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Surge Energy Inc. Closes Previously Announced Equity Financing

Calgary, Alberta (October 20, 2010) Surge Energy Inc. ("Surge" or the "Company") (TSXV: SGY) is pleased to announce that it has completed the bought-deal financing (the "Financing"), previously announced on September 23, 2010, led by National Bank Financial Inc. and including FirstEnergy Capital Corp., GMP Securities L.P., Macquarie Capital Markets Canada Ltd., BMO Nesbitt Burns Inc., Scotia Capital Inc., CIBC World Markets Inc. and Peters & Co. Limited (collectively, the "Underwriters"). Pursuant to the Financing, Surge issued 8,001,000 subscription receipts ("Subscription Receipts") for gross aggregate proceeds of approximately \$42 million. The Underwriters elected to exercise the overallotment option in full with respect to the Financing.

The Subscription Receipts entitle the holders thereof to one common share of Surge ("Common Share") for no additional consideration and without further action by such holder on the earlier of (a) four months and a day following the closing of the Financing, and (b) that day on which a receipt is issued by the securities regulatory authorities in all the applicable provinces for a final prospectus qualifying the Common Shares to be issued upon the exercise of the Subscription Receipts. Until a receipt is issued for such prospectus, the Subscription Receipts, as well as the Common Shares issuable upon exercise thereof, will be subject to a four-month hold period under applicable Canadian securities laws.

The net proceeds of the Financing relating to the issuance of the Subscription Receipts will be released to Surge upon the closing of the asset acquisition announced in Surge's September 23, 2010 press release (the "Acquisition") and will be used to fund the purchase price under the Acquisition. The gross proceeds of the Financing have been deposited with Olympia Trust Company as escrow agent pending the completion of the Acquisition.

Surge is an oil focused oil and gas company with operations throughout Alberta and southwest Manitoba. The Common Shares trade on the TSX Venture Exchange under the symbol SGY. Upon the closing of the Financing, Surge will have approximately 55.5 million basic and 59.5 million fully diluted Common Shares outstanding.

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