

Suroco Energy Inc. Recommends Rejection of Vetra Offer and Reaffirms Unanimous Support for Arrangement With Petroamerica

July 4, 2014 (Source: Marketwired) – Suroco Energy Inc. (TSX VENTURE:SRN) (“Suroco” or the “Corporation”) announces that its Board of Directors (the “Suroco Board”), has, upon the recommendation of the independent special committee (the “Special Committee”) of the Suroco Board and advice from its financial advisor and legal counsel, unanimously recommended that holders of Suroco Shares (as defined below) (“Suroco Shareholders”) REJECT the unsolicited cash offer (the “Vetra 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”).

As previously announced, Suroco has entered into an arrangement agreement with Petroamerica Oil Corp. (“Petroamerica”), as amended (the “Arrangement Agreement”), under which Petroamerica will acquire all of the issued and outstanding Suroco Shares pursuant to a plan of arrangement (the “Petroamerica Arrangement”). The Suroco Board unanimously supports the Petroamerica Arrangement.

Each of the Special Committee and the Suroco Board have also unanimously determined that the Vetra Offer is not a “Superior Proposal” (as defined in the Arrangement Agreement) in relation to the Petroamerica Arrangement.

Under the Petroamerica Arrangement, holders of Suroco Shares

can elect to receive one of the following for each Suroco Share held:

(i)	2.2161 common shares of Petroamerica (“Petroamerica Shares”) (the “Share Consideration”);
(ii)	a cash payment for a portion of the Suroco Shares tendered and Petroamerica Shares in consideration for the balance of the Suroco Shares tendered such that, for every 100 Suroco Shares, the electing Suroco Shareholder would receive approximately 164.01 Petroamerica Shares in exchange for 74.01 of those Suroco Shares (being 2.2161 Petroamerica Shares per Suroco Share) and would receive approximately CDN\$20.79 in cash for the remaining 25.99 Suroco shares (being CDN\$0.80 per Suroco Share) (the “Cash and Share Consideration”); or
(iii)	CDN\$0.80 in cash (the “Cash Consideration”).

The total amount of cash available is capped at US\$27 million. In the event that the amount of cash elected to be received by the holders of Suroco Shares exceeds US\$27 million (including pursuant to the Cash and Share Consideration), the Suroco Shareholders that elected to receive the Cash Consideration will be subject to proration and such Suroco Shareholders will receive consideration consisting cash and Petroamerica Shares.

Reasons to Reject the Vetra Offer

On June 23, 2014, Vetra announced its intention to increase the cash consideration under the Vetra Offer to CDN\$0.83 in cash for each Suroco Share, from its earlier insufficient offer of CDN\$0.75 in cash for each Suroco Share. After completing a comprehensive evaluation of the Petroamerica Arrangement and the Vetra Offer, upon the recommendation of the Special Committee, input from its legal counsel and Peters & Co. Limited, and consideration of other factors, including a fairness opinion from Peters & Co. dated July 3, 2014 that the

consideration to be received by Suroco Shareholders pursuant to the Petroamerica Arrangement is fair, from a financial point of view, the Suroco Board hereby reaffirms that it has unanimously determined that: (i) the Petroamerica Arrangement is in the best interests of Suroco; (ii) is fair, from a financial point of view, to the Suroco Shareholders; and, (iii) unanimously recommends that the Suroco Shareholders vote IN FAVOUR of the Petroamerica Arrangement. The Suroco Board believes that the Petroamerica Arrangement is in the best interests of the Suroco Shareholders and that the Petroamerica Arrangement provides a number of benefits, primarily relating to an improved platform to enhance value to Suroco Shareholders, including:

