

Zapata Energy Corporation Announces Recapitalization Transaction and New Management Group Led by Members of Former Breaker Team

CALGARY, ALBERTA--(March 25, 2010) - Zapata Energy Corporation ("Zapata" or the "Company") (TSX VENTURE:ZCO) is pleased to announce that it has entered into a Reorganization and Investment Agreement (the "Agreement") with Dan O'Neil, Max Lof, Dan Brown and Paul Colborne (the "Investor Group"). The Agreement provides for a \$17.0 million non-brokered private placement (the "Private Placement") and the appointment of a new management team, key employees and board of directors (the "New Management Group"). Among other conditions, the Private Placement and the appointment of the New Management Group is subject to the approval of the TSX Venture Exchange (the "TSXV").

New Management Group

The New Management Group will be appointed upon the completion of the Private Placement.

The New Management Group will be led by Dan O'Neil as President and Chief Executive Officer, Max Lof as Chief Financial Officer and Dan Brown as Chief Operating Officer. Mr. O'Neil, Mr. Lof and Mr. Brown were key members of the management team that grew Breaker Energy Ltd. ("Breaker") from zero to over 7,000 boe/d of production (over 50 percent being oil and NGLs) in under five years, before selling Breaker to NAL Oil and Gas Trust in December 2009 for over \$400 million of enterprise value. Breaker successfully executed five major acquisitions and raised approximately \$225 million of equity through 12 transactions. The new Board of Directors of Zapata will be comprised of Paul Colborne as Chairman, Peter Bannister, James Pasieka, Keith Macdonald, Robert Leach and Dan O'Neil, all former Board members or officers of Breaker. In addition, Malcolm Adams and Margaret Elekes will join the New Management Group as Vice President, Corporate Development and Vice President, Land, respectively. The New Management Group plans to nominate Murray Smith for appointment to the new Board of Directors of Zapata at the Company's next annual general meeting. The New Management Group has a solid track record of creating value in high-growth, junior oil and gas companies:

Dan O'Neil
President & CEO

Dan O'Neil is a professional engineer with over 27 years of varied exploration, exploitation, A&D, production and operations experience in the Canadian oil and gas business. Mr. O'Neil was most recently a founder and President and Chief Executive Officer of Breaker. Prior to founding Breaker, Mr. O'Neil held positions as Vice President Canadian Foothills/Frontiers Exploration and Vice President of the Grande Prairie Business Unit, both with EnCana Corporation

Max Lof
CFO

Max Lof has almost 20 years of experience in oil and gas and capital markets roles. He has been involved in public and private debt and equity financings, the valuation, execution and integration of acquisitions, risk management and investor relations, as well as oil and gas equity research. Most recently Mr. Lof was a founder and Chief Financial Officer of Breaker Energy Ltd. Mr. Lof holds the Chartered Financial Analyst designation as well as a Master of Business Administration degree from Southern Methodist University and a Bachelor of Commerce degree from the University of Alberta

Dan Brown
COO

Dan Brown is a professional engineer with over 30 years of extensive exploitation, production and exploration engineering experience in Western Canada. He held executive engineering positions with several successful, growth oriented, public corporations where he was involved with multiple development projects within Alberta and Saskatchewan. Mr. Brown was most recently Chief Operating Officer of Breaker.

Malcolm Adams
VP Corporate Development

Malcolm Adams is a Professional Engineer and an ICD.D certified director with 15 years of experience in the Canadian oil and gas business. Previously, Mr. Adams was a Vice-President with ARC Financial Corp., where he focused on deal origination, evaluation, structuring and execution for more than 8 years. From 1997 to 2001, he was a Senior Exploitation Engineer at ARC Resources with primary responsibility for optimizing ARC's operated waterflood properties in the Pembina Cardium and Southeast Saskatchewan. His secondary responsibility was to assist in the technical evaluation of acquisitions. Mr. Adams began his career in 1994 with Shell Canada as a reservoir engineer focused on waterflood optimization and horizontal well drilling in Southeast Saskatchewan. He graduated with a B.Sc. in Chemical Engineering in 1994 from the University of New Brunswick and is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA).

Margaret Elekes
VP Land

Margaret Elekes has over 20 years of experience in the oil and gas industry focusing on negotiations, exploration agreements, acquisitions and divestitures in both Canada and the United States. Most recently Ms. Elekes actively contributed to Breaker's growth through her direct involvement in the company's strategic acquisitions and asset exploitation. Prior to Breaker, Ms. Elekes was Manager, U.S. Lands with Upton Resources Inc. and District Landman for Phillips Petroleum Resources Ltd. Ms. Elekes graduated in 1987 from the University of Saskatchewan with a Bachelor of Commerce degree, obtained a major in Petroleum Land Management from the University of Calgary in 1991 and holds a P. Land Designation. She is an active member of the Canadian Association of Petroleum Landmen (CAPL) and has served on the CAPL Board of Directors and chaired various CAPL committees.

