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For Immediate Release

Calgary, Alberta

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**SUROCO ENERGY INC. ANNOUNCES FILING OF SECOND QUARTER FINANCIAL STATEMENTS AND MD&A AND PROVIDES OPERATIONAL UPDATE**

Suroco Energy Inc. (TSX Venture Exchange: SRN) (the “**Corporation**”) is pleased to announce that it has filed its interim unaudited consolidated financial statements and related Management’s Discussion and Analysis (“**MD&A**”) for the quarter ended June 30, 2009 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 Canadian dollars unless otherwise noted)

	3 months ended June 30		6 months ended June 30	
	2009	2008 (Restated)	2009	2008 (Restated)
<b>Financial</b>				
Oil and gas revenue (\$)	\$2,985,512	\$3,278,441	\$4,800,460	\$3,326,302
Funds flow from operations <sup>(1)</sup>	307,073	923,946	(151,835)	943,074
Per share – basic (\$)	0.01	0.03	0.00	0.03
Per share – diluted (\$)	0.01	0.02	0.00	0.03
Net income (loss) (\$)	878,279	(101,649)	(563,026)	(2,007,742)
Per share – basic (\$)	0.02	0.00	(0.01)	(0.06)
Per share – diluted (\$)	0.01	0.00	(0.01)	(0.06)
Total assets (\$)	31,420,021	35,500,499	31,420,021	35,500,499
Net working capital <sup>(1)</sup> (\$)	3,926,663	7,222,012	3,926,663	7,222,012
Common shares outstanding, end of				
Basic	58,045,240	36,795,268	58,045,240	36,795,268
Diluted	66,060,301	38,670,268	66,060,301	38,670,268
<b>Average daily net production (boe per day)</b>	<b>305</b>	<b>200</b>	<b>253</b>	<b>103</b>

**Note:**

(1) Non-GAAP measure. See “Non-GAAP Measures” section within the MD&A.

## Highlights

- First full quarter of production since closing on acquisition of the 35% non-controlling interest in NCT P&G Corporation which the Corporation did not already own and a 25% working interest in the Vetra-NCT Consortium, which resulted in record production of 305 boe per day.
- Significant increase in netbacks per quarter over first quarter of 2009 due to lower operating expenses and higher oil prices.
- Completed first ever 3D seismic program in Suroriente block in Colombia in April 2009.
- Closed private placement subsequent to quarter end for gross proceeds of approximately \$7.2 million.
- Positive funds flow from operations for the second quarter of 2009 of \$307,073 compared to negative funds flow from operations in the first quarter of 2009 of \$(455,375).
- Continued to focus the Company's existing activities and future growth opportunities in Colombia.
- Completed 110 km of 2D seismic in the Alea 1848A Block in Colombia.
- Continued preparations to commence development drilling in Suroriente Block in Colombia in third quarter.

## Operational Update

### **Oil Production in Colombia**

The Corporation's oil production in Colombia, which averaged 297 barrels of oil per day (net to the Corporation after royalty) through the second quarter of 2009, has increased to 340 barrels of oil per day and is anticipated to further increase through the development drilling program in the Suroriente Block described below, which is expected to commence in September and continue through December. Based upon this development drilling activity, the Corporation is targeting a production rate of approximately 600 barrels of oil per day (net) once the new wells are on production. Recent oil sales have been made at a discount of approximately \$4.00 against the prevailing WTI oil price with an average, before tax netback, through the second quarter of 2009 of approximately \$44.00. The recent disruption to the Trans-Andean pipeline did not impact the Corporation's production volumes as crude was temporarily trucked to an alternative receiving facility.

### **Suroriente Block - Colombia**

**Cohembi Pool Production Increase:** Following a workover and ESP installation, production from the Cohembi 1 well in the Suroriente Block has now increased by approximately 300 barrels of oil per day to 1,250 barrels of oil per day (182 barrels of oil per day net to the Corporation after royalty). The Cohembi pool is currently being produced from a single well which, since 2004, has produced in excess of 1.6 million barrels with negligible water production. With the recent

acquisition of 3D seismic over this area, it is anticipated that further development drilling may be undertaken in the future.

**Suroriente Development Drilling Program:** Having signed a rig sharing contract, the Corporation expects its two well drilling program in the Suroriente block to commence in September. The rig will be mobilized from its current location in the central Putumayo Basin, where it has been drilling for a third party. Due to the rig sharing agreement with this third party, the Corporation will benefit from reduced mobilization and de-mobilization costs. The development well locations are being selected using the recently acquired 3D seismic data, with the first well expected to be located approximately 850 metres to the north of the Pinuna 1 well, which is currently producing 900 barrels of oil per day (131 barrels of oil per day net to the Corporation after royalty). Alternative options for the second development drilling location are being considered and the final location selection will be dependent upon the results of the first well.

### **Exploration Block Activity**

**Alea 1947C Block - Colombia:** The Corporation expects to acquire a 2D infill seismic program in the Alea 1947C Block in the near future. This seismic program is intended to detail exploration leads previously identified along an extension of a productive trend that runs from Ecuador into the Colombian portion of the Putumayo Basin.

**Alea 1848A Block - Colombia:** As previously disclosed, a 2D seismic program was recently completed in the Alea 1848A Block. Once that seismic has been evaluated, a decision to enter the next phase will be required.

If the Corporation proceeds to the next phase in one or both of the aforementioned Alea Blocks, exploration drilling is anticipated in mid-to-late 2010.

### **Corporate Activity and Cash Flow Forecast**

The Corporation previously announced on July 9, 2009 the closing of a private placement which raised gross proceeds of approximately \$7.2 million. With this financing and the cash flow derived from its Suroriente production, the Corporation is anticipating financing its forthcoming development drilling from cash flow and its 2010 exploration and development drilling from combined cash flow and funds in its treasury.

### **References to BOE**

References herein to "boe" mean barrels of oil equivalent derived by converting gas to oil in the ratio of six thousand cubic feet (Mcf) of gas to one barrel (bbl) of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

### **Forward Looking Statements**

Certain information regarding the Corporation contained herein may constitute forward looking statements within the meaning of applicable securities laws. Forward looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other

statements that are not statements of facts. Although the Corporation believes that the expectations reflected in such forward looking statements are reasonable, it can give no assurance that such expectations will be realized. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward looking statements. The Corporation's forward looking statements are expressly qualified in their entirety by this cautionary statement.

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 and Western Canada. The Corporation's common shares trade on the TSX Venture Exchange under the symbol SRN.

For further information please contact Travis Doupe, VP Finance and Chief Financial Officer of the Corporation, or visit our website at [www.suroco.com](http://www.suroco.com).

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