

1 FIRST QUARTER REPORT

For the three months ended
March 31, 2009



Sure Energy Inc. ("Sure Energy" or the "Company") is pleased to announce results for the first quarter 2009, ending March 31, 2009.

The Company's MD&A and Financial Statements and Notes can be viewed or downloaded at www.sureenergyinc.com or www.sedar.com.

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

- Increased production from 463 to 628 BOE/d, an increase of 36 percent
- Completed tie-in of a well at its Chinook producing area
- Maintained positive working capital of \$1.7 million at March 31, 2009
- Received approval for an 8.5 million line of credit; unchanged from 2008

HIGHLIGHTS

Three Months Ended March 31,
2009 2008

(\$000 except share and per share amounts)

Financial

Petroleum and Natural Gas Revenues	1,735	1,432
Funds Flow from Operations ⁽¹⁾	314	460
Per Share, Basic and Diluted	0.01	0.02
Loss	(1,258)	(399)
Per Share, Basic and Diluted	(0.03)	(0.01)
Capital Expenditures	860	5,610
Total Assets	33,602	26,247
Working Capital ⁽¹⁾	1,671	47
Shareholders' Equity	30,298	23,817
Common Shares Outstanding		
Basic	37,659,208	30,767,210
Diluted	40,898,208	33,482,210
Fully Diluted with Performance Rights	44,403,208	37,491,210
Weighted Average Common Shares Outstanding		
Basic and Diluted	37,659,208	30,271,031
Share Trading		
High	0.35	0.99
Low	0.21	0.80
Close	0.31	0.82
Trading Volume	1,348,128	2,981,485

HIGHLIGHTS**Three Months Ended March 31,
2009**

	2009	2008
Operations		
Production		
Natural Gas (Mcf/d)	3,435	1,771
Oil (bbls/d)	29	12
NGLs (bbls/d)	27	20
BOE/d	628	327
Average Selling Price		
Natural Gas (\$/Mcf)	4.99	7.74
Oil (\$/bbl)	38.04	89.22
NGLs (\$/bbl)	38.64	47.44
BOE (\$/BOE)	30.68	48.09
Operating Netback (\$/BOE) ⁽¹⁾	12.27	28.41
Funds Flow Netback (\$/BOE) ⁽¹⁾	5.58	15.46

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

OPERATIONAL REVIEW

Cash expenditures for the period were as follows:

	Three Months Ended March 31,	
Capital Program Summary	2009	2008
(\$000s)		
Land	52	252
Geological and geophysical	227	216
Drilling	63	170
Completions	51	15
Recompletions and workovers	233	-
Production equipment and facilities	143	26
Capitalized exploration G&A	91	90
	860	769
Asset disposition	-	(158)
Corporate acquisition	-	4,993
Other assets	-	6
	860	5,610

For the three months ended March 31, 2009 Sure Energy did not participate in any drilling. Capital expenditures in this quarter include the tie-in of one well at Chinook, a workover of our horizontal well at Redwater and several suspension and reclamation projects.

Areas of Activity**Tweedie**

The Company currently produces 1.0 MMcf/d (171 BOE/d) of sweet gas from shallow Cretaceous reservoirs in this area, located 180 kilometres northeast of Edmonton. The Company owns an interest in 20,600 acres of undeveloped land, a 25 percent working interest in the main gas plant and a working interest in the pipeline infrastructure in the area. To maintain production at Tweedie the Company plans to drill three to four wells a year in this winter only accessible area. Sure Energy expects our inventory of 17 gas prospects will sustain production levels from this property for the next four to five years. The Company participated in a 2D seismic shoot this winter which it hopes will firm up two more drilling locations, but did not drill any additional wells because of unfavourable gas prices.

Valhalla

Sure Energy produced 77 BOE/d of production from this area on the Peace River Arch during this quarter. The production is from various members of the Charlie Lake formation and is a mix of liquids rich gas and gassy oil. The Company has five producing wells in the area with working interests varying from 27 to 75 percent.