- The Suroco Board believes that the proposed Petroamerica Arrangement will provide long term value. 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 Suroriental 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 Suroriental Block.
- The Petroamerica Arrangement is supported by the largest Suroco Shareholder, by Suroco's directors and officers and by other Suroco Shareholders. Alentar, Suroco's largest shareholder, and Suroco's directors and officers have all confirmed that they continue to support the Petroamerica Arrangement. 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. Furthermore, the Suroco Board has received written communications from Suroco Shareholders, including Alentar, that hold or control in excess of 35% of the currently issued and outstanding Suroco Shares, indicating their awareness of the Petroamerica Arrangement and the Vetra Offer, and that their preference is for the Petroamerica Arrangement, and specifically Petroamerica Shares, so that they can participate in what they believe to be the potential upside of a combined Petroamerica and Suroco and their oil and gas properties. As a result, the Petroamerica Arrangement is subject to less completion risk than the Vetra Offer.

- Analyst target prices for Petroamerica imply CDN\$1.04 per Suroco Share of potential value to Suroco Shareholders. Petroamerica is covered by seven research analysts (five of them unrestricted) with an average target price of CDN\$0.46 per Petroamerica Share (with a target price as high as CDN\$0.60 per Petroamerica Share), which equates to CDN\$1.04 per Suroco Share (or CDN\$1.33 per Suroco Share, using the highest target price) based on the exchange ratio per Suroco Share under the Share Consideration pursuant to the Petroamerica Arrangement, and further demonstrates the upside potential of the Petroamerica Arrangement to Suroco Shareholders.
- The growth and development of Petroamerica is expected to be accelerated by the combination with Suroco. The Petroamerica Arrangement creates a combined company with a production base of approximately 9,000 barrels of oil equivalent per day (net before royalty) (“boepd”) 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. Petroamerica has stated that the Petroamerica Arrangement represents an important step towards realizing its vision of becoming a leading

Colombia focused exploration and production player targeting oil production upwards of 30,000 boepd and a sustainable reserve life of more than five years. The combined asset base of both companies provides the potential to achieve these goals over a two to three year time frame. Petroamerica also expects that the combined company will be opportunistic in its pursuit of additional acquisitions in its Llanos and Putumayo basin core areas.

- The combined company resulting from the Petroamerica Arrangement is expected have a strong, under-levered balance sheet that is expected to fully fund the future development and exploration of its asset base. As of July 3, 2014, Petroamerica held approximately US\$100 million in cash and, upon the completion of the Petroamerica Arrangement and after the payment of expenses thereunder and Suroco's existing credit facilities and the issuance of the cash component of the Cash and Share Consideration, expects to have at least US\$35 million in cash and have only US\$31.5 million in debt owing. For the 2014 fiscal year, Petroamerica expects the combined company to generate cash flows from operations of approximately US\$116 million and have free cash flows (i.e. cash flow after all capital expenditures) of at least US\$30 million. It is also anticipated that the combined company will generate significant cash flows from its production assets in 2015 and beyond. Recent strengthening of Brent oil prices should further enhance the financial capabilities of the combined company.
- 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 boepd in the first quarter of 2012 to 6,478 boepd average in the first quarter of 2014. Petroamerica has also increased working interest proved

plus probable reserves from 3.0 million barrels of oil equivalent 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.

- Suroco Shareholders will benefit from increased liquidity. Suroco's average daily dollar volume traded year-to-date on all Canadian exchanges and prior to the announcement of the execution of the Arrangement Agreement on April 28, 2014 was approximately CDN\$22,600 per day compared to Petroamerica's average daily dollar volume traded of approximately CDN\$472,300 per day over the same period. Petroamerica Shares are substantially more liquid than Suroco Shares. The increased size of the combined company after completion of the Petroamerica Arrangement can be expected to further enhance the liquidity of the Petroamerica Shares.
- The combined company resulting from the Petroamerica Arrangement will be better positioned to close the valuation gap with its Colombian peers. Petroamerica is currently trading considerably below its peer group valuation range based on current and forward looking production and cash flow estimates. The increased scale of the combined company, coupled with a strong balance sheet and an active 2014 drilling campaign, should position the combined company to close this valuation gap. Shareholders of the combined company would be expected to realize price appreciation should the combined company trade more in-line with peer group comparables.
- Access to additional sources of non-dilutive funding. Upon the completion of the Petroamerica Arrangement, the combined company is expected to initially be significantly under-levered compared to its peers. Petroamerica has stated that it has already begun to review a number of different options to refinance its

