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*For Immediate Release*

**Calgary, Alberta**

**May 21, 2010**

**SUROCO ENERGY INC. UPDATES PROPOSED MERGER WITH WINCHESTER OIL & GAS S.A. BY WAY OF REVERSE TAKE-OVER**

Suroco Energy Inc. (TSX Venture Exchange: SRN) (“**Suroco**” or the “**Corporation**”) announces the following updates to its previously announced arm’s length merger (the “**Proposed Transaction**”) with Winchester Oil & Gas S.A. (“**Winchester**”) and brokered private placement (the “**Brokered Financing**”) being conducted by the Corporation in connection therewith (please refer to the Corporation’s press releases of April 22, 2010, April 30, 2010 and May 4, 2010), which updates include:

- summaries of reserves and resources data for each of Winchester and Suroco;
- selected unaudited financial information for Winchester; and
- a summary of the Board of Directors of Suroco upon completion of the Proposed Transaction.

On April 20, 2010, the Corporation entered into a binding letter of intent (the “**Agreement**”) with Winchester setting out the initial terms and conditions of the Proposed Transaction. Winchester is an oil and gas company incorporated in Panama and which has been active in Colombia since 2002.

The Proposed Transaction will constitute a reverse take-over and a change of control of the Corporation within the meaning of Policy 5.2 of the TSX Venture Exchange (the “**Exchange**”). Under the Proposed Transaction, the Corporation will acquire all of the issued and outstanding shares of Winchester in exchange for US\$30 million and 200,000,000 common shares in the capital of the Corporation.

The Corporation has engaged a syndicate of investment dealers, led by Raymond James Ltd. and which includes TD Securities Inc., FirstEnergy Capital Corp., Macquarie Capital Markets Canada Ltd. and Jennings Capital Inc., to conduct on a “best efforts” agency basis, the Brokered Financing, which is an offering of up to \$50 million worth of subscription receipts of the Corporation at a price of \$0.65 per subscription receipt.

**Winchester Reserves and Resources Data**

Winchester presently holds working interests in the following oil and gas blocks in Colombia: Yamu Block (net working interest of 54.5% in existing production wells and Carupana prospects, 60% in the Picure prospect (where 90% of the costs of the exploration well will be paid by third parties) and 75% in all remaining exploration prospects), Llanos Block 34 (40%), La Sierra Block (24.5%), Cerrito Block (10%), Abanico Block (10%) and Arrendajo Block (10%). Winchester is the operator for the Yamu Block and the Llanos Block 34.

*Reserves*

GLJ Petroleum Consultants (“GLJ”) prepared an evaluation (the “Winchester GLJ Report”) of certain petroleum and natural gas reserves and resources of Winchester dated January 26, 2010. The effective date of the Winchester GLJ Report is December 31, 2009 and it consists of an evaluation of the petroleum and natural gas reserves of Winchester’s interests in the Yamu Block and Abanico Block and an evaluation of the petroleum and natural gas resources of Winchester’s interests in the Yamu Block. The Winchester GLJ Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserves definitions contained in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (“NI 51-101”). See “Pricing Assumptions” below for a summary of the pricing assumptions used in the Winchester GLJ Report. A summary of the Winchester GLJ Report will be included in the disclosure document the Corporation will prepare in connection with the Proposed Transaction.

The following tables set forth certain information relating to the oil and natural gas reserves of Winchester’s interests in the Yamu Block and Abanico Block and the undiscounted value and the net present value, discounted at 5%, 10%, 15% and 20%, of Winchester’s estimated future net revenue based on forecast price and cost assumptions as presented in the Winchester GLJ Report. Due to rounding, certain columns may not add exactly. All evaluations and reviews of future net revenues are stated prior to any provision for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned. It should not be assumed that the estimated future net revenue shown below is representative of the fair market value of Winchester’s interests in the Yamu Block and Abanico Block. The recovery and reserve estimates of crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas liquids and natural gas reserves may be greater than or less than the estimates provided herein. See “Risks and Assumptions” below.