Boundary Lake

The Company's 10-19 Halfway well came on production in September 2008, producing into a new gas plant jointly owned by Sure Energy. The gas plant is currently running at full capacity processing around 1.8 MMcf/d gross, contributing 53 BOE/d net to Sure Energy's production levels for the current quarter. This well is producing from a proved plus probable reserve base of 4 BCF and should show only minor declines in the early stages of production.

Sure Energy has an inventory of three higher risk / high reward prospects in the Boundary Lake area and is currently actively seeking a partner to evaluate these prospects, in order to manage the Company's cost exposure.

Chinook

During the quarter, Sure Energy produced 1.8 MMcf/d (310 BOE/d) from three wells in the Chinook area. The Company has one additional prospect to drill in the immediate Chinook area. This well is scheduled to be drilled in mid 2009.

Redwater

The Company has some minor shallow gas production in the Redwater area, but its focus has shifted to an emerging horizontal light oil play in the area. Sure Energy owns 7¼ sections of 100 percent land immediately on trend with new production in the Viking formation. This new production is from multi-leg horizontal wells, which are exhibiting early rates of up to 150 BOE/d. Sure Energy's land is offset by a short lateral horizontal well which has been producing at around 10 BOE/d since 1993 indicating that it is accessing an indefinable large oil reserve. Sure Energy drilled its first multi-leg horizontal well adjacent to this producer late in 2008 but encountered problems while drilling the well. The resultant horizontal well is currently producing at 10 BOE/d from an open hole section of around 850 meters. Recent horizontal activity adjacent to Sure Energy's land will help evaluate the upside potential of Sure Energy's land block.

Southeast Saskatchewan

The Company owns 2¼ sections of land on a prospective light oil fairway in Saskatchewan. After shooting a 2D line in the second quarter of 2008 to define the trajectory for a horizontal well the Company became aware of significant complexities in the prospect and has decided to shoot a 3D prior to testing it by drilling. The prospect is adjacent to prolific horizontal production in the Mississippian formation, and if it is successful could yield an inventory of 7 follow-up locations.

Production

Production for the period by major property is as follows:

	Three Months Ended March 31, 2009			
	Gas Mcf/d	Oil Bbls/d	NGLs Bbls/d	Total BOE/d
Tweedie	1,027	-	-	171
Valhalla	268	15	18	77
Chinook	1,803	-	9	310
Boundary	314	-	-	53
Redwater	23	14	-	17
Total	3,435	29	27	628

OUTLOOK

Sure Energy limited its capital spending in the first quarter due to low commodity pricing, especially in natural gas. The Company maintained positive working capital of \$1.7 million at the end of the quarter and this capital along with an undrawn line of credit of \$8.5 million gives the Company the ability to act in the acquisition market. The Company is currently evaluating numerous acquisition opportunities and expects many more to be coming onto the market in the near future.

Despite lower commodity pricing and much higher royalties the Company is maintaining a positive cash flow. However, it does anticipate further softening of gas prices before any significant recovery, which is not anticipated until later in the year.

Sure Energy views this as a time of opportunity for a small oil and gas company. Land sale prices have dropped significantly allowing the Company to be more aggressive in its land acquisition strategy. Farm-in opportunities are also more available. Decreasing drilling and service company costs are allowing the Company to consider more and varied drilling opportunities.

The Company has \$960,000 of flow through funds to spend on exploration prospects by year end and would like to use this capital to earn into project-based prospects, with associated land and seismic.

In summary the Company will preserve its current prospect inventory, while attempting to add new prospects / projects in a cost effective manner. If the right acquisition becomes available the Company is in a position to act, thereby further increasing the upside potential to be exploited when commodity prices improve.

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 5, 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 or 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 March 31, 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 will provide sufficient cash flow for the Company to operate in 2009.