US\$31.5 million of long-term debt and that it anticipates that this alternative source of long-term debt financing will provide it with reduced interest costs and will eliminate any requirement to issue equity sweeteners in connection with the debt financing. As a result, the overall cost of capital to the combined company should be lower, with no expected adverse dilutive effect on the combined company's equity structure.

- Restructuring of Debt Facility. Petroamerica indicates that it is in advanced discussions with a number of financial institutions regarding a restructuring of its current debt facility on favourable terms to a larger sized and longer term debt facility that better reflects the strong financial position of the company.

Meeting Date

As Suroco Shareholders are no doubt aware, the annual and special meeting of the Suroco Shareholders (the "Meeting") has been adjourned to 10:00 a.m. (Calgary Time) on Monday, July 14, 2014 at the offices of Gowling Lafleur Henderson LLP at TD Canada Trust Tower, Suite 1600, 421 – 7th Avenue SW, Calgary, Alberta. At the Meeting, Suroco Shareholders will be asked, among other things, to consider and vote upon the Petroamerica Arrangement.

The deadline for submitting proxies is now 10:00 a.m. (Calgary time) on Friday, July 11, 2014.

Election Deadline

The deadline for submitting a valid election with respect to the consideration to be received under the Petroamerica Arrangement remains 5:00 pm (Calgary time) on July 11, 2014 (the "Election Deadline"). The Letter of Transmittal and Election previously provided should be used. A Suroco Shareholder who does not deposit the Letter of Transmittal and

Election prior to the Election Deadline indicating the Suroco Shareholder's election, or who otherwise fails to satisfy applicable requirements, will be deemed to have elected to receive Petroamerica Shares in exchange for their Suroco Shares. The Letter of Transmittal and Election which provides for the elections set forth above was provided with the First Supplement (as defined below) and is available on SEDAR at www.sedar.com and on Suroco's website at www.suroco.com.

Dissenting Shareholders

A Dissenting Shareholder's written objection to the shareholder resolution to approve the Petroamerica Arrangement must be received by Suroco, care of its solicitors, Gowling Lafleur Henderson LLP, 1600, 421 – 7th Avenue S.W. Calgary, Alberta T2P 4K9, Attention: Jeffrey Oliver, not later than 5:00 p.m. (Calgary time) on the day that is two business days immediately preceding the date that any adjournment or postponement of the Meeting is reconvened or held, as the case may be.

Second Supplement

Suroco will be distributing a Second Supplement (the "Second Supplement") to the management information circular and proxy statement of Suroco dated May 27, 2014 (the "Information Circular") and the first supplement to the Information Circular dated June 22, 2014 (the "First Supplement"), that will be mailed to each of Suroco's Shareholders in compliance with applicable securities laws and filed with Canadian securities regulatory authorities. The Second Supplement is available on SEDAR on Suroco's issuer profile at www.sedar.com and on Suroco's website at www.suroco.com. Suroco Shareholders are advised to read the Second Supplement carefully and in its entirety, as it will contain important information regarding Suroco, the Vetra Offer and the Petroamerica Arrangement. If Suroco Shareholders 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.

Proxies

Registered shareholders of Suroco are requested to complete, date, sign and return ONLY the MANAGEMENT FORM OF PROXY that accompanied the Information Circular (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 on Suroco's website at www.suroco.com) and the First Supplement (a copy of which can also be found on Suroco's profile on SEDAR at www.sedar.com and which was filed on June 23, 2014, and on Suroco's website at www.suroco.com), each of which has been sent to Suroco Shareholders. To be valid, that form of proxy must be signed and forwarded so as to reach, or be deposited with, Suroco's transfer agent, by one of the following ways:

1. By Internet at www.investorvote.com.
2. By Telephone – (866) 732-8683 (toll free) or international direct dial (312) 588-4290.
3. By fax to (866) 249-7775.
4. By mail – Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department.