**Summary of Oil and Gas Reserves Based on Forecast Prices and Costs**

Reserves Category	Winchester’s Reserves					
	Light and Medium Oil		Heavy Oil <sup>(1)</sup>		Oil Equivalent	
	Gross MBbl <sup>(2)</sup>	Net MBbl	Gross MBbl	Net MBbl	Gross MBbl	Net MBbl
<b>PROVED<sup>(4)</sup></b>						
Producing <sup>(5)</sup>	409	376	198	158	606	534
Developed Non-Producing <sup>(6)</sup>	-	-	-	-	-	-
Undeveloped <sup>(7)</sup>	-	-	-	-	-	-
<b>TOTAL PROVED</b>	<b>409</b>	<b>376</b>	<b>198</b>	<b>158</b>	<b>606</b>	<b>534</b>
<b>TOTAL PROBABLE<sup>(8)</sup></b>	<b>362</b>	<b>333</b>	<b>53</b>	<b>43</b>	<b>415</b>	<b>376</b>
<b>TOTAL PROVED + PROBABLE</b>	<b>771</b>	<b>709</b>	<b>251</b>	<b>201</b>	<b>1,022</b>	<b>910</b>
<b>TOTAL PPP<sup>(9)</sup></b>	<b>1,102</b>	<b>1,014</b>	<b>305</b>	<b>244</b>	<b>1,407</b>	<b>1,258</b>

### Summary of Net Present Values Based on Forecast Prices and Costs

Reserves Category	Net Present Values of Future Net Revenue									
	Before Income Tax					After Income Tax				
	Discounted at					Discounted at				
	0%/yr M\$( <sup>3</sup> )	5%/yr. M\$	10%/yr. M\$	15%/yr. M\$	20%/yr. M\$	0%/yr M\$	5%/yr. M\$	10%/yr. M\$	15%/yr. M\$	20%/yr. M\$
<b>PROVED</b> <sup>(4)</sup>										
Producing <sup>(5)</sup>	18,139	17,246	16,468	15,783	15,173	16,748	15,889	15,142	14,486	13,904
Developed Non-Producing <sup>(6)</sup>	-	-	-	-	-	-	-	-	-	-
Undeveloped <sup>(7)</sup>	-	-	-	-	-	-	-	-	-	-
<b>TOTAL PROVED</b>	<b>18,139</b>	<b>17,246</b>	<b>16,468</b>	<b>15,783</b>	<b>15,173</b>	<b>16,748</b>	<b>15,889</b>	<b>15,142</b>	<b>14,486</b>	<b>13,904</b>
<b>TOTAL PROBABLE</b> <sup>(8)</sup>	<b>13,188</b>	<b>11,839</b>	<b>10,719</b>	<b>9,778</b>	<b>8,979</b>	<b>11,417</b>	<b>10,144</b>	<b>9,094</b>	<b>8,217</b>	<b>7,474</b>
<b>TOTAL PROVED + PROBABLE</b>	<b>31,327</b>	<b>29,084</b>	<b>27,187</b>	<b>25,561</b>	<b>24,152</b>	<b>28,165</b>	<b>26,033</b>	<b>24,237</b>	<b>22,703</b>	<b>21,378</b>
<b>TOTAL PPP</b> <sup>(9)</sup>	<b>46,687</b>	<b>42,604</b>	<b>39,243</b>	<b>36,433</b>	<b>34,052</b>	<b>40,177</b>	<b>36,497</b>	<b>33,480</b>	<b>30,967</b>	<b>28,846</b>

**Notes:**

1. Heavy oil refers to that production from the Abanico Block, which is approximately 22 degrees API gravity.
2. "MBbl" means thousand barrels.
3. "M\$" means thousand United States dollars.
4. "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.
5. "Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
6. "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.
7. "Undeveloped" reserves are those reserves expected to be recovered from know accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.
8. "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.
9. "Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

#### *Resources – Winchester GLJ Report*

Prospective resources for the Yamu Block in Colombia were evaluated in the Winchester GLJ Report.

GLJ estimates gross interest prospective resources in the Yamu Block of:

- "low estimate" unrisks 1.4 million barrels of oil
- "best estimate" unrisks 4.2 million barrels of oil; and
- "high estimate" unrisks 5.8 million barrels of oil.

The expected undiscovered resource potential for Yamu Block has been established by GLJ using a probabilistic analysis.

Suroco has internally calculated a gross "mean estimate" by addition of mean resource values for all individual fields contained in the Winchester GLJ Report, being:

- "mean estimate" unrisks 5.0 million barrels of oil.

The quality of the oil that is expected to be encountered in the Yamu Block is in the range of 32 to 36 degrees API.

See "Definitions" and "Risks and Assumptions" below.

