

# Suroco Energy Inc. Announces Filing of First Quarter Financial Statements and MD&A

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CALGARY, ALBERTA -- (Marketwired - May 29, 2014) - [Suroco Energy Inc.](#) (TSX VENTURE:SRN) (the "Corporation") is pleased to announce that it has filed its First Quarter Financial Statements and the related Management's Discussion and Analysis ("MD&A") for the period ended March 31, 2014 on the System for Electronic Document Analysis and Retrieval ("SEDAR").

Copies of these documents can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## Financial & Operating Highlights

(All references to \$ are United States dollars unless otherwise noted)

	3 months ended March 31	
	2014	2013
<b>Financial</b>		
Oil and gas revenue (\$)	13,255,966	9,986,286
Funds flow from operations (1) (\$)	2,511,025	4,071,885
Per share - basic and diluted (\$)	0.02	0.03
Net loss (\$)	(10,033,447)	(510,167)
Per share - basic and diluted (\$)	(0.07)	(0.00)
Adjusted net income (loss) (1) (\$)	(9,908,474)	1,283,850
Per share - basic and diluted (\$)	(0.07)	0.01
Total assets (\$)	76,700,581	76,083,855
Working capital surplus (deficit) (1) (\$)	(4,832,771)	16,536,983
Common shares outstanding, end of period		
Basic	134,329,734	134,329,734
Fully Diluted	151,809,734	152,976,190
Weighted average common shares outstanding		
Basic	134,329,734	134,329,734
Diluted (2)	134,329,734	134,329,734
<b>Operational</b>		
Average daily net after royalty production (bopd)	2,086	1,207
Average reference price - WTI (\$ per barrel)	98.75	94.33
Average reference price - Brent (\$ per barrel)	108.17	112.49
Operating Netback (\$ per barrel)		
Average realized price	78.25	97.00
Royalties	6.49	7.76
Production and transportation expenses	22.50	28.07
Operating Netback	49.26	61.17

### Notes:

(1) Non-GAAP financial measure; see discussion in "Reconciliation of Non-GAAP Items" section of the Q1 2014 MD&A.

(2) In periods where there were losses attributable to shareholders, all potentially dilutive securities were considered anti-dilutive and were therefore excluded from the fully diluted number of weighted average common shares outstanding calculation. All potentially dilutive securities were considered for the calculation of diluted number of shares outstanding at the end of period

## Proposed Transaction

On April 26, 2014, the Corporation entered into an arrangement agreement ("Arrangement Agreement") with [Petroamerica Oil Corp](#) ("Petroamerica") pursuant to which Petroamerica has agreed to acquire all the issued

and outstanding common shares of the Corporation on the basis of 1.7627 of Petroamerica common shares for each outstanding common share of the Corporation (the "Arrangement"). The Arrangement is to be completed by way of a plan of arrangement under the Business Corporations Act (Alberta), subject to customary conditions for a transaction of this nature including, but not limited to the requisite approval of shareholders of the Corporation. An annual and special meeting of the holders of common shares of the Corporation is scheduled to take place June 25, 2014. Closing of the Arrangement is expected to occur shortly thereafter.

### Highlights for the period

- Achieved record quarterly production of 2,086 barrels of oil per day (net to the Corporation after royalties) compared to 1,207 barrels of oil per day for the same quarter of 2013.
- Decreased production costs on a per barrel basis by approximately 20% for the period from \$28.07/bbl to \$22.50/bbl.
- Announced a 32% increase in proved producing reserves for the year ended December 31, 2013.
- Placed on permanent production the Quinde 4 well on January 28, 2014 which was drilled in the fourth quarter of 2013.
- Commenced the drilling of the Quinde 6 well on March 13, 2014 and placed the well on production subsequent to the end of the period.
- Progressed the drilling of the Canelo-Sur 2 well which was completed and suspended subsequent to quarter end which resulted in an impairment charge of approximately \$9.4 million.
- Progressed negotiations for a farm-in to the Putumayo 7 Block, which was closed subsequent to the end of the period.
- Progressed negotiations with Petroamerica, which lead to entering into the Arrangement Agreement subsequent to the end of the period.
- Closed amendment to credit facility with Macquarie Bank to provide for an additional \$10 million in available funds.

The Corporation is a Calgary-based junior oil and gas company, which explores for, develops, produces and sells crude oil, natural gas liquids and natural gas in Colombia. The Corporation's common shares trade on the TSX Venture Exchange under the symbol "SRN".

### Reserves Information

"Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

### FORWARD LOOKING STATEMENTS

*Certain statements included in this press release constitute forward-looking statements under applicable securities legislation. These statements relate to future events or future performance of the Corporation. All statements other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", or the negative of these terms or other comparable terminology. Forward-looking statements or information in this press release include, but are not limited to, the completion of the Arrangement, the characteristics of the Corporation's oil and natural gas properties, reserve quantities and the discounted present value of future net cash flows from such reserves, net revenue, capital expenditures, operating costs, exploration plans and development plan. In addition, this press release may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these 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, estimates, 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 inability to obtain all necessary approvals for completion of the Arrangement; the state of the economy in general and capital markets in particular; fluctuations in oil prices; the results of exploration and development drilling, recompletions and related activities; changes in environmental and other regulations; risks associated with oil and gas operations and future exploration activities; receipt of securityholder and third party approvals; and other factors, many of which are beyond the control of the Corporation. You can find an additional discussion of those assumptions, risks and uncertainties in the Corporation's Canadian securities filings.

The forward-looking statements contained in this press release are made as of the date of this press release. Except as required by law, the Corporation 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. Additionally, the Corporation undertakes no obligation to comment on the expectations of, or statements made by, third parties in respect of the matters discussed above. New factors emerge from time to time, and it is not possible for management of the Corporation to predict all of these factors and to assess in advance the impact of each such factor on the Corporation's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement or information. The forward-looking statements contained herein are expressly qualified by this cautionary statement. Moreover, neither the Corporation nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements.

Statements relating to "reserves" are deemed to be forward-looking statements or information, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitable in the future. There are numerous uncertainties inherent in estimating quantities of proved reserves, including many factors beyond the control of the Corporation. The reserve data included herein represents estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary considerably from actual results. All such estimates are to some degree speculative and classifications of reserves are only attempts to define the degree of speculation involved. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties and classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially. The actual production, revenues, taxes and development and operating expenditures of the Corporation with respect to these reserves will vary from such estimates, and such variances could be material.

Estimates with respect to proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history will result in variations, which may be substantial, in the estimated reserves.

Consistent with the securities disclosure legislation and policies of Canada, the Corporation has used forecast prices and costs in calculating reserve quantities included herein. Actual future net cash flows also will be affected by other factors such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed Arrangement and has neither approved nor disapproved the contents of this press release.

Neither the TSX Venture Exchange nor its Regulation Service 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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