THE DEADLINE FOR SUBMITTING PROXIES IS NOW 10:00 A.M. (CALGARY TIME) ON FRIDAY, JULY 11, 2014.

Non-registered (i.e. beneficial) shareholders ("Beneficial Shareholders") are encouraged to ONLY use the MANAGEMENT VOTING INSTRUCTION FORM to vote. Such holders should carefully follow the instructions in the voting instruction form. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Suroco Shares directly at the Meeting as the voting instruction form must be

returned in advance of the Meeting as directed by the instructions set forth in such voting instruction form in order to have the Suroco Shares voted. However, we recommend that Beneficial Shareholders contact Georgeson, the proxy solicitation agent retained by Suroco, toll-free in North America at 1-888-605-7641 or outside North America, collect at 781-575-2422 or via email at askus@georgeson.com, if you have questions or require assistance with a voting instruction form.

Accordingly, it is strongly suggested that Beneficial Shareholders return their completed voting instruction form as directed by the instructions set forth in the Management Voting Instruction Form in advance of the Meeting.

If you have previously voted using the blue form of proxy provided by Vetra, Suroco encourages you to submit a later dated MANAGEMENT FORM OF PROXY or MANAGEMENT VOTING INSTRUCTION FORM. We recommend you contact your broker or dealer, or contact Georgeson, the proxy solicitation agent retained by Suroco, toll-free in North America at 1-888-605-7641 or outside North America, collect at 781-575-2422 or via email at askus@georgeson.com, if you have questions or require assistance to make such a submission.

Proxies Previously Submitted

If a Suroco Shareholder has already completed and returned a proxy in respect of the Meeting and:

- DOES NOT wish to change how their proxy was voted, the Suroco Shareholder does not need to take any further action; that proxy will continue to be valid for use at the Meeting; or
- wishes to change how their proxy was voted, the Suroco Shareholder must comply with the proxy revocation procedures set forth in the Management Form of Proxy and in the Information Circular previously delivered to the

Suroco Shareholder in connection with the Meeting and described again under the heading "*Appointment and Revocation of Proxies*" below.

Appointment and Revocation of Proxies

The persons named in the Management Form of Proxy delivered to Suroco Shareholders are directors and officers of Suroco. A Suroco Shareholder has the right to appoint a person (who need not be a Suroco Shareholder) other than the persons designated in the form of proxy provided by Suroco to represent the Suroco Shareholder at the Meeting. To exercise this right, the Suroco Shareholder should strike out the name of the management designees in the enclosed form of proxy and insert the name of the desired representative in the blank space provided in the form of proxy or submit another appropriate form of proxy. In order to be effective, a proxy must be forwarded so as to reach, or be deposited with, 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 no later than 10:00 a.m. (Calgary time) on Friday, July 11, 2014. The proxy shall be in writing and executed by the Suroco Shareholder, or such shareholder's attorney authorized in writing, or if such Suroco Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney.

In addition to revocation in any other manner permitted by law, a Suroco Shareholder may revoke a proxy by instrument in writing executed by the Suroco Shareholder or such Suroco Shareholder's attorney authorized in writing, or, if the Suroco Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof, duly authorized, and deposited either at the registered office of Suroco at any

time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. The registered office of Suroco is Suite 1600, 421 – 7th Avenue S.W., Calgary, Alberta T2P 4K9.

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.

For further information please visit our website at www.suroco.com.

Definitions

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 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.

Non-GAAP Measures

This press release makes reference to certain financial and operating measures that are not recognized by GAAP to assist in assessing Suroco's and Petroamerica's financial and operating performance. Non-GAAP financial and operating measures do not have standardized meanings prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

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.

(Not for dissemination in the United States of America)