*Resources – Suroco Internal Evaluation*

Llanos – Yamu Block

The Vice-President, Engineering of the Corporation, David Monroe, a qualified reserves evaluator, has evaluated expected prospective resources of Winchester's interest in eight undrilled features and updip resources in two known pools in the Yamu Block, using a probabilistic methodology, as at December 31, 2009 (the "**Suroco Internal Evaluation**"). The Suroco Internal Evaluation has been prepared in accordance with the standards contained in the COGE Handbook and the definitions contained in NI 51-101.

The estimated interest prospective resources in the Yamu Block according to the Suroco Internal Evaluation are:

- "low estimate" gross unrisked 7.8 million barrels of oil;
- "best estimate" gross unrisked 11.0 million barrels of oil;
- "high estimate" gross unrisked 13.9 million barrels of oil; and
- "mean estimate" of gross unrisked 11.9 million barrels of oil and working interest unrisked 7.7 million barrels of oil.

The quality of the oil that is expected to be encountered in the Yamu Block is in the range of 32 to 36 degrees API.

The resulting range of estimated prospective resources for the Yamu Block is higher in the Suroco Internal Evaluation than in the Winchester GLJ Report, with much of the difference being attributed to the following:

- an alternate 3D seismic structural interpretation used in the Suroco Internal Evaluation;
- inclusion of bypassed hydrocarbon pay observed on petro physical well logs; and
- insights from reservoir simulation of well performance.

The primary reason for the difference between the estimated prospective resources in the Winchester GLJ Report and the Suroco Internal Evaluation is that the structure mapping of the target zones is based on an evolved interpretation of the 3D seismic volume. The Corporation has continued to improve on the interpretation of the pre-stacked depth migration (PSDM) seismic volume provided by Winchester to GLJ for the Winchester GLJ Report, and has incorporated an improved knowledge of the data on the Yamu Block, analogies of the Trinidad field immediately to the south, and regional knowledge of Llanos structural closures. As a result, areas and closure heights for the prospects are interpreted to be larger in the Suroco Internal Evaluation.

It is also important to note that the seismic interpretation used in the Winchester GLJ Report with respect to the resources of Winchester is included within the probabilistic range of the Suroco Internal Evaluation. The Winchester GLJ Report conversely does not account for the

possibility of a high estimate as defined by the more recent seismic interpretation used in the Suroco Internal Evaluation. Winchester did not request GLJ conduct a resource evaluation that included the new seismic interpretation.

#### Llanos - Block 34

Prospective resources in the Llanos Block 34, in which Winchester holds an interest as previously described, were also evaluated pursuant to the Suroco Internal Evaluation. The Suroco Internal Evaluation has estimated the prospective resources for five seismic leads identified in the Llanos Block 34 exploration block. The estimated interest prospective resources in the Yamu Block according to the Suroco Internal Evaluation are:

- “low estimate” gross unrisked 12.8 million barrels of oil and working interest unrisked 5.1 million barrels of oil;
- “best estimate” gross unrisked 26.9 million barrels of oil and working interest unrisked 10.8 million barrels of oil;
- “high estimate” gross unrisked 51.7 million barrels of oil and working interest unrisked 20.7 million barrels of oil; and
- “mean estimate” of gross unrisked 38.0 million barrels of oil and working interest unrisked 15.2 million barrels of oil.

The quality of the oil that is expected to be encountered in the Llanos Block 34 is in the range of 20 to 35 degrees API.

GLJ was not approached to conduct a resource assessment on the Llanos Block 34.

See “Definitions” and “Risks and Assumptions” below.

#### **Suroco Colombian Reserves and Resources Data**

Suroco presently holds working interests in the following oil and gas blocks in Colombia: Alea 1848A Block (50%), Alea 1947C Block (24.5%), Suroriente Block (15.8%), Arjona Block (32.5%) and Hato Nuevo Block (9.9%). The Corporation also has an option (the “**Option**”) to acquire a 28% net working interest in the Llanos Block 33

#### *Reserves*

GLJ has prepared a report dated March 3, 2010 (the “**Suroco GLJ Report**”), in which it has evaluated all of the Corporation’s oil and natural gas reserves in Colombia effective December 31, 2009. The Suroco GLJ Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserves definitions contained in NI 51-101. A full summary of the Suroco GLJ Report can be found in the Corporation’s Annual Information Form dated April 27, 2010 for the year ended December 31, 2009 that is available under Suroco’s SEDAR profile at [www.sedar.com](http://www.sedar.com). See “Pricing Assumptions” below for a summary of the pricing assumptions used in the Suroco GLJ Report.

