

# 2 SECOND QUARTER REPORT

For the three months ended  
June 30, 2009



Sure Energy Inc. ("Sure Energy" or the "Company") is pleased to announce results for the second quarter, ending June 30, 2009.

The Company's MD&A and Financial Statements and Notes can be viewed or downloaded at [www.sureenergyinc.com](http://www.sureenergyinc.com) or [www.sedar.com](http://www.sedar.com).

During the second quarter of 2009, Sure Energy accomplished the following:

- On June 29, 2009 announced the acquisition of a private company that upon closing in mid August is expected to add 200 BOE/d of production (50% crude oil & liquids), 22,900 net acres of undeveloped land and significant upside exposure to an emerging conventional light oil resource play in Redwater
- Production increased to 653 BOE/d in the second quarter of 2009 from 628 BOE/d in the first quarter of 2009 despite spending less than cash flow for the quarter
- Sure Energy continues to maintain a strong financial position with \$1.68 million in positive working capital and an undrawn \$8.5 million credit facility
- Cost structure for our business in the second quarter of 2009 continued to decline as production grew and the Company became more efficient. These cost reductions will continue to accelerate upon closing of the private company acquisition

HIGHLIGHTS	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
<i>(\$000 except share and per share amounts)</i>				
<b>Financial</b>				
Petroleum and Natural Gas Revenues	1,398	1,883	3,133	3,315
Funds Flow from Operations <sup>(1)</sup>	372	779	686	1,239
Per Share, Basic and Diluted	0.01	0.03	0.02	0.04
Loss	(1,140)	(98)	(1,648)	(497)
Per Share, Basic and Diluted	(0.03)	(0.01)	(0.04)	(0.02)
Capital Expenditures	307	1,433	1,167	7,043
Total Assets			32,154	27,174
Working Capital <sup>(1)</sup>			1,678	(592)
Shareholders' Equity			29,254	23,880
Common Shares Outstanding				
Basic			37,659,208	30,767,210
Diluted			40,806,208	33,482,210
Fully Diluted with Performance Rights			44,311,208	37,451,210
Weighted Average Common Shares Outstanding				
Basic and Diluted	37,659,208	30,767,210	37,659,208	30,584,073
Share Trading				
High	0.45	1.35	0.45	1.35
Low	0.26	0.82	0.24	0.80
Close	0.29	1.17	0.29	1.17
Trading Volume	1,682,845	3,015,556	2,777,345	5,997,041

HIGHLIGHTS	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
<b>Operations</b>				
Production				
Natural Gas (Mcf/d)	3,626	1,744	3,531	1,758
Oil (bbls/d)	21	14	25	13
NGLs (bbls/d)	27	15	27	17
BOE/d	653	319	640	323
Average Selling Price				
Natural Gas (\$/Mcf)	3.56	10.29	4.25	9.01
Oil (\$/bbl)	67.40	128.42	50.42	110.13
NGLs (\$/bbl)	38.56	63.39	38.60	54.23
BOE (\$/BOE)	23.54	64.77	27.03	56.33
Operating Netback (\$/BOE) <sup>(1)</sup>	11.03	39.10	11.64	33.69
Funds Flow Netback (\$/BOE) <sup>(1)</sup>	6.25	26.78	5.93	21.06

(1) Please refer to Management's Discussion and Analysis for definition of Non-GAAP measures.

### CORRECTION OF AN ERROR

To recognize the foregone tax benefits to the Company for flow-through shares, share capital is reduced and a future tax liability is recorded when the tax pools are renounced to investors. A future income tax recovery has been recorded to the extent that there is an unrecorded future income tax asset. The first quarter 2009 interim financial statements did not include these amounts. The Company has recorded a reduction to share capital and deficit of \$750,000 in the balance sheet and an increase to future tax recovery and reduction in loss and comprehensive loss of \$750,000, and loss per share of \$0.02 respectively in the statement of operations.

### OPERATIONAL REVIEW

Cash expenditures for the period were as follows:

Capital Program Summary	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
(\$000s)				
Land	93	126	145	378
Geological and geophysical	140	239	367	455
Drilling	(15)	135	48	305
Completions	(1)	6	50	21
Recompletions and workovers	38	162	271	162
Production equipment and facilities	(40)	658	103	684
Capitalized exploration G&A	92	92	183	182
	307	1,418	1,167	2,187
Asset disposition	-	-	-	(158)
Corporate acquisition – Argent	-	-	-	4,993
Asset retirement obligation	-	15	-	15
Other assets	-	-	-	6
	307	1,433	1,167	7,043

For the three months ended June 30, 2009 Sure Energy did not participate in any drilling. Capital expenditures in this quarter include the purchase of undeveloped land, seismic expenses, minor workovers and several reclamation projects. Recoveries (negative capital) are a result of downward adjustments to previous period cost estimates.

## **Areas of Activity**

### **Southern Plains (Chinook)**

The Company has had great success exploring for gas in the Southern Plains of Alberta, specifically at Chinook. In the current quarter Sure Energy produced 321 BOE/d from four shallow sweet natural gas wells in the Chinook area, and has one additional location to drill. Using the knowledge gained at Chinook the Company has mapped the producing reservoir regionally and has identified two prospects that it is currently developing, one for sweet gas and one for heavy oil. Sure Energy hopes to drill one of these prospects prior to year end.

### **Peace River Arch**

The Company currently produces 126 BOE/d from the Peace River Arch area in Northern Alberta. 56 BOE/d, net to Sure Energy is currently being produced from a Halfway gas pool at Boundary Lake, which is producing from a proved plus probable reserve base of 4 BCF. The Company owns a 25 percent working interest in the pool, gas plant and pipeline infrastructure related to this new pool discovery. At Valhalla the Company produces 70 BOE/d from three Charlie Lake gassy oil wells and one Charlie Lake gas well.

Sure Energy has an inventory of six drillable locations on the Peace River Arch, three of which are new pool prospects. The Company had hoped to drill one of these, at Gordondale, in the quarter but has been forced to wait for frozen ground conditions because of the wet nature of the surface lease. This well should be spudded in December. The Company plans to drill one of the other exploration opportunities in the first quarter of 2010.