OVERVIEW

Selected Annual and Quarterly Information

	Q1 09	2008	Q4	Q3	Q2	Q1	2007	Q4	Q3	Q2	Q1
Production											
Natural gas (Mcf/d)	3,435	2,044	2,568	2,088	1,744	1,771	1,666	1,610	1,687	1,810	1,555
Oil (bbls/d)	29	13	15	12	14	12	3	2	2	3	6
NGLs (bbls/d)	27	19	21	22	15	20	-	-	-	-	-
BOE/d	628	373	463	382	319	327	281	270	283	305	265
Average Selling Price											
Natural gas (\$/Mcf)	4.99	8.09	6.85	8.08	10.29	7.74	6.36	5.89	5.05	7.17	7.36
Oil (\$/bbl)	38.04	100.11	61.52	126.01	128.42	89.22	79.35	80.48	76.25	72.80	67.83
NGLs (\$/bbl)	38.64	53.03	41.72	61.68	63.39	47.44	-	-	-	-	-
\$/BOE	30.68	50.57	41.78	51.58	64.77	48.09	38.63	35.66	30.93	43.33	44.69
Netback (\$/BOE)											
Operating	12.27	29.28	23.04	29.46	39.10	28.41	20.98	21.57	15.26	23.83	23.31
Funds Flow	5.58	20.06	15.57	23.84	26.78	15.46	11.26	7.97	9.01	14.59	13.29

Financial

(\$000s except share and per share amounts)

Revenue	1,735	6,909	1,781	1,813	1,883	1,432	3,958	886	805	1,202	1,065
Funds Flow	314	2,740	662	839	779	460	1,153	199	232	404	318
Per share, basic	0.01	0.08	0.02	0.02	0.03	0.02	0.04	0.01	0.01	0.01	0.01
Loss	(1,258)	(1,234)	(561)	(176)	(98)	(399)	(2,981)	(515)	(1,481)	(517)	(468)
Per share, basic	(0.03)	(0.04)	(0.01)	(0.00)	(0.00)	(0.01)	(0.10)	(0.02)	(0.05)	(0.02)	(0.02)
Capital Expenditures	860	13,654	3,486	3,125	1,433	5,610	6,043	1,220	1,360	980	2,483
Total Assets	33,602		37,068	35,761	27,174	26,247		23,784	24,213	25,002	25,981
Working Capital	1,671		2,239	4,963	(592)	47		3,149	4,240	5,322	5,897
Shareholder's Equity	30,298		31,287	31,692	23,880	23,817		21,993	22,353	22,720	23,001
Common Shares (000's)	37,659		37,659	37,659	30,767	30,767		28,545	28,545	28,509	28,509

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

Production increased in the current quarter due to the acquisition of Argent Energy Inc. ("Argent") which closed on January 15, 2008 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.

Q1 2007

Revenue increased in the current quarter due to increased average selling prices. In the first quarter of 2007, operating costs decreased to expected levels.

ACQUISITION OF ARGENT ENERGY INC.

On January 15, 2008, the Company acquired all of the outstanding common shares of Argent Energy Inc., 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.

RESULTS OF OPERATIONS

Revenues

Petroleum and Natural Gas Revenue (\$000s)	Three Months Ended March 31,	
	2009	2008
Natural gas	1,543	1,247
Oil	98	100
NGLs	94	85
	1,735	1,432

Production	Three Months Ended March 31,	
	2009	2008
Natural gas (Mcf/d)	3,435	1,771
Oil (bbls/d)	29	12
NGLs (bbls/d)	27	20
BOE/d	628	327

Average Selling Price	Three Months Ended March 31,	
	2009	2008
Natural gas (\$/Mcf)	4.99	7.74
Oil (\$/bbl)	38.04	89.22
NGLs (\$/bbl)	38.64	47.44
\$/BOE	30.68	48.09

Average Benchmark Prices	Three Months Ended March 31,	
	2009	2008
AECO (daily) natural gas (\$/Mcf)	4.66	7.49
WTI Crude oil (US\$/bbl)	43.08	97.90
Edmonton par price (Cdn \$/bbl)	49.66	97.50
Exchange rate (US\$/Cdn\$)	1.2453	1.0041

Production for the three months ended March 31, 2009 averaged 628 BOE/d, representing an increase of 92 percent over the comparative period. Production for the current quarter increased from new gas wells at Boundary and Chinook. For the three months ended March 31, 2009, the Company's realized price for its natural gas was \$4.99/Mcf, 36 percent less than the \$7.74/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 March 31,	
	2009	2008
Royalties	455	278
Average royalty as a percent of revenue	26.2	19.4

Royalties as a percentage of revenue increased to 26.2 percent for the current quarter versus 19.4 percent for the comparative quarter. The increase was due to higher royalty rates on new wells under the Alberta New Royalty Framework.