The following tables summarize the Colombian oil and natural gas reserves of the Corporation and the undiscounted value and the net present value, discounted at 5%, 10%, 15% and 20%, of Suroco’s estimated future net revenue based on forecast price and cost assumptions as presented in the Suroco GLJ Report. Due to rounding, certain columns may not add exactly.

All evaluations and reviews of future net revenues are stated prior to any provision for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned. It should not be assumed that the estimated future net revenue shown below is representative of the fair market value of Winchester's interests in its Colombian properties. The recovery and reserve estimates of crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas liquids and natural gas reserves may be greater than or less than the estimates provided herein. See "Risks and Assumptions" below.

### Colombia Properties Summary of Oil and Gas Reserves Based on Forecast Prices and Costs

Reserves Category	Corporation Reserves <sup>(1)</sup>							
	Light and Medium Oil		Heavy Oil		Natural Gas <sup>(2)</sup>		Natural Gas Liquids	
	Gross MSTB <sup>(3)</sup>	Net MSTB	Gross MSTB	Net MSTB	Gross MMscf <sup>(4)</sup>	Net MMscf	Gross Mbbbl <sup>(5)</sup>	Net Mbbbl
<b>PROVED</b>								
Developed Producing <sup>(7)(11)</sup>	412	379	-	-	-	-	-	-
Developed Non-Producing <sup>(7)(12)</sup>	67	62	-	-	-	-	-	-
Undeveloped <sup>(7)(13)</sup>	195	179	-	-	-	-	-	-
<b>TOTAL PROVED<sup>(7)</sup></b>	<b>674</b>	<b>620</b>	-	-	-	-	-	-
<b>TOTAL PROBABLE<sup>(8)</sup></b>	<b>507</b>	<b>466</b>	-	-	-	-	-	-
<b>TOTAL PROVED + PROBABLE<sup>(7)(8)</sup></b>	<b>1,180</b>	<b>1,086</b>						
<b>TOTAL PPP<sup>(7)(8)(9)</sup></b>	<b>1,783</b>	<b>1,640</b>	-	-	-	-	-	-

### Colombia Properties Summary of Net Present Values Based on Forecast Prices and Costs

Reserves Category	Net Present Values of Future Net Revenue									
	Before Income Tax					After Income Tax				
	Discounted at					Discounted at				
	0%/yr \$M <sup>(6)</sup>	5%/yr. \$M	10%/yr. \$M	15%/yr. \$M	20%/yr. \$M	0%/yr \$M	5%/yr. \$M	10%/yr. \$M	15%/yr. \$M	20%/yr. \$M
<b>PROVED</b>										
Developed Producing <sup>(7)(11)</sup>	23,892	21,923	20,284	18,903	17,723	17,103	15,641	14,431	13,416	12,553
Developed Non-Producing <sup>(7)(12)</sup>	4,220	3,861	3,562	3,310	3,094	2,783	2,530	2,320	2,145	1,996
Undeveloped <sup>(7)(13)</sup>	8,986	7,483	6,300	5,351	4,580	6,067	4,903	3,993	3,270	2,686
<b>TOTAL PROVED<sup>(7)</sup></b>	<b>37,097</b>	<b>33,267</b>	<b>30,146</b>	<b>27,564</b>	<b>25,398</b>	<b>25,953</b>	<b>23,073</b>	<b>20,744</b>	<b>18,830</b>	<b>17,235</b>
<b>TOTAL PROBABLE<sup>(8)</sup></b>	<b>30,283</b>	<b>24,332</b>	<b>20,035</b>	<b>16,838</b>	<b>14,398</b>	<b>20,788</b>	<b>16,449</b>	<b>13,339</b>	<b>11,041</b>	<b>9,300</b>
<b>TOTAL PROVED + PROBABLE<sup>(7)(8)</sup></b>	<b>67,381</b>	<b>57,599</b>	<b>50,181</b>	<b>44,402</b>	<b>39,795</b>	<b>46,741</b>	<b>39,523</b>	<b>34,083</b>	<b>29,872</b>	<b>26,535</b>
<b>TOTAL PPP<sup>(7)(8)(9)</sup></b>	<b>107,893</b>	<b>88,124</b>	<b>74,144</b>	<b>63,845</b>	<b>55,996</b>	<b>73,884</b>	<b>59,836</b>	<b>49,911</b>	<b>42,612</b>	<b>37,065</b>