In addition to the management team, the new Board of Directors has a track record of building, financing and directing oil and gas companies and brings a wide range of experience, knowledge and innovation to the recapitalized entity:

Paul Colborne (Chairman)

Paul Colborne is currently the President of StarValley Oil and Gas Ltd., a private, Calgary-based oil and gas company founded in November 2005. Mr. Colborne is currently the Chairman of Legacy Oil & Gas Inc. and serves on the Board of Directors of Crescent Point Energy Corp., Cequence Energy Ltd. and Wild Stream Exploration Inc. Until its sale in July of 2009, Mr. Colborne served as Chairman of TriStar Oil & Gas Ltd.; and was a Director for Westfire Energy Ltd., Twin Butte Energy Ltd., and Chairman of Seaview Energy Ltd. Until its sale in December of 2009, he also served as a Director of Breaker.

Peter Bannister

Peter Bannister is the President of Destiny Energy Inc., a privately-owned oil and gas company; Chairman of the Board of Crescent Point Energy Corp.; and a Director of Cequence Energy Ltd. and Shelter Bay Energy Inc. Until its sale in February 2007, Mr. Bannister was Vice President Exploration and a Director of Mission Oil and Gas Inc. Mr. Bannister was also a Director of Breaker until its sale in December of 2009.

Robert Leach

Robert Leach is the Chief Executive Officer of Custom Truck Sales Ltd., a private Saskatchewan company operating Kenworth truck dealerships throughout Saskatchewan and Manitoba. Mr. Leach is also the President of International Fitness Holdings, an operating arm of a New York based private equity firm which operates 25 health clubs in Alberta. From 1998 until May 2001, Mr. Leach was a Director of Delaney Energy Services Corporation, an Alberta based public corporation engaged in the provision of production testing services, wire line services, cased-hole logging and perforating services and manufacturing of well site process facilities. Until its sale in December of 2009, he also served as Chairman of Breaker.

James Pasioka

James Pasioka is a partner with the Calgary office of Heenan Blaikie LLP and has extensive experience in structuring and negotiating transactions for capital projects, joint ventures, corporate financings, mergers, acquisitions and divestitures. Currently, Mr. Pasioka practices in all segments of the energy sector, in corporate/commercial law generally, and in corporate finance, including early-stage and venture capital financing, mergers, acquisitions and take-overs, and has excellent experience in Alberta's electricity sector as well. Mr. Pasioka has served as an officer and director of a number of public energy companies, chairman of the board of several oil and gas companies and was formerly Corporate Secretary of Breaker.

Keith Macdonald

Keith Macdonald is currently President of Bamako Investment Management Ltd., a financial consulting and investment holding company. Mr. Macdonald is currently Chairman and Director of Cirrus Energy Ltd. and Director of Bellatrix Exploration Ltd. Mr. Macdonald was formerly a Director of Breaker and has founded and served as a director of numerous public and private companies.

Murray Smith

Murray Smith is a member of the Energy Advisory Board of TD Securities Inc, the Advisory Board of Hatch and also maintains a private consulting company, Murray Smith and Associates. In January 2005, Mr. Smith was appointed as the Official Representative of the Province of Alberta to the United States of America. He led the Alberta office in Washington, DC, until returning to Canada in the fall of 2007. Prior to his diplomatic posting, Mr. Smith served for 12 years as a Member of the Legislative Assembly in the Province of Alberta and served in four different Cabinet portfolios – Energy, Gaming, Labour, and Economic Development. Before running for elected office in 1993, Mr. Smith was an independent businessman with a number of Alberta-based energy service companies providing drilling fluids, service rigs, oilfield contracting and consulting services. A graduate of the London Business School's Senior Executive Program, Mr. Smith also holds a B.A. (Economics & Political Science) from the University of Calgary. He is also a graduate of Notre Dame College in Wilcox, Saskatchewan and a past President of the College's alumni association.

The New Management Group will seek approval of the shareholders of Zapata to approve a change of the Company's name to "Surge Energy Inc." at the next meeting of shareholders.