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 programs include 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.

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 March 31,	
	2009	2008
Operating expenses	509	266

Operating costs were \$9.00 per BOE for the three months ended March 31, 2009 versus \$8.94 per BOE for the comparative period. Current quarter operating costs decreased compared to the fourth quarter of 2008 due to the lower operating costs on new wells.

Transportation

(\$000s)	Three Months Ended March 31,	
	2009	2008
Transportation	77	42

Transportation costs were \$1.36 per BOE in the current quarter and \$1.39 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 March 31,	
	2009	2008
Gross general and administrative	481	481
Capitalized overhead	(91)	(90)
	390	391

General and administrative ("G&A") costs were \$6.89 per BOE for the current quarter and \$13.14 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 March 31,	
	2009	2008
Interest income	10	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 \$10,000 or \$0.20 per BOE versus \$0.19 per BOE for the comparative period. Excess cash was invested in bankers acceptances to earn interest income.

Stock Compensation (non-cash)

(\$000s)	Three Months Ended March 31,	
	2009	2008
Stock compensation	269	157

Stock compensation (non-cash) expense was \$269,000 in the three months ended March 31, 2009 and \$157,000 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 March 31,	
	2009	2008
Depletion and depreciation	1,286	687
Accretion	17	15
	1,303	702

The Company's depletion, depreciation and accretion ("DD&A") provision for the current quarter was \$1.3 million, or \$23.05 per BOE and \$702,000 or \$23.57 per BOE for the comparative period. The decrease in the DD&A rate per BOE is due to reserves added for new wells. \$3.9 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 \$861,000.

Income and future taxes

The Company does not expect to pay current income tax in 2009 or 2010. Estimated income tax pools at March 31, 2009 are as follows:

(\$000s)	
Canadian oil and gas property expenses	11,216
Canadian development expenses	3,220
Canadian exploration expenses	3,659
Undepreciated capital costs	5,166
Non-capital losses	13,904
Financing costs	162
Successored pools (restricted)	9,551
	46,878

Netbacks

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

(\$/BOE)	Three Months Ended March 31,	
	2009	2008
Price	30.68	48.09
Royalties	(8.05)	(9.35)
Operating costs	(9.00)	(8.94)
Transportation	(1.36)	(1.39)
Operating Netback	12.27	28.41
General and administrative	(6.89)	(13.14)
Interest income	0.20	0.19
Funds Flow Netback	5.58	15.46
Stock compensation	(4.76)	(5.25)
Depletion, depreciation and accretion	(23.05)	(23.57)
Loss Netback	(22.23)	(13.36)

CAPITAL EXPENDITURES

Capital expenditures for the quarter were as follows:

Capital Program Summary	Three Months Ended March 31,	
	2009	2008
(\$000s)		
Land	52	252
Geological and geophysical	227	216
Drilling	63	170
Completions	51	15
Recompletions and workovers	233	-
Production equipment and facilities	143	26
Capitalized exploration G&A	91	90
	860	769
Asset disposition	-	(158)
Corporate acquisition - Argent	-	4,993
Other assets	-	6
	860	5,610

For the three months ended March 31, 2009 Sure Energy did not participate in any drilling. Capital expenditures in this quarter include the tie-in of one well at Chinook, a workover of our horizontal well at Redwater and several suspension and reclamation projects.

LIQUIDITY AND CAPITAL RESOURCES

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

Outstanding at:	March 31, 2009	December 31, 2008	April 5, 2009
Common shares	37,659,208	37,659,208	37,659,208
Options	3,239,000	3,239,000	3,147,000
PIR's	3,505,000	3,780,000	3,505,000
	44,403,208	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 March 31, 2009, the Company had net debt and working capital of \$1.7 million. Net debt and working capital is calculated as follows:

	March 31, 2009	December 31, 2008
Cash and cash equivalents	3,368	6,043
Accounts receivable	533	870
Prepaid expenses	213	241
Accounts payable and accrued liabilities	(2,443)	(4,915)
Working capital	1,671	2,239
Bank debt	-	-
Net debt	1,671	2,239

Sure Energy's credit facility was reviewed during the period and remains as \$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 three months ended March 31, 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 March 31,	
	2009	2008
Loss	(1,258)	(399)
Add items not affecting cash:		
Depletion, depreciation and accretion	1,303	702
Stock compensation	269	157
	314	460

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 \$1,540,000 was incurred to March 31, 2009.