**Notes:**

1. "Gross Reserves" are the Corporation's working interest (operating or non-operating) share before deducting of royalties and without including any royalty interests of the Corporation. "Net Reserves" are the Corporation's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Corporation's royalty interests in reserves.
2. Includes associated, non-associated and solution gas where applicable.
3. "MMSTB" means thousand stock tank barrels.
4. "MMscf" means million standard cubic feet.
5. "Mbbbl" means thousand barrels of oil.
6. "\$M" means thousands of Canadian dollars.

7. "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.
8. "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.
9. "Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.
10. "Developed" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.
11. "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
12. "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.
13. "Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

Please also refer to the Corporation's press releases of April 6, 2010 and May 4, 2010 with respect to disclosure about the Pinuna 5 well. In October 2009, the Corporation commenced a two well development drilling program at the Pinuna 5 location. This first well resulted in a new pool discovery in multiple intervals of the Villeta Lower 'U' Formation of the Pinuna-Quillacinga field. Due to this drilling occurring immediately before the Corporation's year-end, and the fact that the well was tested after the year-end, the full impact of any reserves arising from this discovery could not be included in the Suroco GLJ Report.

Please also refer to the Corporation's press release of May 4, 2010 with respect to disclosure about the results of the Pinuna 2 well. As the Pinuna 2 well was drilled in 2010, the full impact on reserves arising from the well results is not included in the Suroco GLJ Report.

### *Resources*

The Vice-President, Engineering of the Corporation, David Monroe, a qualified reserves evaluator, has evaluated expected prospective resources of the undeveloped Alea 1848A Block and Alea 1947 C Block that the Corporation currently holds working interests in. The estimates were calculated using a probabilistic method, as at December 31, 2009. With a similar method, he has also evaluated expected prospective resources of the undeveloped Llanos Block 33 that the Corporation holds the Option on. The aforementioned evaluation has been prepared in accordance with the standards contained in the COGE Handbook and the reserves definitions contained in NI 51-101.

The estimated prospective resources in the Alea 1848A Block are:

- "low estimate" gross unrisked 8.6 million barrels of oil and working interest unrisked 4.3 million barrels of oil;
- "best estimate" gross unrisked 14.3 million barrels of oil and working interest unrisked 7.2 million barrels of oil;
- "high estimate" gross unrisked 24.1 million barrels of oil and working interest unrisked 12.1 million barrels of oil; and
- "mean estimate" gross unrisked 16.2 million barrels of oil and working interest unrisked 8.1 million barrels of oil.

The estimated prospective resources in the Alea 1947C Block are:

- “low estimate” gross unrisked 1.5 million barrels of oil and working interest unrisked 0.4 million barrels of oil;
- “best estimate” gross unrisked 4.1 million barrels of oil and working interest unrisked 1.0 million barrels of oil;
- “high estimate” gross unrisked 14.6 million barrels of oil and working interest unrisked 3.6 million barrels of oil; and
- “mean estimate” gross unrisked 6.6 million barrels of oil and working interest unrisked 1.7 million barrels of oil.

The estimated prospective resources in the Llanos Block 33 are:

- “low estimate” gross unrisked 8.5 million barrels of oil and working interest unrisked 2.4 million barrels of oil;
- “best estimate” gross unrisked 15.1 million barrels of oil and working interest unrisked 4.2 million barrels of oil;
- “high estimate” gross unrisked 25.4 million barrels of oil and working interest unrisked 7.1 million barrels of oil; and
- “mean estimate” gross unrisked 18.1 million barrels of oil and working interest unrisked 5.1 million barrels of oil.

The quality of the oil that is expected to be encountered in the Alea 1848A Block; the Alea 1947C Block and the Llanos Block 33 is in the range of 20 to 35 degrees API.

GLJ was not approached to conduct a resource assessment on the Alea 1848A Block, Alea 1947C Block or Llanos Block 33.

See “Definitions” and “Risks and Assumptions” below.