### **Redwater**

Although the Company has some minor shallow gas production in the Redwater area, its focus in the area is on an emerging horizontal light oil conventional resource play. The Company owns 7  $\frac{3}{4}$  sections of 100 percent land on a regionally extensive lower shoreface reservoir sand of the Viking formation. The sand exhibits low permeability but is distributed over several townships and is hydrocarbon bearing across the whole area. Vertical wells typically produce at 8 - 20 BOE/d by third parties in the area, but produce at very low declines, once stabilized, indicating that they are accessing a large reserve. Recent horizontal activity by third parties in the area has proven highly successful at improving production rates, new wells stabilizing between 40 to 80 BOE/d. Although most of the recent activity is ten miles to the southeast of Sure Energy's acreage a new horizontal well was recently drilled just a mile away from the Company's land base and initial rates look similar to those further along the trend, at 70 to 80 BOE/d. The Company's acreage is definitely oil bearing as proven by vertical wells and older horizontal wells on the acreage.

### **SE Saskatchewan**

The Company owns 2  $\frac{3}{4}$  sections of land on a prospective light oil fairway in SE Saskatchewan. The land is prospective for two different, somewhat mutually exclusive play types, which require 3D seismic to interpret the complexities of reservoir preservation and trap. Sure Energy is preparing to shoot a 13 square kilometre 3D program with the hope of finalizing an exploration (new pool) location, to be drilled prior to year end. Both play types are targeting light oil.

### **Tweedie**

The Company currently produces 1.1 MMcf/d (176 BOE/d) of sweet gas from shallow Cretaceous reservoirs in the Tweedie area, just northeast of Edmonton. The production is from approximately 35 wells and declines at low rates. Sure Energy has an inventory of 17 locations at Tweedie, all defined by both geology and 2D seismic, but only intends to drill a maximum of 2 to 3 wells in the area per year, to maintain production levels.

### **Acquisition of Private Company**

On June 29, 2009 Sure Energy announced that it had agreed to acquire by plan of arrangement, all issued and outstanding shares of a private oil and gas company for a total consideration of \$8.8 million. Under the terms of the agreement, Sure Energy will pay \$0.26 and issue 0.4 of a Sure Energy common share for each of the 23,036,889 issued and outstanding common shares of the private company. The cash portion of the deal will be financed from Sure Energy's existing working capital surplus and bank line. Concurrent with the closing, Sure Energy's credit facility will increase to \$11.5 million consisting of a \$10 million revolving operating demand loan and a \$1.5 million non-revolving acquisition/development demand loan.

The private company's assets are high quality oil and gas properties located in West Central Alberta and Redwater. The Redwater assets are complementary to Sure Energy's existing assets in the area and significantly increase the Company's exposure to an emerging conventional light oil resource play in the area. The private company has four producing horizontal wells in the play and an inventory of 15 low risk development step-out wells. At Redwater recent innovations in drilling technology have lead to dramatically improved initial production rates in a proven but low permeability sand reservoir. This technology varies from multi-leg horizontal wells, which are produced open-hole to single leg horizontal wells that are fracture stimulated multiple times along their length. One year production rates have

improved from 8 – 20 BOE/d to 40 – 80 BOE/d using these techniques making the whole trend much more attractive economically to develop.

The private company also has 130 BOE/d of production and 12,160 net acres of undeveloped land in West Central Alberta. This production is mainly low decline, liquids rich gas but one well in Pembina is a light oil new pool discovery which has considerable development upside. The private company also has three other low risk development opportunities related to its gas production.

Strategically this acquisition satisfies Sure Energy's three main acquisition goals: to obtain a better product balance to crude oil and NGL's, to lower the Company's cost structure (reduce G&A per BOE/d) and, most importantly, to add an inventory of low risk development locations upon which to build the Company. These factors in turn will enhance shareholder value.

## Production

Production for the period by major property is as follows:

	Six Months Ended June 30, 2009			
	Gas Mcf/d	Oil Bbls/d	NGLs Bbls/d	Total BOE/d
Tweedie	1,058	-	-	176
Valhalla	259	12	17	70
Chinook	1,865	-	10	321
Boundary	328	-	-	56
Redwater	21	13	-	17
<b>Total</b>	<b>3,531</b>	<b>25</b>	<b>27</b>	<b>640</b>

## OUTLOOK

Sure Energy is extremely excited about the outlook for the Company. Production and reserves per share continue to grow at a reasonable cost. The Company remains in strong financial shape with positive working capital and an undrawn credit facility. Cost structure continues to reduce and will accelerate upon closing the private company acquisition in mid August.

As a result the Company has increased its capital budget to \$14 million for 2009. Some of our activities in the capital budget for the remainder of 2009 include:

- Finalizing the closing of the Private Company Acquisition
- Shooting a 13 sq. km 3D seismic program focused on our 100 percent working interest acreage in southeast Saskatchewan
- Plans to drill a couple of horizontal wells in its conventional light oil resource play in Redwater
- Drilling of a profile exploration well in Gordondale on the Peace River Arch in late 2009; and
- Drill an exploration prospect in the Southern Plains.

Despite the lower natural gas and equity prices management remains very committed and confident that our Company can continue to effectively grow and prosper through these difficult times. With lower industry costs, reduced royalties through government incentives and many struggling junior oil and gas companies in the market and for sale, management believes that it is the perfect time to be accelerating our capital spending to take advantage of the tremendous opportunities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

August 4, 2009

This management's discussion and analysis ("MD&A") for Sure Energy Inc. ("Sure Energy" or the "Company") should be read in conjunction with the audited financial statements of the Company as at December 31, 2008 and 2007 together with the accompanying notes. Additional information relating to the Company can be viewed or downloaded at [www.sureenergyinc.com](http://www.sureenergyinc.com) or [www.sedar.com](http://www.sedar.com). Readers should also read the "Forward Looking Information" legal advisory contained at the end of this document.

The financial information presented has been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). Readers can find the definitions of non-GAAP measures located at the end of this document.

