

Suroco Energy Inc. Recommends Rejection of Most Recent Vetra Offer and Reaffirms Recommendation for Arrangement With Petroamerica

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CALGARY, ALBERTA -- (Marketwired - June 21, 2014) - [Suroco Energy Inc.](#) (TSX VENTURE:SRN) ("Suroco" or the "Corporation") announces that its Board of Directors, has unanimously recommended that Suroco shareholders REJECT the unsolicited cash offer from Vetra Acquisition Ltd., a wholly owned subsidiary of VETRA Holding S.a.r.l. (collectively "Vetra") to acquire the issued and outstanding common shares of Suroco ("Suroco Shares") at \$0.75 per share in cash (the "Vetra Offer").

As previously announced, Suroco has entered into an agreement with [Petroamerica Oil Corp.](#) ("Petroamerica") under which Petroamerica will acquire all of the issued and outstanding Suroco Shares pursuant to a plan of arrangement (the "Petroamerica Arrangement"). Pursuant to recent amendments to the Petroamerica Arrangement, holders of Suroco Shares can now elect to receive one of the following for each Suroco Share held: (i) 2.2161 common shares of Petroamerica (the "Share Option"); (ii) \$0.2079 in cash and 1.6401 common shares of Petroamerica (the "Cash and Share Option"); or (iii) \$0.80 in cash (the "All Cash Option"). The total amount of cash available is capped at \$27 million. In the event that the amount of cash elected to be received by the holders of Suroco Shares exceeds \$27 million (taking into consideration the Cash and Share Option elections and the All Cash Option elections), the Suroco shareholders that selected the All Cash Option will receive a pro-rated amount of cash and the equivalent pro-rated number of Petroamerica shares based on an exchange ratio of 2.2161 common shares of Petroamerica for each Suroco Share. There is no limit on the ability of Suroco shareholders to make any of the aforementioned elections.

Reasons to Reject the Vetra Offer

On June 20, 2014, Vetra announced its intention to increase the cash consideration under the Vetra Offer to \$0.75 in cash for each Suroco Share, from its earlier insufficient offer of \$0.72 in cash for each Suroco Share. The Board of Directors of Suroco and its special committee of independent directors (the "Special Committee") carefully considered and reviewed the terms and conditions of the Vetra Offer with the assistance of its financial and legal advisors. Upon the recommendation of the Special Committee, and based on the verbal advice of its financial advisor, Peters & Co. Limited, and its legal advisors, the Board of Directors of Suroco has unanimously reaffirmed its recommendation IN FAVOUR of the Petroamerica Arrangement and has concluded that the Petroamerica Arrangement is superior to this most recent Vetra Offer.

A summary of the reasons for the recommendations of the Board of Directors is as follows:

- a. The Petroamerica Arrangement provides a premium to shareholders. The Vetra Offer constitutes a discount to the consideration being offered pursuant to the Petroamerica Offer.
- b. The Board of Directors continues to believe that the Petroamerica Arrangement will provide long term value in excess of the consideration being offered under the Vetra Offer and for the benefit of all shareholders of the combined company. The Petroamerica Arrangement creates a combined company holding interests in eleven exploration and production contracts focused on high netback light and medium oil exploration and production in the Llanos and Putumayo Basins in Colombia, including the recently acquired 50% interest in the Putumayo 7 Block in Colombia that is immediately adjacent to the Surorient Block. Suroco's management believes that the Putumayo 7 Block may contain an extension of the recently discovered Quinde field and when drilled, is expected to add significant value to the combined company, under better economic terms than the Surorient Block. By tendering their shares to the Vetra Offer, Suroco shareholders will not have the opportunity to realize the potential of the opportunities on the Putumayo 7 Block.
- c. The combined company resulting from the Petroamerica Arrangement will have a strong, under-levered

balance sheet that is expected to fully fund the future development and exploration of its asset base. As of June 20, 2014, Petroamerica held approximately US\$100 million in cash and, upon the completion of the Petroamerica Arrangement and after the payment of expenses thereunder, including the payment of the maximum amount of the cash component under the Cash and Share Option and the All Cash Option and the satisfaction of Suroco's existing credit facilities, expects to hold at least US\$35 million in cash and only US\$31.5 million in debt.