If the Corporation chooses to exercise the Option, it will, subject to a number of conditions, including the approval of the Exchange and the Agencia Nacional de Hidrocarburos of Colombia, acquire a 28% undivided working interest in the Llanos Block 33 in Colombia, in exchange for 2,144,490 commons shares of the Corporation at a deemed aggregate price of US\$1,000,000, reimbursement of up to US\$2,000,000 of a seismic program and where the costs of that seismic program exceed US\$2,000,000, reimbursement of up to 28% of the amount by which the cost of the seismic program exceeded US\$2,000,000.

Where the acquisition of the 28% undivided working interest in the Llanos Block 33 is completed by the Corporation pursuant to the Option, the vendor of that working interest will be required to drill three exploration wells on Llanos Block 33 in accordance with a joint operating agreement and a turn-key contract, which turn-key contract will provide that the cost to the Corporation for each of the three exploration wells will be no more than \$500,000 per well, except where the three exploration wells are not drilled in sequence, in which case the Corporation will be responsible for 28% of any additional mobilization or standby costs.

## Pro Forma Reserves

Assuming completion of the Proposed Transaction, the pro-forma reserves for the Corporation effective December 31, 2009 will be as follows:

- total proven reserves of 1.2 million barrels (net after royalty);
- total proven and probable reserves of 2.0 million barrels (net after royalty); and
- total proven, probable and possible reserves of 2.9 million barrels (net after royalty).

See “Risks and Assumptions” below.

## Pro Forma Resources

Assuming completion of the Proposed Transaction and using the resources estimates for the Yamu Block and the Llanos Block 34 pursuant to the Suroco Internal Evaluation and the resource estimates for the Alea 1848A Block; the Alea 1947C Block and the Llanos Block 33 as described above, the pro-forma resources for the Corporation effective December 31, 2009 are calculated to be as follows:

- total “mean estimate” gross unrisks prospective resources of 90.3 million barrels of oil; and
- total “mean estimate” working interest unrisks prospective resources of 37.8 million barrels of oil.

See “Definitions” and “Risks and Assumptions” below.

## Pricing Assumptions

The following table is a summary of the pricing assumptions used in the Winchester GLJ Report and the Suroco GLJ Report.

Year	Inflation %	Bank of Canada Average Noon Exchange Rate \$US/\$Cdn	NYMEX WTI/Near Month Futures Contract Crude Oil at Cushing Oklahoma		ICE BRENT Near Month Futures Contract Crude Oil FOB North Sea	Light, Sweet Crude Oil (40 API, 0.3%S) at Edmonton	Bow River Crude Oil Stream Quality at Hardisty
			Constant 2010 \$ \$US/bbl	Then Current \$US/bbl	Then Current \$US/bbl	Then Current \$US/bbl	Then Current \$US/bbl
1996	1.6	0.733	28.71	21.98	20.31	29.38	25.12
1997	1.6	0.722	26.52	20.62	19.32	27.85	21.18
1998	1.0	0.675	18.28	14.44	13.34	20.36	14.63
1999	1.7	0.673	24.14	19.25	17.99	27.63	23.78
2000	2.7	0.673	37.26	30.23	28.41	44.57	35.28
2001	2.5	0.646	31.23	26.00	24.87	39.44	27.69
2002	2.3	0.637	30.51	26.08	25.02	40.33	31.83
2003	2.8	0.716	35.56	31.07	28.47	43.66	32.11
2004	1.8	0.770	46.08	41.38	38.02	52.96	37.43
2005	2.2	0.826	61.87	56.58	55.14	69.02	44.73
2006	2.0	0.882	70.84	66.22	66.16	73.21	51.82
2007	2.2	0.935	75.88	72.39	72.71	77.06	53.64
2008	2.4	0.943	102.35	99.64	98.30	102.89	84.31