Throughout the report BOE, or barrel of oil equivalent, is defined as 6 Mcf to 1 bbl. BOEs may be misleading particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

## BUSINESS AND FINANCIAL STRATEGY

Sure Energy is a junior oil and gas company engaged in the exploration for, and the acquisition, development and production of oil and natural gas reserves primarily in Alberta and Saskatchewan. The global recession has created uncertainty resulting in a period of low commodity prices, volatile financial markets and restricted access to capital markets. Sure Energy's financial strategy has been to maintain a strong balance sheet and a conservative capital structure. As at June 30, 2009, the Company had positive working capital and an unused credit facility of \$8.5 million. In addition, the Company has planned a conservative capital expenditure program for the remainder of 2009. Production increases during 2008 and 2009 will provide sufficient cash flow for the Company to operate in 2009.

## OVERVIEW

### Selected Annual and Quarterly Information

	Q2 09	Q1 09	2008	Q4	Q3	Q2	Q1	2007	Q4	Q3	Q2
<b>Production</b>											
Natural gas (Mcf/d)	3,626	3,435	<b>2,044</b>	2,568	2,088	1,744	1,771	<b>1,666</b>	1,610	1,687	1,810
Oil (bbls/d)	21	29	<b>13</b>	15	12	14	12	<b>3</b>	2	2	3
NGLs (bbls/d)	27	27	<b>19</b>	21	22	15	20	-	-	-	-
BOE/d	653	628	<b>373</b>	463	382	319	327	<b>281</b>	270	283	305
Average Selling Price											
Natural gas (\$/Mcf)	3.56	4.99	<b>8.09</b>	6.85	8.08	10.29	7.74	<b>6.36</b>	5.89	5.05	7.17
Oil (\$/bbl)	67.40	38.04	<b>100.11</b>	61.52	126.01	128.42	89.22	<b>79.35</b>	80.48	76.25	72.80
NGLs (\$/bbl)	38.56	38.64	<b>53.03</b>	41.72	61.68	63.39	47.44	-	-	-	-
\$/BOE	23.54	30.68	<b>50.57</b>	41.78	51.58	64.77	48.09	<b>38.63</b>	35.66	30.93	43.33
Netback (\$/BOE)											
Operating	11.03	12.27	<b>29.28</b>	23.04	29.46	39.10	28.41	<b>20.98</b>	21.57	15.26	23.83
Funds Flow	6.25	5.58	<b>20.06</b>	15.57	23.84	26.78	15.46	<b>11.26</b>	7.97	9.01	14.59
<b>Financial</b>											
(\$000s except share and per share amounts)											
Revenue	1,398	1,735	<b>6,909</b>	1,781	1,813	1,883	1,432	<b>3,958</b>	886	805	1,202
Funds Flow	372	314	<b>2,740</b>	662	839	779	460	<b>1,153</b>	199	232	404
Per share, basic	0.01	0.01	<b>0.08</b>	0.02	0.02	0.03	0.02	<b>0.04</b>	0.01	0.01	0.01
Loss	(1,140)	(508) <sup>(1)</sup>	<b>(1,234)</b>	(561)	(176)	(98)	(399)	<b>(2,981)</b>	(515)	(1,481)	(517)
Per share, basic	(0.03)	(0.01) <sup>(1)</sup>	<b>(0.04)</b>	(0.01)	(0.00)	(0.00)	(0.01)	<b>(0.10)</b>	(0.02)	(0.05)	(0.02)
Capital Expenditures	307	860	<b>13,654</b>	3,486	3,125	1,433	5,610	<b>6,043</b>	1,220	1,360	980
Total Assets	32,154	33,602		37,068	35,761	27,174	26,247		23,784	24,213	25,002
Working Capital	1,678	1,671		2,239	4,963	(592)	47		3,149	4,240	5,322
Shareholder's Equity	29,254	30,298		31,287	31,692	23,880	23,817		21,993	22,353	22,720
Common Shares (000's)	37,659	37,659		37,659	37,659	30,767	30,767		28,545	28,545	28,509

<sup>(1)</sup> Amounts restated. See discussion under "Income and future taxes"

## Q2 2009

Production increased during the quarter from 628 BOE/d to 653 BOE/d due to a full quarter of production on new wells that commenced production in 2009. However, revenue decreased because commodity prices decreased significantly. The Company received a gas cost allowance credit of \$230,000 during the quarter which reduced royalty expense. The credit was received on the basis of capital spent by Argent Energy Inc. and Sure Energy in prior periods.

**Q1 2009**

Revenue decreased during the quarter compared to the fourth quarter of 2008 as an increase in production was offset by weak commodity prices. Production increased by 36 percent over the fourth quarter of 2008 to 628 BOE/d. New wells that commenced production had high royalty rates under the Alberta New Royalty Framework.

**Q4 2008**

Revenue decreased during the quarter due to significant decreases in commodity prices offset by a 21 percent increase in production.

**Q3 2008**

Revenue decreased marginally in the quarter due to a decrease in commodity prices, partially offset by an increase in production from two new wells at Boundary and Chinook. During the quarter, Sure Energy completed a private placement of common and flow-through shares.

**Q2 2008**

Revenue increased during the quarter due to increases in oil and gas prices. Operating costs increased during the current quarter mainly due to a 13 month processing fee adjustment in the Tweedie area.

**Q1 2008**

On January 15, 2008, the Company acquired all of the outstanding common shares of Argent Energy Inc. ("Argent"), a private oil and gas company. The total consideration included the issuance of 1,861,847 common shares of the Company issued in exchange for all of the outstanding Argent common shares and the assumption of debt of \$2.0 million and a working capital deficiency of \$1.1 million. The exchange ratio was 0.1075 Sure Energy share for every outstanding common share of Argent. The business combination has been accounted for as a purchase. Argent was amalgamated with Sure Energy on January 15, 2008.

A total of 360,215 shares of Sure Energy were also issued in connection with the closing as settlement of severance to former Argent employees. Concurrent with the closing, Sure Energy increased its credit facilities to \$8.5 million consisting of a \$7.0 million revolving operating demand loan and a \$1.5 million non-revolving acquisition/development demand loan.

Production increased in the current quarter due to the acquisition of Argent which more than offset the reduction in volumes due to natural decline. Revenue also increased during the quarter due to increases in benchmark oil and gas prices. Working capital decreased during the quarter as cash was used to finance the Argent acquisition.