d. Petroamerica has an established history of deal making and delivering reserves and production growth that has resulted in substantial value creation for its shareholders. Petroamerica has grown net production from an average of 155 barrels of oil equivalent per day in the first quarter of 2012 to 6,478 barrels of oil equivalent per day average in the first quarter of 2014. Petroamerica has also increased working interest proved plus probable reserves from 3.0 million barrels of oil as at December 31, 2011 to 4.9 million barrels of oil equivalent as at December 31, 2013 and Petroamerica's share price has appreciated more than 230% from the beginning of 2012 to the June 19, 2014 close of trading of the Petroamerica Shares.

e. The Vetra Offer is inherently coercive. The Vetra Offer is structured such that Vetra need only acquire 50.1% of the issued and outstanding Suroco Shares (on a fully diluted basis) in order to complete the Vetra Offer, and thus Vetra may gain effective control of Suroco without any obligation to acquire the outstanding Suroco Shares that were not tendered to the Vetra Offer. A Suroco shareholder may be left holding a minority investment, at a reduced price, reflective of a minority discount in a company under the control of Vetra and with reduced liquidity in the Suroco Shares.

f. Vetra is attempting to extract value that should accrue to existing Suroco shareholders. Vetra holds interests in three out of five of Suroco's oil and gas exploration and production properties in Colombia. As a result, Vetra has a clear understanding of the upside potential of a significant portion of Suroco's asset base. To date, Vetra has repeatedly attempted to acquire Suroco for cash and often at "low-ball" prices. The Vetra Offer is a further attempt to acquire ownership of Suroco's assets in a manner whereby existing Suroco shareholders are precluded from participating in Suroco's anticipated growth.

The Vetra Offer is not supported by Suroco's largest shareholder, Alentar Holdings Inc. ("Alentar") or by Suroco's directors and officers. Such persons hold approximately 19.18% of the outstanding Suroco Shares (16.86% on a fully-diluted basis) and are parties to support agreements which require them to vote in favour of the Petroamerica Arrangement and prevent them from tendering their Suroco Shares to the Vetra Offer. This makes it much more difficult for the Vetra Offer to succeed. Alentar has confirmed its preference to receive stock of the combined company resulting from the Petroamerica Arrangement, in order to participate in Petroamerica's upside potential, rather than be cashed out.

Directors' Circular

Vetra continues to make misleading and inaccurate claims about Suroco, Petroamerica, Alentar and the Petroamerica Arrangement. Corrections to Vetra's numerous inaccuracies are out in the Directors' Circular of Suroco dated June 20, 2014 that has been mailed to each of Suroco's shareholders in compliance with applicable securities laws and filed with Canadian securities regulatory authorities. The Directors' Circular is available on SEDAR at www.sedar.com. Suroco shareholders are advised to read the Directors' Circular carefully and in its entirety, as it will contain important information regarding Suroco, Petroamerica and the previous Vetra Offer. If shareholders of Suroco have any questions or require more information, they are encouraged to contact Suroco's proxy solicitation agent, Georgeson Shareholder Communications Canada, Inc. ("Georgeson"), toll-free at 1-888-605-7641 or outside North America, collect at 781-575-2422 or by email at askus@georgeson.com.

How to Vote IN FAVOUR of the Petroamerica Arrangement

Any Suroco shareholder that has already voted IN FAVOUR of the Petroamerica Arrangement need not take any action, as their votes will be counted. Any Suroco shareholder who has voted AGAINST the proposed combination transaction is encouraged to change its vote and vote IN FAVOUR of the Petroamerica Arrangement.