OUTLOOK

Sure Energy limited its capital spending in the first quarter due to low commodity pricing, especially in natural gas. The Company maintained positive working capital of \$1.7 million at the end of the quarter and this capital along with an undrawn line of credit of \$8.5 million gives the Company the ability to act in the acquisition market. The Company is currently evaluating numerous acquisition opportunities and expects many more to be coming onto the market in the near future.

Despite lower commodity pricing and much higher royalties the Company is maintaining a positive cash flow. However, it does anticipate further softening of gas prices before any significant recovery, which is not anticipated until later in the year.

Sure Energy views this as a time of opportunity for a small oil and gas company. Land sale prices have dropped significantly allowing the Company to be more aggressive in its land acquisition strategy. Farm-in opportunities are also more available. Decreasing drilling and service company costs are allowing the Company to consider more and varied drilling opportunities.

The Company has \$960,000 of flow through funds to spend on exploration prospects by year end and would like to use this capital to earn into project-based prospects, with associated land and seismic.

In summary the Company will preserve its current prospect inventory, while attempting to add new prospects / projects in a cost effective manner. If the right acquisition becomes available the Company is in a position to act, thereby further increasing the upside potential to be exploited when commodity prices improve.

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 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

This management's discussion and analysis contains forward-looking financial and operational information including earnings, funds flow, production and capital expenditures projections. The projections are based on the Company's expectations and are subject to a number of risks and assumptions that could materially affect the results. Actual results achieved during the forecast period may differ materially from the information provided herein as a result of numerous known and unknown risks, assumptions and other factors. Such risks and material assumptions include, but are not limited to: general economic, market and business conditions; industry capacity; competitive action by other companies; fluctuations in oil and gas prices; the ability to produce and transport crude oil and natural gas to markets; the results of exploration and development drilling and related activities; fluctuation in foreign currency exchange rates; the imprecision of reserve estimates; the ability of suppliers to meet commitments; actions by governmental authorities including increases in taxes; decisions or approvals of administrative tribunals; change in environmental and other regulations; risks associated with oil and gas operations; the weather in areas of operation; and other factors, many of which are beyond the control of Sure Energy. Sure Energy 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)	March 31, 2009	December 31, 2008
(unaudited)		
Assets		
Current assets		
Cash and cash equivalents (note 7)	3,368	6,043
Accounts receivable	533	870
Prepaid expenses	213	241
	4,114	7,154
Property, plant and equipment (note 2)	29,488	29,914
	33,602	37,068
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	2,443	4,915
Asset retirement obligations (note 4)	861	866
Shareholders' equity		
Share capital (note 5)	33,718	33,718
Contributed surplus	2,908	2,639
Deficit	(6,328)	(5,070)
	30,298	31,287
	33,602	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 March 31,	
	2009	2008
Revenue		
Petroleum and natural gas revenue	1,735	1,432
Royalties	(455)	(278)
Interest income	10	5
	<u>1,290</u>	<u>1,159</u>
Expenses		
Operating	509	266
Transportation	77	42
General and administration	390	391
Stock compensation	269	157
Depletion, depreciation and accretion	1,303	702
	<u>2,548</u>	<u>1,558</u>
Loss and comprehensive loss	(1,258)	(399)
Deficit, beginning of period	(5,070)	(3,836)
Deficit, end of period	<u>(6,328)</u>	<u>(4,235)</u>
Loss per common share (note 6)		
Basic and diluted	<u>(0.03)</u>	<u>(0.01)</u>

See accompanying notes.