**Q4 2007**

Funds flow was down 14 percent from the previous quarter mainly due to an increase in general and administration costs ("G&A"). Fourth quarter G&A costs included moving costs, refinancing and year end reporting charges.

**Q3 2007**

Revenue decreased in the quarter as a result of a decline in the average selling price of natural gas offset partially by a decrease in royalties. The loss for the quarter includes an increase in non-cash stock compensation expense as half of the performance incentive rights vested.

**Q2 2007**

The quarter's revenue was favourably impacted by a production increase from 265 BOE/d in the first quarter of 2007 to 305 BOE/d in the second quarter of 2007. Royalty expense for the quarter was favourably impacted by a Gas Cost Allowance credit received from Alberta Energy. G&A costs per BOE decreased reflecting the production increase in the quarter.

**Acquisition of Private Company**

On June 29, 2009 Sure Energy announced that it had agreed to acquire by plan of arrangement, all issued and outstanding shares of a private oil and gas company for a total consideration of \$8.8 million. Under the terms of the agreement Sure Energy will pay \$0.26 and issue 0.4 of a Sure Energy common share for each of the 23,036,889 issued and outstanding common shares of the private company. The cash portion of the deal will be financed from Sure Energy's existing working capital surplus and bank line. Concurrent with the closing, Sure Energy's credit facility will increase to \$11.5 million consisting of a \$10 million revolving operating demand loan and a \$1.5 million non-revolving acquisition/development demand loan.

## RESULTS OF OPERATIONS

Revenues Petroleum and Natural Gas Revenue (\$000s)	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Natural gas	1,174	1,634	2,718	2,881
Oil	128	164	225	264
NGLs	96	85	190	170
	1,398	1,883	3,133	3,315

Production	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Natural gas (Mcf/d)	3,626	1,744	3,531	1,758
Oil (bbls/d)	21	14	25	13
NGLs (bbls/d)	27	15	27	17
BOE/d	653	319	640	323

Average Selling Price	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Natural gas (\$/Mcf)	3.56	10.29	4.25	9.01
Oil (\$/bbl)	67.40	128.42	50.42	110.13
NGLs (\$/bbl)	38.56	63.40	38.60	54.23
\$/BOE	23.54	64.77	27.03	56.33

Average Benchmark Prices	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
AECO (daily) natural gas (\$/Mcf)	3.27	9.68	3.97	8.59
WTI Crude oil (US\$/bbl)	59.62	123.98	51.53	110.94
Edmonton par price (Cdn \$/bbl)	65.93	126.07	57.80	111.79
Exchange rate (US\$/Cdn\$)	1.1672	1.0100	1.2062	1.0071

Production for the three months ended June 30, 2009 averaged 653 BOE/d, representing an increase of 105 percent over the comparative period. Production for the current quarter increased from new gas wells at Boundary and Chinook. For the three months ended June 30, 2009, the Company's realized price for its natural gas was \$3.56/Mcf, 65 percent less than the \$10.29/Mcf received in the comparative period. The Company has not hedged or entered into any fixed price arrangements during 2009 or for any subsequent period.

## Royalties

(\$000s)	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Royalties	127	337	582	615
Average royalty as a percent of revenue	9.1	17.9	18.6	18.6

Royalties as a percentage of revenue decreased to 9.1 percent for the current quarter versus 17.9 percent for the comparative quarter. The Company received a gas cost allowance credit of \$230,000 during the quarter which reduced royalty expense. The credit was received on the basis of capital spent by Argent and Sure Energy in prior periods.

## Alberta Royalty Changes

On December 2, 2008 the Mines and Minerals (New Royalty Framework) Amendment Act 2008, Bill 47, was given Royal Assent by the Lieutenant Governor of Alberta and became law on January 1, 2009. This Act revised the calculation of Alberta provincial royalties effective the production month of January 2009.

On November 19, 2008 the Government of Alberta introduced a program where certain wells drilled after November 19, 2008 are eligible for Transitional royalties, for the period ending January 1, 2014.

These changes to Alberta royalties have been included in the reserves and value assessment by the independent qualified reserves evaluators.

On March 3, 2009 the Alberta government announced short term incentives to stimulate economic activity. The program is designed to be of more benefit to smaller producers such as Sure Energy. The program includes a royalty credit of \$200 per meter for new conventional oil and gas wells drilled between April 1, 2009 and March 31, 2010. Under this incentive, Sure Energy's maximum benefit is 50% of Crown royalties owed in fiscal year 2009-2010. An additional incentive is a maximum five percent royalty on the first year of production for certain new oil and gas wells that begin production between April 1, 2009 and March 31, 2010. On June 25, 2009 the Alberta government extended these incentive programs for an additional year.

The majority of Sure Energy's Alberta drilling prospects are on Crown lands and will be eligible under these incentives.

### Operating expenses

(\$000s)	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Operating expenses	538	370	1,047	636

Operating costs were \$9.05 per BOE for the three months ended June 30, 2009 versus \$12.71 per BOE for the comparative period. Current quarter operating costs per BOE decreased due to the lower operating costs on new wells.

### Transportation

(\$000s)	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Transportation	80	40	157	82

Transportation costs were \$1.35 per BOE in the current quarter and \$1.38 for the comparative period. Transportation expense relates to the costs of transporting Sure Energy's natural gas production on major pipelines and trucking Sure Energy's oil to the point of transfer.

### General and Administrative

(\$000s)	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Gross general and administrative	518	449	1,146	930
Capitalized overhead	(232)	(92)	(470)	(182)
	286	357	676	748

General and administrative ("G&A") costs were \$4.83 per BOE for the current quarter and \$12.32 per BOE for the comparative period. G&A costs will decrease on a per BOE basis as the Company grows its production. As activity increases, the Company will apply overhead charges, which are charged to specific well operations, and reduce G&A as is customary in the industry.

### Interest Income

(\$000s)	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Interest income	5	-	15	5

Sure Energy did not utilize its available \$8.5 million debt facility during the current quarter or during 2008 and as a result incurred no interest expense. During the current quarter, interest income was \$5,000 or \$0.05 per BOE versus \$nil per BOE for the comparative period.

