boepd of production primarily in West Central Alberta and assume approximately \$35 million in net debt, which is expected to be eliminated upon completion of the Arrangement. Approximately 700 boepd of production primarily in Central Alberta will be transferred into Newco with no net debt assumed.

The Arrangement Agreement contains conditions relating to the listing of Crocotta shares and Newco shares on a stock exchange in Canada.

Kelly Ogle, currently President of Diamond Tree, will be the President & CEO of Newco while Rob Zakresky, current President and CEO of Crocotta, will continue as President and CEO of the larger combined entity. Don Copeland, current CEO of Diamond Tree, will join Crocotta's board of directors and Rob Zakresky will join the board of Newco.

According to Rob Zakresky, "This transaction significantly enhances Crocotta's position in West Central Alberta and provides increased size to further our current exploration and development projects. Crocotta will be in a net cash position at closing and very well positioned for additional acquisitions given the currently weak natural gas prices and soft equity markets."

Don Copeland noted, "The transaction allows Diamond Tree shareholders to participate in two exciting junior oil and gas companies that will both be debt free and well positioned in an environment where there are increased opportunities available and reduced competition for those opportunities."

Transaction Highlights

Diamond Tree Shareholders:

- Participation in 2 growth oriented, debt-free junior oil and gas companies run by experienced management teams.
- Corporate debt and working capital deficit are eliminated on completion of the transaction.
- Remaining \$7.5 million flow-through commitment can be spent more efficiently with access to Crocotta's exploration drilling program.
- Increased access to capital will allow for expanded capital programs and potential additional acquisitions.
- Synergies from consolidating Crocotta's and Diamond Tree's West Central Alberta properties.
- Increased tax horizon due to Crocotta's current large tax pool base.

Crocotta Shareholders:

- Accretive to Crocotta's projected cash flow, production and proved plus probable reserves on a per share basis.
- Significantly increases the size of Crocotta's production base.
- Adds critical mass to carry out larger exploration programs and participate in higher impact plays.
- Consolidates the Niton property that was partly owned by both companies.
- Adds approximately 1,500 boepd comprised of 30% light crude oil and NGLs and 70% natural gas.
- Adds 3.6 mmboe of proved plus probable (2.7 mmboe proved) reserves (Crocotta's July 1, 2007 internal estimate).
- Adds approximately 36,000 net acres of undeveloped land.

Pro Forma Crocotta Highlights

Management of both Crocotta and Diamond Tree believe that the transaction provides many strategic benefits including benefits of size and scale through a larger production base, operational and geographic synergies, an expanded inventory of projects and increased access to capital.

- Pro forma Crocotta will have:
 - Reserve base of approximately 6.4 mmboe comprised of 33% light crude oil and NGLs and 67% natural gas.
 - Production of approximately 2,100 boepd, 40% light crude oil and NGLs and 60% natural gas.
 - 2007 exit production estimated at over 2,500 boepd.

- Undeveloped land base and farm-in lands exceeding 75,000 net acres.
- Over 30 identified drillable locations.
- Over \$110 million in tax pools.
- Approximately \$7.5 million cash and no debt (assuming maximum financing below).
- Shares outstanding of 106.4 million assuming maximum financing amount (35.5 million after a proposed 3 for 1 consolidation).

Crocotta Financing

As of June 30, 2007, Crocotta had available net cash and working capital of approximately \$27.4 million (including assumed exercise of existing put/call arrangements) and no debt.

Crocotta has also entered into a financing arrangement with two institutional investors to issue 9.3 million Crocotta common shares priced at \$1.35 per share for gross proceeds of \$12.5 million contingent on closing of the Arrangement. One of these institutions has also agreed to provide up to an additional \$2.5 million at the same price if so requested by the Company.

In addition to the \$12.5 million financing noted above, Crocotta may seek to raise up to an additional \$10 million at \$1.35 per share to expand the current shareholder base.

Board Recommendations

Based on these and other factors, the boards of directors of both Crocotta and Diamond Tree have determined that the Arrangement is in the best interests of Crocotta and Diamond Tree and the board of directors of Diamond Tree recommends that its shareholders vote in favour of the Arrangement. Management and directors of Diamond Tree, representing approximately 34% of the outstanding fully diluted common shares of Diamond Tree, have agreed to vote in favour of the Arrangement. The boards of directors of both Crocotta and Diamond Tree have unanimously approved the Arrangement and the Arrangement Agreement.

The Arrangement Agreement prohibits Diamond Tree from soliciting or initiating any discussions concerning the sale of material assets or any other business combination and provides Crocotta with the right to match any competing proposal in the event of such proposal. Under the terms of the Arrangement Agreement, Crocotta is entitled to receive a \$2.7 million break fee from Diamond Tree in certain circumstances, including if Diamond Tree enters into an agreement with another party for a takeover of Diamond Tree or if the Diamond Tree board of directors recommends that its shareholders deposit or vote their Diamond Tree shares in favour of another proposal. Full details of the Arrangement will be included in an information circular to be completed by Diamond Tree which is expected to be mailed to Diamond Tree shareholders early in September 2007. Successful completion of the Arrangement is subject to court and regulatory

approvals and the approval of the Arrangement by at least two-thirds of Diamond Tree's shareholders voting at a special meeting. It is anticipated that the Diamond Tree special meeting required to approve the Arrangement will be held in late September 2007. If approved by the Diamond Tree shareholders, the Arrangement is expected to close shortly after the special meeting.

Background Information on Crocotta

Crocotta is a non-trading public entity that is a reporting issuer in Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, and New Brunswick. Historical information can be found at www.sedar.com.

In November 2006, the current management team led by Rob Zakresky and a group of private investors recapitalized Crocotta and refocused the business plan towards oil and gas activities in the Western Sedimentary Basin.

Rob Zakresky, President and CEO, has previously led various public oil and gas companies including Chamaelo Exploration Ltd., Chamaelo Energy Inc., Viracocha Energy Inc. and Bellator Exploration Inc.

Financial Advisors

Acumen Capital Partners acted as sole financial advisor to Diamond Tree and has advised the board of directors of Diamond Tree that it is of the opinion, subject to its review of the final form of the documents effecting the Arrangement, that the consideration to be received by the Diamond Tree shareholders pursuant to the Arrangement is fair from a financial point of view to the Diamond Tree shareholders.

Forward-Looking Statements

Certain information set forth in this document, including management's assessment of the future plans and operations of Crocotta and Diamond Tree and the benefits of the proposed acquisition, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Crocotta's and Diamond Tree's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. 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. The actual results, performance or achievement of Crocotta, Diamond Tree or the combined entity could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Crocotta and Diamond Tree will derive therefrom. Crocotta and Diamond Tree disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

BOE Conversions

Boe's may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead

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