Corporate Strategy and New Business Plan

The New Management Group has a proven track record of aggressively and efficiently growing oil and gas companies while achieving strong per share reserves, production and cash flow growth. The team plans to build an oil and liquids-rich gas company that acquires, exploits and explores for production and reserves in western Canada. The New Management Group will place high priority on positioning the Company in significant oil resource plays to provide a definable, high rate of return drilling inventory, where it can utilize its proven experience with enhanced oil recovery and drilling horizontal multi-frac wells.

The Zapata assets form a cornerstone for the New Management Group to execute on their go forward business plan.

The attributes of Zapata's assets include:

Solid Asset Base

- Low production decline rates
- Oil weighted medium gravity production, with greater than 90% operated
- Numerous exploitation and development opportunities

Large Undeveloped Land Base

- More than 300,000 net undeveloped acres
- Greater than 20 net sections of land in the Cardium/Viking oil horizontal multi-frac fairways
- New potential oil resource opportunities have been identified
- Top decile, high rate of return assets with historically low Finding & Development costs

The medium gravity oil weighted Zapata assets center on a large production and land base in central Alberta. These assets provide extensive exposure to water flood expansion, infill development and pool extension opportunities. Several new large 3D seismic surveys have been conducted to evaluate additional drilling opportunities on trend. Vertical development of these pools provide top decile rates of return in the Western Canadian Sedimentary Basin. The New Management Group plans to focus on accelerating the development and exploitation of the significant upside potential in this area.

Additionally, the Zapata land base provides for an initial position in several emerging crude oil resource plays, including a combined land position of greater than 20 net sections of prospective land in the Cardium and Viking light oil resource plays. The New Management Group expects the recapitalized corporate structure to better allow for the exploitation of the strong oil weighted asset base and the expansion of the opportunity inventory through both internally generated prospects and strategic oil acquisitions.

During the growth of Breaker, the New Management Group was successful at exploiting crude oil resource assets at Irricana, East Prairie, Provost and Millard Lake, and liquids rich natural gas assets at Fireweed. Following the completion of the Private Placement, the New Management Group expects to focus on oil resource opportunities, growing through a targeted acquisition strategy coupled with development and exploitation drilling.

Pro Forma Zapata

Following the Private Placement, Zapata and the New Management Group estimate that Zapata will have 22.8 million basic shares outstanding, net debt of approximately \$34 million, more than 300,000 acres of net undeveloped land and proved plus probable reserves of 9.9 MMboe (as of December 31, 2009).

Given the short term outlook for natural gas pricing, the New Management Group will evaluate the merits of shutting in approximately 3.0 MMcf/d of Zapata's natural gas production, which would leave production at more than 2,000 boe/d (weighted more than 70 percent to oil and natural gas liquids).

Private Placement

Pursuant to the Private Placement, the New Management Group, together with certain additional subscribers identified by the New Management Group, will subscribe for 1,394,317 units ("Units") of Zapata at a price of \$4.40 per Unit, 1,787,500 common shares of Zapata ("Common Shares") at a price of \$4.40 per Common Share and 681,819 flow-through units ("FT Units") at a price of \$4.40 per FT Unit, for total proceeds to Zapata of approximately \$17.0 million. Each Unit will be comprised of one Common Share and one common share purchase warrant ("Performance Warrant") entitling the holder to purchase one Common Share at a price of \$5.17 for a period of five years. Each FT Unit will be comprised of one Common Share issued on a flow-through basis pursuant to the Income Tax Act and one Performance Warrant. The Performance Warrants will vest and become exercisable as to one-third upon the 20 day weighted average trading price of the Common Shares ("Market Price") equaling or exceeding \$5.69, an additional one-third upon the Market Price equaling or exceeding \$6.20 and a final one-third upon the Market Price equaling or exceeding \$6.72.

The Units and FT Units issued under the Private Placement will be issued to and held by members of the New Management Group, provided that the member of the New Management Group remains an officer, director or employee of Zapata, and will be subject to contractual escrow with one-third of such Units and FT Units released every six months following the closing date of the Private Placement. It is anticipated that the members of the New Management Group will purchase an aggregate of approximately 1,394,317 Units and 681,819 FT Units under the Private Placement with the result that they will hold approximately 9.1 percent of the basic outstanding Common Shares and 15.2 percent of the Common Shares on a fully-diluted basis following the completion of the Private Placement.

The Common Shares issued under the Private Placement that are issued to third party investors will be subject to contractual escrow with one-third of such Common Shares released each six months following the closing date of the Private Placement.

The proceeds of the Private Placement will be used to pay down debt and for general corporate purposes.