### Stock Compensation (non-cash)

(\$000s)	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Stock compensation	97	161	366	318

Stock compensation (non-cash) expense was \$97,000 in the three months ended June 30, 2009 and \$161,000 for the comparative period. This amount is made up of the amortization of the expense relating to the options granted to employees, officers and directors, and the performance incentive rights ("PIRs") granted to Sure Energy employees, directors and consultants. The remaining 1,752,500 unvested PIRs vest when the 21 day weighted average trading price of Sure Energy common shares exceeds \$1.50.

### Depletion, Depreciation and Accretion

(\$000s)	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Depletion and depreciation	1,398	700	2,684	1,387
Accretion	17	16	34	31
	1,415	716	2,718	1,418

The Company's depletion, depreciation and accretion ("DD&A") provision for the current quarter was \$1.4 million, or \$23.82 per BOE and \$716,000 or \$24.63 per BOE for the comparative period. The decrease in the DD&A rate per BOE is due to reserves added for new wells. \$3.6 million in costs related to the Company's undeveloped land base was excluded from the depletion calculation.

Accretion of the asset retirement obligation is calculated at the Company's credit-adjusted, risk-free rate of 8 percent. The Company has estimated the net present value of their asset retirement obligation to be \$820,000.

### Income and future taxes

The Company does not expect to pay current income tax in 2009 or 2010. Estimated income tax pools at June 30, 2009 are as follows:

(\$000s)	
Canadian oil and gas property expenses	10,902
Canadian development expenses	1,931
Canadian exploration expenses	3,507
Undepreciated capital costs	4,813
Non-capital losses	14,103
Financing costs	102
Successored pools (restricted)	8,929
	44,287

As a result of the Company issuing flow-through shares in 2008, Canadian exploration expenses of \$2.5 million were renounced to investors in February, 2009. Share capital was reduced and a future income tax liability was recorded to recognize the foregone tax benefit of the renouncement. The Company recorded a future income tax recovery in the statement of operations to the extent that there was an unrecognized future income tax asset to offset the future income tax liability as a result of the renouncement. The first quarter 2009 financial statements did not include these amounts. The Company has recorded a reduction to share capital and deficit of \$750,000 in the balance sheet and an increase to future tax recovery and reduction in loss and comprehensive loss of \$750,000, and loss per share of \$0.02 respectively in the statement of operations.

### Netbacks

Components of the Company's operating, funds flow and loss netbacks are as follows:

(\$/BOE)	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Price	23.54	64.77	27.03	56.33
Royalties	(2.11)	(11.58)	(5.01)	(10.45)
Operating costs	(9.05)	(12.71)	(9.03)	(10.80)
Transportation	(1.35)	(1.38)	(1.35)	(1.39)
Operating Netback	11.03	39.10	11.64	33.69
General and administrative	(4.83)	(12.32)	(5.84)	(12.73)
Interest income	0.05	-	0.13	0.10
Funds Flow Netback	6.25	26.78	5.93	21.06
Stock compensation	(1.62)	(5.55)	(3.15)	(5.40)
Depletion, depreciation and accretion	(23.82)	(24.63)	(23.45)	(24.09)
Loss Netback	(19.19)	(3.40)	(20.67)	(8.43)

**CAPITAL EXPENDITURES**

Capital expenditures for the quarter were as follows:

<b>Capital Program Summary</b>	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
(\$000s)				
Land	93	126	145	378
Geological and geophysical	140	239	367	455
Drilling	(15)	135	48	305
Completions	(1)	6	50	21
Recompletions and workovers	38	162	271	162
Production equipment and facilities	(40)	658	103	684
Capitalized exploration G&A	92	92	183	182
	307	1,418	1,167	2,187
Asset disposition	-	-	-	(158)
Corporate acquisition – Argent	-	-	-	4,993
Asset retirement obligation	-	15	-	15
Other assets	-	-	-	6
	307	1,433	1,167	7,043

For the three months ended June 30, 2009, Sure Energy did not participate in any drilling. Capital expenditures in this quarter include the purchase of undeveloped land, seismic expenses, minor workovers and several reclamation projects. Recoveries (negative capital) are a result of downward adjustments to previous period cost estimates.

**LIQUIDITY AND CAPITAL RESOURCES**

The following common shares, options and PIR's were outstanding:

<b>Outstanding at:</b>	<b>June 30, 2009</b>	<b>December 31, 2008</b>	<b>Aug 4, 2009</b>
Common shares	37,659,208	37,659,208	37,659,208
Options	3,147,000	3,239,000	3,147,000
PIR's	3,505,000	3,780,000	3,505,000
	44,311,208	44,678,208	44,311,208

On January 15, 2008, Sure Energy issued 1,861,847 common shares at a price of \$0.93 per share in exchange for all the outstanding Argent common shares. In addition, 360,215 common shares were issued at a price of \$0.93 per share as settlement of severance to former Argent employees.

On July 18, 2008 Sure Energy completed a private placement of approximately 5.0 million common shares at a subscription price of \$1.10 per common share and approximately 1.9 million flow-through common shares at a subscription price of \$1.32 per flow-through common share.

On November 7, 2008, the Company issued 899,000 options at an exercise price of \$0.39. Concurrently, 375,000 options with an exercise price of \$1.28 were cancelled and not reissued.

As at June 30, 2009, the Company had net debt and working capital of \$1.7 million. Net debt and working capital is calculated as follows:

	<b>June 30, 2009</b>	<b>December 31, 2008</b>
Cash and cash equivalents	3,099	6,043
Accounts receivable	401	870
Prepaid expenses	258	241
Accounts payable and accrued liabilities	(2,080)	(4,915)
Working capital	1,678	2,239
Bank debt	-	-
Net debt	1,678	2,239

Sure Energy's credit facility was reviewed during the period and remains at \$8.5 million consisting of a \$7.0 million revolving operating demand loan and a \$1.5 million non-revolving acquisition/development demand loan. The interest rate increased to prime plus 1.25 percent on the revolving operating demand loan and prime plus 1.50 percent on the non-revolving acquisition/development demand loan. During the six months ended June 30, 2009, Sure Energy did not draw on the credit facility.

