



February 20, 2018

SURGE ANNOUNCES APPROVAL OF NORMAL COURSE ISSUER BID

Surge Energy Inc. (“**Surge**” or the “**Company**”) (TSX: SGY) is pleased to announce that the Toronto Stock Exchange (the “**TSX**”) has accepted Surge’s notice of intention to make a normal course issuer bid for its outstanding common shares in accordance with the rules and policies of the TSX.

Surge believes that the market price of its common shares, in today’s current oil price environment, does not accurately reflect their underlying value, making the purchase of common shares an attractive investment and an advantageous use of Surge’s capital spending. Surge’s new independently engineered total proved (“1P”) net asset value (“NAV”) is \$3.67¹ per share, utilizing Sproule’s 2017 year end engineering price deck, and the Company’s new proved developed producing (“PDP”) NAV is \$2.01¹ per share.

Surge’s common shares are presently trading at a price of \$1.88 per share on the TSX. As such, the repurchase of the Company’s common shares at these levels represents a return of more than 195 percent, based on Surge’s 1P NAV.

The Company is currently generating significant annualized free funds flow, based on budget pricing assumptions and current strip WTI pricing. Surge has approximately \$100 million of credit availability on its bank line.

Surge expects that the purchase of its common shares will benefit remaining shareholders by increasing their equity ownership interest in Surge’s high quality, light and medium, crude oil assets. Further, Surge does not have to pay a dividend on common shares that it acquires pursuant to the NCIB - thereby improving the Company’s sustainability.

As of February 9, 2018 and February 20, 2018, there were 233,069,499 common shares issued and outstanding. As approved by the TSX, Surge is authorized to purchase up to 11,653,475 common shares under the normal course issuer bid, representing approximately 5 percent of Surge’s current issued and outstanding common shares. On any trading day, Surge will not purchase more than 25 percent of the average daily trading volume (average daily trading volume being 713,870 of the common shares for the past six calendar months calculated in accordance with the rules of the TSX, being 178,467 common shares per trading day, except where such purchases are made in accordance with the block purchase exemptions under the TSX rules. The normal course issuer bid will commence on February 23, 2018, and will terminate on February 22, 2019. Any common shares acquired will be cancelled.

All purchases under the bid will be purchased on the open market through the facilities of the TSX and alternative Canadian trading platforms at the prevailing market price at the time of such transaction. National Bank Financial Inc. will conduct the bid on behalf of Surge pursuant to a non-automatic purchase plan to be entered into between Surge and National Bank Financial Inc.

¹ NPV10 before tax, based on Sproule’s 2017 year end independent reserves valuation and price forecast, combined with internally estimated values for land, seismic and net debt.

ABOUT SURGE

Surge is an oil-weighted production and development company with high quality, large OOIP, crude oil reservoirs. Management is focused on delivering to its shareholders solid per share organic growth, sustainable monthly dividends, and further growth through accretive acquisitions of additional elite oil reservoirs. For further information visit our website at www.surgeenergy.ca.

FURTHER INFORMATION:

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Caution regarding forward-looking statements

This news release contains certain statements that may constitute forward-looking information within the meaning of applicable securities laws. This information includes, but is not limited to: (i) Surge's intentions with respect to the normal course issuer bid and purchases thereunder and the effects of repurchases under the bid; and (ii) management views on the value of the reserves acquired under the normal course issuer bid. Although Surge believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Surge can give no assurance 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. Certain of these risks are set out in more detail in Surge's Annual Information Form dated March 15, 2017 which has been filed on SEDAR and can be accessed at www.sedar.com.

The forward-looking statements contained in this press release are made as of the date hereof and Surge 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.

Non-IFRS measures

This press release contains the term "NAV" which does not have a standardized meaning prescribed by International Financial Reporting Standards ("**IFRS**") and therefore may not be comparable with the calculation of similar measures by other companies. The NAV is calculated as the value of total assets less the value of total liabilities. To arrive at NAV per share, the NAV is then divided by the total number of common shares outstanding as at a specific date. Additional information relating to these non-IFRS measures can be found in the Company's most recent management's discussion and analysis MD&A, which may be accessed through the SEDAR website (www.sedar.com).

Reserves data

Statements relating to "reserves" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. Any reserves data provided in or from which reserve based figures are derived in this news release are based on the independent engineering report of Surge with an effective date of December 31, 2016, prepared by

Sproule. Any such reserves data presented in this news release forms only a portion of the Company's reserve information and additional reserves information are contained in Surge's annual information form dated March 15, 2017, which was filed on and which may be accessed through the SEDAR website.

Boe means barrel of oil equivalent on the basis of 1 boe to 6,000 cubic feet of natural gas. Boe 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.

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