Shareholder and Stock Exchange Approvals

Completion of the Private Placement and the change of management is subject to a number of conditions and approvals including, but not limited to, the approval of the TSXV. Under the policies of the TSXV, the replacement of the existing management with the New Management Group is subject to the approval of the disinterested shareholders of Zapata. The required disinterested shareholder approval may be obtained by Zapata either by receipt of written consents by holders of more than 50 percent of the issued and outstanding voting shares of Zapata (the "Written Consent") or by approval of a resolution at a special meeting of shareholders (the "Zapata Meeting"). Pursuant to the Agreement, Zapata has agreed to obtain the Written Consent on or before April 6, 2010, failing which the Investor Group has the right to terminate the Agreement. In the event that the Written Consent is not obtained on or before April 6, 2010 and the Investor Group determines to proceed with the transaction contemplated by the Agreement, Zapata has agreed to convene and hold the Zapata Meeting on or before May 17, 2010.

Board of Directors Recommendation

The Board of Directors of Zapata has determined that the transactions contemplated by the Agreement are in the best interests of its shareholders, unanimously approved such transactions and recommends that the shareholders approve the change of management by executing the Written Consent. Any shareholder of Zapata wishing to obtain and execute the Written Consent should contact Zapata as set out below. The Board of Directors and Officers of Zapata, who, in the aggregate, control approximately 45.5% of the Common Shares of Zapata, have entered into support agreements pursuant to which they have agreed, among other things, to approve the change of management and execute the Written Consent, subject to the terms of the support agreements.

The Agreement

The Agreement contains a number of customary representations, warranties and conditions and provides for a non-completion fee of \$500,000 payable by Zapata in certain circumstances. The complete Agreement will be accessible on Zapata's SEDAR profile at www.sedar.com.

Financial Advisors

Emerging Equities Inc. is acting as exclusive financial advisor to Zapata, and has provided the board of directors of Zapata with its opinion that the transactions contemplated by the Agreement are fair, from a financial point of view, to the shareholders of Zapata.

National Bank Financial Inc. and Macquarie Capital Markets Canada Limited are acting as co-financial advisors to the New

Management Group with respect to the Agreement. FirstEnergy Capital Corp. and GMP Securities L.P. are acting as strategic advisors to the New Management Group with respect to the Agreement.

About Zapata Energy Corporation

Zapata is a junior oil and gas production company operating in western Canada. Zapata's Common Shares trade on the TSX Venture Exchange under the symbol ZCO. Zapata currently has 18,968,211 Common Shares outstanding.

Note Regarding Forward Looking Statements

This document contains forward-looking statements. More particularly, this document contains statements concerning: the completion of the transactions contemplated by the Agreement, including both completion of the Private Placement and the future directors and officers of Zapata; the ownership in Zapata of such directors and officers; the use of proceeds from the Private Placement; the future strategy and focus for the Company and the New Management Group; future acquisitions and exploitation, development and resource opportunities; drilling projects; and net debt, undeveloped land, reserves and production of Zapata.

The forward-looking statements are based on certain key expectations and assumptions made by Zapata or by the New Management Group, as applicable, including expectations and assumptions concerning: timing of receipt of required shareholder and regulatory approvals and third party consents and the satisfaction of other conditions to the completion of the transactions; prevailing commodity prices and exchange rates, applicable royalty rates and tax laws; future well production rates; reserve and resource volumes; the performance of existing wells; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; and the availability and cost of financing, labour and services; and future operating costs.

Although Zapata and the New Management Group, as applicable, believe that the expectations and assumptions on which the forward-looking statements made by such party are based are reasonable, undue reliance should not be placed on the forward-looking statements because no assurance can be provided that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks that required shareholder, regulatory and third party approvals and consents are not obtained on terms satisfactory to the parties within the timelines provided for in the Agreement, or at all, and risks that other conditions to the completion of the transactions are not satisfied on the timelines set forth in the Agreement or at all; the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resource estimates; the uncertainty of estimates and projections relating to reserves, resources, production, costs and expenses; health, safety and environmental risks; commodity price, interest rate and exchange rate fluctuations; lack of marketing and transportation; loss of markets; environmental risks; competition; ability to access sufficient capital from internal and external sources; changes in legislation, including but not limited to tax laws, royalties and environmental regulations, and actual production may be greater or less than estimated.

The forward-looking statements contained in this press release are made as of the date hereof and Zapata undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Note: Boe means barrel of oil equivalent on the basis of 1 boe to 6,000 cubic feet of natural gas. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 1 boe for 6,000 cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

In this press release: (i) MMcf means million cubic feet; (ii) MMcf/d means million cubic feet per day; (iii) boe/d means boe per day, and (iv) MMboe means million boe.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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