### FUNDS FLOW FROM OPERATIONS

Funds flow from operations is calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Loss	(1,140)	(98)	(1,648)	(497)
Add items not affecting cash:				
Depletion, depreciation and accretion	1,415	716	2,718	1,418
Stock compensation	97	161	366	318
Future income tax recovery	-	-	(750)	-
	372	779	686	1,239

### RELATED PARTY TRANSACTIONS

The Corporate Secretary is a partner of a law firm that is paid for legal services. The transactions are arms-length and measured at the exchange amount.

### CONTRACTUAL OBLIGATIONS AND FINANCIAL INSTRUMENTS

Sure Energy has not entered into any financial contracts.

As a result of the Company issuing flow-through shares in 2008, the Company is committed to incurring qualifying expenditures of approximately \$2.5 million before December 31, 2009. Of this amount, approximately \$1.5 million was incurred to June 30, 2009.

### DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure.

Management is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR"). ICFR means a process designed by or under the supervision of the Chief Executive Officer and Chief Financial Officer, and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Management completed an assessment of the design of ICFR. The Company used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework and guidance for smaller public companies for the design of the Company's ICFR. All internal control systems have inherent limitations and therefore our ICFR can only provide reasonable assurance and may not prevent or detect misstatements due to error or fraud.

The Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design and operating effectiveness of the Company's disclosure controls and ICFR as of the date of this MD&A, that disclosure controls and ICFR are not effective due to the material weakness in ICFR as described below. The material weakness identified did not result in any adjustments to the Company's financial statements for the three and six month periods ended June 30, 2009 or any prior period.

During the process of management's assessment, it was determined that a deficiency existed in the ICFR. Segregation of duties was identified as an area where a deficiency exists. Specifically, certain duties within the accounting department were not segregated due to the limited number of individuals employed in this area. The risk of a material misstatement is mitigated by direct involvement of senior management in the day to day operations of the Company and review of the financial statements and disclosures by senior management and the Board of Directors. However, these mitigating procedures are not considered sufficient to reduce the likelihood that a material

misstatement would not be prevented or detected. This weakness and its related risks is not uncommon in an entity of the size of the Company. As the Company grows, it plans to expand the number of individuals involved in the accounting function.

There have been no significant changes in the Company's ICFR that occurred during the six months ended June 30, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

## OUTLOOK

Sure Energy is extremely excited about the outlook for the Company. Production and reserves per share continue to grow at a reasonable cost. The Company remains in strong financial shape with positive working capital and an undrawn credit facility. Cost structure continues to reduce and will accelerate upon closing the private company acquisition in mid August.

As a result the Company has increased its capital budget to \$14 million for 2009. Some of our activities in the capital budget for the remainder of 2009 include:

- Finalizing the closing of the Private Company Acquisition
- Shooting a 13 sq. km 3D seismic program focused on our 100 percent working interest acreage in southeast Saskatchewan
- Plans to drill a couple of horizontal wells in its conventional light oil resource play in Redwater
- Drilling of a profile exploration well in Gordondale on the Peace River Arch in late 2009; and
- Drill an exploration prospect in the Southern Plains.

Despite the lower natural gas and equity prices management remains very committed and confident that our Company can continue to effectively grow and prosper through these difficult times. With lower industry costs, reduced royalties through government incentives and many struggling junior oil and gas companies in the market and for sale, management believes that it is the perfect time to be accelerating our capital spending to take advantage of the tremendous opportunities.

## Non-GAAP Measures

Sure Energy management uses and reports certain non-GAAP measures in the evaluation of operating and financial performance. These measures do not have any standardized meanings prescribed by Canadian GAAP and therefore may not be comparable with the calculation of similar measures for other companies. Funds flow from operations, operating and cash flow netbacks, net debt and working capital are metrics used to compare Sure Energy with its peers.

Funds flow from operations is used by the Company to analyze operating performance, leverage and liquidity. Readers should refer to the "FUNDS FLOW FROM OPERATIONS" section of the MD&A for a reconciliation of funds flow from operations.

We use the terms Operating Netbacks and Cash Flow Netbacks to evaluate operational performance of the Company. Operating netback, which is calculated as average unit sales price less royalties, transportation costs and operating expenses and cash flow netback, which further deducts administrative and interest expense and current income tax represents the cash margin for every barrel of oil equivalent sold. Readers should refer to the "Netbacks" section of the MD&A for the calculations of operating and cash flow netbacks.

Net debt and working capital, which is current assets less debt and current liabilities, is used to assess efficiency and financial strength. Readers should refer to the "LIQUIDITY AND CAPITAL RESOURCES" section of the MD&A for a reconciliation of net debt and working capital.

## Forward-looking Information

Certain statements contained in this management's discussion and analysis constitute forward-looking information. These statements relate to future events or Sure Energy's future performance. The use of any of the words "could", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on Sure Energy's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. In particular, Sure Energy's statements with respect to the acquisition of the private company and the statements in the section "Outlook" are forward looking information. Sure Energy's Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website [www.sedar.com](http://www.sedar.com)) describe the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference. Sure disclaims any intention or obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

**GLOSSARY OF ABBREVIATIONS**

\$000s	Thousands of dollars	Mbbls	Thousands of barrels
AECO	Alberta Energy Co.	MBOE	Thousand barrels of oil equivalent
AEUB	Alberta Energy Utilities Board	Mcf	Thousand cubic feet
bbls	Barrels	Mcf/d	Thousand cubic feet per day
bbls/d	Barrels per day	MMcf	Million cubic feet
Bcf	Billion cubic feet	MMcf/d	Million cubic feet per day
BOE	Barrel of oil equivalent (6 Mcf = 1 bbl)	MMbtu	Millions of British thermal units
BOE/d	Barrels of oil equivalent per day	NGLs	Natural gas liquids
GJ	Gigajoules	NPV	Net present value
G&A	General and administrative	TSX	Toronto Stock Exchange
		WTI	West Texas Intermediate

**SURE ENERGY INC.  
BALANCE SHEETS**

As at (\$000's)	June 30, 2009	December 31, 2008
(unaudited)		
<b>Assets</b>		
Current assets		
Cash and cash equivalents (note 8)	3,099	6,043
Accounts receivable	401	870
Prepaid expenses	258	241
	3,758	7,154
Property, plant and equipment (note 3)	28,396	29,914
	32,154	37,068
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	2,080	4,915
Asset retirement obligations (note 5)	820	866
Shareholders' equity		
Share capital (notes 2 and 6)	32,968	33,718
Contributed surplus	3,004	2,639
Deficit (note 2)	(6,718)	(5,070)
	29,254	31,287
	32,154	37,068

See accompanying notes.