Year	Inflation %	Bank of Canada Average Noon Exchange Rate \$US/\$Cdn	NYMEX WTI/Near Month Futures Contract Crude Oil at Cushing Oklahoma		ICE BRENT Near Month Futures Contract Crude Oil FOB North Sea	Light, Sweet Crude Oil (40 API, 0.3%S) at Edmonton	Bow River Crude Oil Stream Quality at Hardisty
			Constant 2010 \$ \$US/bbl	Then Current \$US/bbl	Then Current \$US/bbl	Then Current \$US/bbl	Then Current \$US/bbl
2009 (e)	0.3	0.880	61.66	61.56	62.48	66.43	60.06
2010 Q1	2.0	0.950	80.00	80.00	78.50	83.26	71.61
2010 Q2	2.0	0.950	80.00	80.00	78.50	83.26	71.61
2010 Q3	2.0	0.950	80.00	80.00	78.50	83.26	71.61
2010 Q4	2.0	0.950	80.00	80.00	78.50	83.26	71.61
2010 Full Year	2.0	0.950	80.00	80.00	78.50	83.26	71.61
2011	2.0	0.950	81.37	83.00	81.50	86.42	72.59
2012	2.0	0.950	82.66	86.00	84.50	89.58	73.45
2013	2.0	0.950	83.87	89.00	87.50	92.74	74.19
2014	2.0	0.950	85.00	92.00	90.50	95.90	76.72
2015	2.0	0.950	85.00	93.84	92.34	97.84	78.27
2016	2.0	0.950	85.00	95.72	94.22	99.81	79.85
2017	2.0	0.950	85.00	97.64	96.14	101.83	81.46
2018	2.0	0.950	85.00	99.59	98.09	103.88	83.11
2019	2.0	0.950	85.00	101.58	100.08	105.98	84.78
2020+	2.0	0.950	85.00	+2.0%iyr	+2.0%iyr	+2.0%iyr	+2.0%iyr

### Selected Financial Information for Winchester

The following table sets forth certain unaudited financial information for Winchester. This information was prepared by management of Winchester and has not been audited.

	Winchester (unaudited) (\$000's)
Total assets as at December 31, 2009	\$44,342
Current liabilities as at December 31, 2009	\$9,887
Long-term liabilities as at December 31, 2009	\$1,167
Net income (2009)	\$9,513
Total expenses (including income taxes) for 2009	\$37,707

### Directors of Suroco upon Completion of Proposed Transaction

Upon completion of the Proposed Transaction, it is expected that the current directors of Suroco, being David H.W. (Harry) Dobson, Alastair Hill, Dennis Balderston, Daryl Gilbert, Brian Hinchcliffe, Robert Hobbs and Juan Szabo, will remain as directors of the Corporation. For more information about Suroco's current directors, please see the Corporation's Annual Information Form dated April 27, 2010 for the year ended December 31, 2009 that is available under Suroco's SEDAR profile at [www.sedar.com](http://www.sedar.com).

Upon completion of the Proposed Transaction, two representatives of Winchester will be appointed to the Board of Directors of the Corporation, those representatives being Orlando Sardi de Lima and Jose Aramburo.

**Orlando Sardi de Lima**, Mr. Sardi was the founder of Winchester. Mr Sardi has a successful record in both industry and government. Having served as Director of Proexport, General Secretary of the Ministry of Agriculture and General Manager of the Instituto de Mercadeo IDEMA, he brings intimate knowledge of Colombian government and politics. Mr. Sardi is also the founder of COMAGRO, a fertilizer import company, sits on the Board of Directors of CIGSA and has also served on the Board of Directors of BBVA Banco Ganadero. In addition to his duties as Chief Executive Officer of Winchester Oil & Gas, Mr Sardi is also founder and Board member of Radrill S.A, SAR Energy S.A. and Hidrocasanare S.A.

**Jose Fernando Aramburo**, Mr. Aramburo is a technically proven operations expert who is well-respected and connected in the region's petroleum industry. With over 30 years of international experience, he has participated in major exploration and drilling campaigns in over 20 countries for ExxonMobil, where he worked from 1973 to 2003. Mr. Aramburo brings extensive developmental experience and a history of success in managing regional geopolitics. Having executed projects in countries including Chad, Niger, and Yemen, Mr. Aramburo has a strong track record developing and managing productive relationships with local authorities and government officials. Mr. Aramburo is founder and board member of Radrill S.A., SAR Energy S.A. and Hidrocasanare S.A.

## **Definitions**

For the foregoing discussions of estimated prospective resources in this press release, the following terms have the following respective meanings:

- "Prospective Resources" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be subclassified based on project maturity.
- "Low Estimate" is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- "Best Estimate" is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
- "High Estimate" is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

- “Mean Estimate” is the statistical mean resource value for each exploration prospect. The statistical mean is dependent on the estimated probabilistic distribution of recoverable resources and is not the same as the “best estimate” or P50 resource volume. These values can be arithmetically summed to obtain a total mean estimate for a group of prospects.