SURE ENERGY INC.
STATEMENTS OF CASH FLOWS

<i>(\$000's)</i>	Three Months Ended March 31,	
(unaudited)	2009	2008
Cash provided by (used in):		
Operating		
Loss	(1,258)	(399)
Items not affecting cash:		
Depletion, depreciation and accretion	1,303	702
Stock compensation	269	157
Abandonment expenditures	(22)	(99)
Changes in non-cash working capital (note 7)	495	(171)
	<u>787</u>	<u>190</u>
Investing		
Drilling and development of petroleum and natural gas properties	(860)	(769)
Corporate acquisition	-	(2,055)
Disposition of petroleum and natural gas properties	-	158
Other asset purchases	-	(6)
Changes in non-cash working capital (note 7)	(2,602)	(120)
	<u>(3,462)</u>	<u>(2,792)</u>
Net change in cash and cash equivalents	(2,675)	(2,602)
Cash and cash equivalents, beginning of period	6,043	3,443
Cash and cash equivalents, end of period	<u>3,368</u>	<u>841</u>

See accompanying notes.

Supplementary Cash Flow information (note 7)

SURE ENERGY INC.**Notes to the Financial Statements****As at and for the three months ended March 31, 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. Property Plant and Equipment

	March 31, 2009	December 31, 2008
Petroleum and natural gas properties	37,322	36,462
Furniture, fixtures and leaseholds	28	28
	37,350	36,490
Accumulated depletion and depreciation	(7,862)	(6,576)
Net book value	29,488	29,914

Unproved oil and gas properties of \$3.9 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 three months ended March 31, 2009, directly related exploration administrative expenses of \$91,000 were capitalized (Year ended December 31, 2008 - \$427,000).

3. 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, Sure Energy did not draw on either of the credit facilities.

4. Asset Retirement Obligations

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

	March 31, 2009	December 31, 2008
Balance, beginning of period	866	698
Acquisition of liabilities in the period	-	81
Abandonment costs incurred	(22)	(53)
Additions	-	42
Revisions	-	31
Accretion expense	17	67
Balance, end of period	861	866

5. 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 and March 31, 2009	37,659,208	\$ 33,718

6. 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 March 31,	
	2009	2008
Loss	(1,258)	(399)
Loss per common share		
Basic and diluted	(0.03)	(0.01)
Weighted average shares outstanding		
Basic and Diluted ^{(1) (2)}	37,659,208	30,271,031

(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 March 31, 2009.

(2) 3,239,000 options and 1,752,500 vested performance rights have been excluded from the weighted average diluted shares outstanding for the three months ended March 31, 2009 as they are anti-dilutive.

7. Supplemental Cash Flow Information

Cash and cash equivalents include the following:

	March 31, 2009	December 31, 2008
Cash on deposit	3,368	2,050
Bankers acceptance	-	3,993
	3,368	6,043

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

Period ended	Three Months Ended March 31,	
	2009	2008
Accounts receivable	337	38
Prepaid expenses	28	128
Accounts payable and accrued liabilities	(2,472)	(457)
	(2,107)	(291)
Operating activities	495	(171)
Investing activities	(2,602)	(120)
	(2,107)	(291)
Other Cash Flow Information:		
Cash taxes paid	-	-
Cash interest received	16	14
Cash interest paid	-	-

8. Related Party Transactions

During the three months ended March 31, 2009, legal fees of \$31,000 (2008 - \$5,000) were paid to a law firm of which the Corporate Secretary is a partner. These transactions were measured at the exchange amount.

9. 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 March 31, 2009 was approximately \$1,540,000.

Directors

Jeffrey S. Boyce
Calgary, Alberta

W. Peter Comber ^{1, 2, 3, 4}
Managing Director, Barrantagh Investment
Management Inc.
Toronto, Ontario

Larry J. Macdonald ^{1, 2, 3, 4}
Chairman & CEO, Point Energy Ltd.
Calgary, Alberta

Thomas P. Stan ¹
President and CEO, Canadian Phoenix
Resources Corp., Calgary, Alberta

¹ Audit Committee

² Governance & Human Resources Committee

³ Environment, Health & Safety Committee

⁴ 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".

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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 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) 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.

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