**SURE ENERGY INC.**  
**STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS AND DEFICIT**

(\$000's, except per share amounts) (unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
			(note 2)	
<b>Revenue</b>				
Petroleum and natural gas revenue	1,398	1,883	3,133	3,315
Royalties	(127)	(337)	(582)	(615)
Interest income	5	-	15	5
	1,276	1,546	2,566	2,705
<b>Expenses</b>				
Operating	538	370	1,047	636
Transportation	80	40	157	82
General and administration	286	357	676	748
Stock compensation	97	161	366	318
Depletion, depreciation and accretion	1,415	716	2,718	1,418
	2,416	1,644	4,964	3,202
Loss before future income tax recovery	(1,140)	(98)	(2,398)	(497)
Future income tax recovery (note 2)	-	-	750	-
Loss and comprehensive loss	(1,140)	(98)	(1,648)	(497)
Deficit, beginning of period	(5,578)	(4,235)	(5,070)	(3,836)
Deficit, end of period	(6,718)	(4,333)	(6,718)	(4,333)
Loss per common share (note 7)				
Basic and diluted	(0.03)	(0.01)	(0.04)	(0.02)

See accompanying notes.

**SURE ENERGY INC.**  
**STATEMENTS OF CASH FLOWS**

(\$000's)	Three Months Ended June 30,		Six Months Ended June 30,	
(unaudited)	2009	2008	2009	2008
Cash provided by (used in):				
<b>Operating</b>				
Loss	(1,140)	(98)	(1,648)	(497)
Items not affecting cash:				
Depletion, depreciation and accretion	1,415	716	2,718	1,418
Stock compensation	97	161	366	318
Future income tax recovery	-	-	(750)	-
Abandonment expenditures	(58)	-	(80)	(99)
Changes in non-cash working capital (note 8)	85	(88)	580	(259)
	399	691	1,186	881
<b>Investing</b>				
Drilling and development of petroleum and natural gas properties	(307)	(1,417)	(1,167)	(2,186)
Corporate acquisition	-	-	-	(2,055)
Disposition of petroleum and natural gas properties	-	-	-	158
Other asset purchases	-	-	-	(6)
Changes in non-cash working capital (note 8)	(361)	1,016	(2,963)	896
	(668)	(401)	(4,130)	(3,193)
Net change in cash and cash equivalents	(269)	290	(2,944)	(2,312)
Cash and cash equivalents, beginning of period	3,368	841	6,043	3,443
Cash and cash equivalents, end of period	3,099	1,131	3,099	1,131

See accompanying notes.

Supplementary Cash Flow information (note 8)

**SURE ENERGY INC.****Notes to the Financial Statements****As at and for the three and six months ended June 30, 2009**

(unaudited)

Unless otherwise stated, amounts presented in these notes are in Canadian dollars and tabular amounts are in thousands of Canadian dollars, except number of shares and per share amounts.

**1. Summary of Significant Accounting Policies****Business and Basis of Presentation**

Sure Energy Inc. ("Sure Energy" or the "Company") is a Calgary based oil and natural gas exploration and production company whose business activities are focused primarily in Alberta. Sure Energy is a public company and commenced trading on the Toronto Stock Exchange on August 15, 2006.

**2. Correction of an Error**

To recognize the foregone tax benefits to the Company for flow-through shares, share capital is reduced and a future tax liability is recorded when the tax pools are renounced to investors. A future income tax recovery has been recorded to the extent that there is an unrecorded future income tax asset. The first quarter 2009 interim financial statements did not include these amounts. The Company has recorded a reduction to share capital and deficit of \$750,000 in the balance sheet and an increase to future tax recovery and reduction in loss and comprehensive loss of \$750,000, and loss per share of \$0.02 respectively in the statement of operations.

**3. Property Plant and Equipment**

	June 30, 2009	December 31, 2008
Petroleum and natural gas properties	37,628	36,462
Furniture, fixtures and leaseholds	28	28
	37,656	36,490
Accumulated depletion and depreciation	(9,260)	(6,576)
Net book value	28,396	29,914

Unproved oil and gas properties of \$3.6 million (December 31, 2008 - \$4.3 million) have been excluded from costs subject to depletion and depreciation. These costs relate to the Company's undeveloped land base.

During the six months ended June 30, 2009, directly related exploration administrative expenses of \$183,000 were capitalized (year ended December 31, 2008 - \$427,000).

**4. Bank Indebtedness**

Sure Energy has a credit facility of \$8.5 million consisting of a \$7.0 million revolving operating demand loan and a \$1.5 million non-revolving acquisition/development demand loan. The facility is provided by a Canadian chartered bank, is subject to periodic review by the bank and is secured by a \$50.0 million first floating charge debenture over all of the Company's assets. The facility bears interest at a rate of bank prime plus 1.25 percent on the revolving operating demand loan and bank prime plus 1.50 percent on the non-revolving acquisition/development demand loan. During the quarter ended March 31, 2009 and June 30, 2009, Sure Energy did not draw on either of the credit facilities.