Registered shareholders of Suroco are requested to complete, date, sign and return the form of proxy that accompanied the Information Circular and Proxy Statement of the Corporation dated May 27, 2014 (a copy of which can also be found on Suroco's profile on SEDAR at www.sedar.com and which was filed on May 30, 2014) and the Directors' Circular. To be valid, the form of proxy must be signed and forwarded so as to reach, or be deposited with, Suroco's transfer agent, Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, by fax to (866) 249-7775,

by internet at www.investorvote.com or by telephone by calling (866) 732-8683 (toll free) (international direct dial (312) 588-4290), so that it is received not later than 10:00 a.m. (Mountain time) on June 25, 2014.

Non-registered shareholders who receive voting instructions from their intermediary should carefully follow the instructions provided by their intermediary to ensure their vote is counted.

If you have any questions that are not answered herein, or would like additional information, you should contact your professional advisors. You can also contact Georgeson, the proxy solicitation firm engaged by Suroco, toll-free at 1-888-605-7641 or outside North America, collect at 781-575-2422 or by email at askus@georgeson.com should you have any questions regarding voting of your Suroco Shares.

How to REJECT the Vetra Offer and Withdraw Tendered Shares

To reject the Vetra Offer, you should do nothing. The Vetra Offer is open for acceptance until July 17, 2014, unless extended. Suroco shareholders who have already tendered their shares to the Vetra Offer can withdraw them at any time before they have been taken up and accepted for payment by Vetra. Shareholders holding shares through a dealer, broker or other nominee should contact such dealer, broker or nominee to withdraw their Suroco shares. Shareholders may also contact the proxy solicitation firm retained by Suroco, Georgeson, toll-free at 1-888-605-7641 or outside North America, collect at 781-575-2422 or via email at askus@georgeson.com.

General

Suroco 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.

Definitions

For the foregoing discussions in this press release, the following terms have the following respective meanings:

- "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.

- "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Additionally, "barrels of oil equivalent" ("boe") is at a conversion rate of 6,000 cubic feet ("cf") of natural gas for one barrel of oil and is based on an energy equivalence conversion method. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6,000 cf: 1 barrel is based on an energy equivalence conversion method primarily applicable at the burner tip and does not represent a value equivalence at the wellhead.

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, statements pertaining to Suroco's future performance, business prospects or opportunities, including information concerning the Vetra Offer and the completion and effect of the Petroamerica Arrangement, including without limitation upon completion of the Petroamerica Arrangement, the resulting combined company's expected drilling and exploration plans, business strategy, priorities, plans and expected production and the anticipated timing thereof, the extension of the Quinde West field to the Putumayo 7 Block and the expected economic terms of such field, the potential value of the N sand oil play in the Putumayo Basin in Colombia, production growth of the combined company, and the economic effects thereof and other statements.

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, 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 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; the inability to obtain regulatory approval for any operational activities; inability to get all necessary approvals for the completion of the Petroamerica Arrangement; the risks of the oil and gas industry in general, such as operational risks in exploring for, developing and producing crude oil and natural gas, market demand and unpredictable shortages of equipment and/or labour; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; fluctuations in oil and gas prices, foreign currency exchange rates and interest rates; reliance on industry partners; and other factors, many of which are beyond the control of Suroco or Petroamerica.. You can find an additional discussion of those assumptions, risks and uncertainties in Suroco's and Petroamerica's Canadian securities filings.

Although Suroco has attempted to identify important factors that could cause actual actions, events, results, performance or achievements to differ materially from those described in the forward-looking statements or information contained in this press release, there may be other factors that cause actions, events, results, performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements or information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Such forward-looking statements and information are made or given as at the date of this press release and Suroco disclaims any intention or obligation to update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required under applicable securities law. The reader is cautioned not to place undue reliance on forward-looking statements or information.

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 Suroco or Petroamerica. 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.

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

Neither TSX Venture Exchange nor its Regulation Services 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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