



September 20, 2011

SURGE ENERGY INC. ANNOUNCES \$40 MILLION BOUGHT DEAL FINANCING

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Calgary, Alberta – September 20, 2011. Surge Energy Inc. ("Surge" or the "Company") (TSX-V: SGY) is pleased to announce that it has entered into an agreement with a syndicate of underwriters led by National Bank Financial Inc. and including FirstEnergy Capital Corp., GMP Securities L.P., Scotia Capital Inc., CIBC World Markets Inc., Dundee Securities Ltd., BMO Capital Markets Corp., Cormark Securities Inc. and Macquarie Capital Markets Canada Ltd. to issue, on a bought deal basis, 4,598,000 common shares ("Common Shares") at a price of \$8.70 per Common Share for aggregate gross proceeds of approximately \$40,002,600 (the "Offering").

Surge has also granted the underwriters an option (the "Over-Allotment Option") to purchase up to an additional 689,000 Common Shares to cover over-allotments, if any, at a price of \$8.70 per Common Share for additional gross proceeds of approximately \$5,994,300. The Over-Allotment Option is exercisable in whole or in part for a period of 30 days following closing of the Offering.

Proceeds of the Offering will be used for repayment of existing credit facilities, and thereafter to fund ongoing exploration and development activities, potential land and asset acquisitions and for general corporate purposes. The Common Shares will be offered by way of short form prospectus in all provinces of Canada and by way of private placement in the United States pursuant to exemptions from the registration requirements pursuant to Rule 144A and/or Regulation D of the United States Securities Act of 1933.

Closing is expected to occur on or about October 12, 2011 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX Venture Exchange.

OUTLOOK – POSITIONED FOR LIGHT OIL GROWTH:

Surge has built a low decline oil weighted production base, maintains a significant undeveloped land base of more than 460,000 net acres and has internally estimated DPIIP¹ of more than 460 million barrels (gross). In less than one year, Surge has positioned the Company in three high impact, emerging light oil resource plays and doubled its oil drilling locations from approximately 200 gross (170 net) to more than 460 gross (350 net), comprised of light (85 percent) and medium gravity oil. Surge's current drilling inventory has the ability to grow the Company's production beyond 12,000 boe per day over the next three to four years.

Surge is currently reviewing its 2012 budget, which will include a drilling program in North Dakota and waterflood pilots at Windfall, Waskada and Valhalla South. The Company recently increased its bank line to \$150 million, up from \$120 million.

Surge is committed to delivering top quartile corporate performance and creating value for shareholders by growing reserves, cash flow and production on a per share basis. The Company looks forward to applying for listing of its common shares on the Toronto Stock Exchange during the fourth quarter of 2011.

¹ Discovered Petroleum Initially In Place ("DPIIP") is defined as quantity of hydrocarbons that are estimated to be in place within a known accumulation, plus those estimated quantities in accumulations yet to be discovered. There is no certainty that it will be economically viable or technically feasible to produce any portion of this DPIIP except for those identified as proved or probable reserves. There is no certainty that it will be commercially viable to produce any portion of the resources.

Surge is an oil focused oil and gas company with operations throughout Alberta, Manitoba and North Dakota. Surge's common shares trade on the TSX Venture Exchange under the symbol SGY and currently has 56.1 million basic and 63.2 million fully diluted common shares outstanding.

FORWARD LOOKING STATEMENTS:

This press release contains forward looking statements. More particularly, this press release contains statements concerning the anticipated closing date of the Offering and the anticipated use of the net proceeds of the Offering. Although Surge believes that the expectations reflected in these forward looking statements are reasonable, undue reliance should not be placed on them 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. The closing of the Offering could be delayed if Surge is not able to obtain the necessary regulatory and stock exchange approvals on the timelines it has planned. The Offering will not be completed at all if these approvals are not obtained or some other condition to the closing is not satisfied. Accordingly, there is a risk that the Offering will not be completed within the anticipated time or at all. The intended use of the net proceeds of the Offering by Surge might change if the board of directors of Surge determines that it would be in the best interests of Surge to deploy the proceeds for some other purpose, such as an acquisition. The forward looking statements contained in this press release are made as of the date hereof and Surge undertakes no obligations 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.

The forward-looking statements are based on certain key expectations and assumptions made by Surge, including expectations and assumptions concerning the performance of existing wells and success obtained in drilling new wells, anticipated expenses, cash flow and capital expenditures and the application of regulatory and royalty regimes.

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. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., 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 estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Certain of these risks are set out in more detail in Surge's Annual Information Form 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.

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Note: 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. Boe/d means barrel of oil equivalent per day.

In this press release: (i) mcf means thousand cubic feet; (ii) mcf/d means thousand cubic feet per day (iii) mmcf means million cubic feet; (iv) mmcf/d means million cubic feet per day; (v) bbls means barrels; (vi) mbbls means thousand barrels; (vii) mmbbls means million barrels; (viii) bbls/d means barrels per day; (ix) bcf means billion cubic feet; (x) mboe means thousand barrels of oil equivalent; and (xi) mmboe means million barrels of oil equivalent

Further Information

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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.