**5. Asset Retirement Obligations**

The following table reconciles the Company's total asset retirement obligations:

	June 30, 2009	December 31, 2008
Balance, beginning of period	866	698
Acquisition of liabilities in the period	-	81
Abandonment costs incurred	(80)	(53)
Additions	-	42
Revisions	-	31
Accretion expense	34	67
Balance, end of period	820	866

## 6. Share Capital Issued and Outstanding Common Shares

	Number of shares	Amount
Balance, January 1, 2008	28,545,148	23,815
Issued pursuant to acquisition of Argent	1,861,847	1,731
Settlement of severance of former Argent employees	360,215	335
Private placement – common shares	4,999,091	5,499
Private placement – flow-through shares	1,892,907	2,499
Share issue costs	-	(161)
Balance December 31, 2008	37,659,208	33,718
Tax effect of flow-through shares	-	(750)
Balance June 30, 2009		\$ 32,968

## 7. Per Share Amounts

The calculation of basic and diluted loss per common share is based on the following weighted average number of common shares outstanding:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Loss	(1,140)	(98)	(1,648)	(497)
Loss per common share				
Basic and diluted	(0.03)	(0.01)	(0.04)	(0.02)
Weighted average shares outstanding				
Basic and Diluted <sup>(1) (2)</sup>	37,659,208	30,767,210	37,659,208	30,584,073

(1) The diluted shares outstanding exclude 1,752,500 unvested performance rights, which are not exercisable and are treated as contingently issuable shares as all of the conditions for issue have not been satisfied as at June 30, 2009.

(2) 3,147,000 options and 1,752,500 vested performance rights have been excluded from the weighted average diluted shares outstanding for the three and six months ended June 30, 2009 as they are anti-dilutive.

## 8. Supplemental Cash Flow Information

Cash and cash equivalents include the following:

	June 30, 2009	December 31, 2008
Cash on deposit	3,099	2,050
Bankers acceptance	-	3,993
	3,099	6,043

Changes in non-cash working capital items increased (decreased) cash and cash equivalents as follows:

Period ended	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Accounts receivable	132	112	469	150
Prepaid expenses	(45)	(16)	(17)	112
Accounts payable and accrued liabilities	(363)	832	(2,835)	375
	(276)	928	(2,383)	637
Operating activities	85	(88)	580	(259)
Investing activities	(361)	1,016	(2,963)	896
	(276)	928	(2,383)	637
Other Cash Flow Information:				
Cash taxes paid	-	-	-	-
Cash interest received	5	-	21	14
Cash interest paid	-	-	-	-

**9. Related Party Transactions**

During the six months ended June 30, 2009, legal fees of \$43,000 (2008 - \$21,000) were paid to a law firm of which the Corporate Secretary is a partner. These transactions were measured at the exchange amount.

**10. Commitments**

As a result of the Company issuing flow-through shares in 2008, the Company is committed to spend approximately \$2.5 million before December 31, 2009 on expenditures qualifying as Canadian Exploration Expense. Of this amount, the total spent on qualified Canadian Exploration Expenses to June 30, 2009 was approximately \$1.5 million. Tax pools of \$2.5 million were renounced to investors in February 2009.

**11. Corporate Acquisition**

On June 29, 2009, the Company announced that it had entered into a purchase and sale agreement to acquire all the issued and outstanding shares of a private oil and gas company for total consideration of approximately \$8.8 million. Under the terms of the agreement, the Company will pay \$0.26 and issue 0.4 of a Sure Energy common share for each of the 23,036,889 issued and outstanding common shares of the private company. The acquisition is expected to close on August 14, 2009. Concurrent with the closing, Sure Energy's credit facility will increase to \$11.5 million consisting of a \$10 million revolving operating demand loan and a \$1.5 million non-revolving acquisition/development demand loan.

**Directors**

Jeffrey S. Boyce  
Calgary, Alberta

W. Peter Comber<sup>1, 2, 3, 4</sup>  
Managing Director, Barrantagh Investment  
Management Inc.  
Toronto, Ontario

Larry J. Macdonald<sup>1, 2, 3, 4</sup>  
Chairman & CEO, Point Energy Ltd.  
Calgary, Alberta

Thomas P. Stan<sup>1</sup>  
Managing Director Investment Banking,  
Blackmont Capital., Calgary, Alberta

<sup>1</sup> Audit Committee

<sup>2</sup> Governance & Human Resources Committee

<sup>3</sup> Environment, Health & Safety Committee

<sup>4</sup> Independent Reserves Committee

**Officers**

Jeffrey S. Boyce  
President and Chief Executive Officer

Lance Wirth  
Vice President Finance and Chief Financial  
Officer

Chris Baker  
Vice President, Exploration

C. Tom Banks  
Vice President, Engineering & Operations

Daniel G. Kolibar  
Corporate Secretary

Rob Sheedy  
Vice President Land

**Advisors****Auditors**

Deloitte & Touche LLP  
Calgary, Alberta

**Banker**

The National Bank  
Calgary, Alberta

**Evaluation Engineers**

Sproule Associates Limited  
Calgary, Alberta

**Legal Counsel**

Borden Ladner Gervais LLP  
Calgary, Alberta

**Transfer Agent**

Valiant Trust Company  
Calgary, Alberta

**Stock Exchange Listing**

The Toronto Stock Exchange  
Symbol: SHR

**Sure Energy Inc. is a publicly traded oil and gas exploration and development company listed on the Toronto Stock Exchange under the symbol "SHR".**

For further information, please visit our website at [www.sureenergyinc.com](http://www.sureenergyinc.com) or contact:

Mr. Jeff Boyce, President and CEO  
Phone: (403) 410-3100  
Email: [info@sureenergyinc.com](mailto:info@sureenergyinc.com)

Mr. Lance Wirth, Vice President, Finance and CFO  
Fax: (403) 410-3111

**Forward-looking Information**

Certain statements contained in this release constitute forward-looking information. These statements relate to future events or Sure Energy's future performance. The use of any of the words "could", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on Sure Energy's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. In particular, Sure Energy's statements with respect to the acquisition of the private company, the statements in the section "Outlook" and the Company's stated intentions and expectations for drilling and production levels on its main producing properties are forward looking information. Sure Energy's Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website [www.sedar.com](http://www.sedar.com)) describe the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference. Sure disclaims any intention or obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

**Corporate Head Office:**

Suite 1100, 606 4th Street S.W.  
Calgary, Alberta T2P 1T1  
Telephone: (403) 410-3100  
Facsimile: (403) 410-3111  
Email: [info@sureenergyinc.com](mailto:info@sureenergyinc.com)  
Web: [www.sureenergyinc.com](http://www.sureenergyinc.com)