### **Risks and Assumptions**

There are numerous uncertainties inherent in estimating quantities of proved reserves. The reserve data included herein represents estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net revenues 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 Winchester or the Corporation, as applicable, 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 Winchester GLJ Report and the Suroco GLJ Report used forecast prices and costs in calculating reserve quantities included herein. Actual future net revenues 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.

All evaluations of future revenue are after the deduction of future income tax expenses, unless otherwise noted in the tables, royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. The estimated future net revenues contained in the tables herein do not necessarily represent the fair market value of Winchester’s or the Corporation’s reserves, as applicable. There is no assurance that the forecast price and cost assumptions contained in the Winchester GLJ Report and the Suroco GLJ Report will be attained and variances could be material. The recovery and reserves estimates on Winchester’s and the Corporation’s properties described herein are estimates only. The actual reserves on Winchester’s and the Corporation’s properties may be greater or less than those calculated.

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

Exploration for, and subsequent exploitation and production of, oil and natural gas involves a high degree of risk, which even the combination of experience, knowledge and careful evaluation by management of the combined company may not be able to avoid. There is no assurance that commercial quantities of hydrocarbons will result from exploration programs of the combined company. The operations of the combined company will be subject to all of the risks normally incidental to the operation and development of natural gas and oil properties and the drilling of natural gas and oil wells including encountering unexpected formations or pressures, blow outs, cratering and fires, all of which could result in personal injuries, loss of life and damage to the property of the combined company and others.

**There is no certainty that any portion of the resources referred to in this press release will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.**

Any references herein to barrels of oil equivalent mean barrels of oil equivalent derived by converting gas to oil in the ratio of six thousand cubic feet of gas to one barrel of oil. Barrels of oil equivalent may be misleading, particularly if used in isolation. A barrels of oil equivalent conversion ratio of six thousand cubic feet of gas to one barrel of oil is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

**The completion of the Proposed Transaction is subject to customary conditions, including the finalization of a definitive agreement, completion of due diligence, applicable board of directors and shareholder approvals, Exchange and regulatory approvals, other third party approvals and satisfactory completion of the Brokered Financing.**

### **Forward-Looking Statements**

This press release contains forward-looking statements relating to the Proposed Transaction, the Brokered Financing and estimated reserves, resources and exploration activities associated with the oil and gas properties in which the Corporation and Winchester each hold an interest or may acquire an interest, including statements regarding the consideration for the Proposed Transaction, the anticipated reverse take-over of Suroco, the Brokered Financing, the receipt of all necessary regulatory approval and satisfaction of all closing conditions in connection with the Proposed Transaction and Brokered Financing, operational and exploration activities for Suroco and Winchester and other statements, evaluation of certain prospects in which the Corporation and Winchester each hold an interest or may acquire an interest and other statements that 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 in the forward-looking statements will not occur, and that actual performance and results in future periods may 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 Proposed Transaction will not be completed if a definitive agreement is not reached or that the necessary approvals and/or exemptions are not obtained or some other condition to the closing of the Proposed Transaction or Brokered Financing is not satisfied; the assumptions relating to the parties entering into the definitive agreement in respect of the Proposed Transaction; that the Brokered Financing will not be completed; that the marketing efforts will not result in the completion of the Brokered Financing or the realization of the anticipated proceeds under the Brokered Financing; the state of the economy in general and capital markets in particular; investor interest in the business and future prospects of Suroco, the ability of the agents to successfully market the Brokered Financing; and the assumptions, risks and uncertainties related to operational and future exploration activities.

The forward-looking statements contained in this press release are made as of the date of this press release. Except as required by law, Suroco 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, Suroco undertakes no obligation to comment on the expectations of, or statements made by, third parties in respect of the matters discussed above.

**For further information please contact:**

Alastair Hill, President and Chief Executive Officer of the Corporation

- or -

Travis Doupe, VP Finance and Chief Financial Officer of the Corporation

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*The TSX Venture Exchange has in no way passed on the merits of the Proposed Transaction and has neither approved nor disapproved the contents of the press release. Completion of the Proposed Transaction is subject to a number of conditions, including TSX Venture Exchange acceptance and disinterested shareholder approval. The Proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all. Trading in the securities of the Corporation should be considered highly speculative.*

*Investors are cautioned that, except as disclosed in a disclosure document to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon.*

*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.*

*(Not for dissemination in the United States of America)*