

Surge Energy Inc. closes previously announced financing

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CALGARY, Feb. 4, 2014 /CNW/ - Surge Energy Inc. ("Surge" or the "Company") (TSX: SGY) is pleased to announce that it has closed the previously announced financing detailed in the Company's press release dated January 13, 2014.

The financing was completed in connection with the previously announced acquisition (the "Acquisition") by the Company of certain assets in SE Saskatchewan. The Company issued 11,112,000 subscription receipts of the Company ("Subscription Receipts") at a price of \$6.30 per subscription receipt, for gross proceeds of \$70,005,600 as part of a "bought deal" financing with a syndicate of underwriters led by Macquarie Capital Markets Canada Ltd., and including GMP Securities LP, National Bank Financial Inc., CIBC World Markets Inc., Scotia Capital Inc., Dundee Securities Ltd., FirstEnergy Capital Corp., Cormark Securities Inc., TD Securities Inc., and Raymond James Ltd. The Underwriters have exercised their option to purchase an additional 1,666,800 Subscription Receipts for additional proceeds of \$10,500,840. The gross proceeds from the sale of Subscription Receipts will be held in escrow pending the satisfaction of all conditions to the completion of the Acquisition, provided that the closing date of the Acquisition is on or before April 30, 2014, upon which time each Subscription Receipt will entitle the holder to receive one common share ("Common Share"), without further payment or action on the part of the holder, upon the closing of the Acquisition. If the Acquisition is not completed on or before April 30, 2014 or is terminated at an earlier time, holders of Subscription Receipts will receive, for each Subscription Receipt held, a cash payment equal to the Offering Price and any interest earned thereon during the term of the escrow. It is anticipated that the Subscription Receipts will be listed and posted for trading on the Toronto Stock Exchange under the symbol "SGY.O" at the open of markets today, until the conversion of the Subscription Receipts into Common Shares is completed. The net proceeds from the issuance of Subscription Receipts will be used to partially fund the Acquisition. Closing of the Acquisition is expected to occur on February 14, 2014.

The financing was completed by way of a short form prospectus in all of the provinces of Canada and on a private placement basis in the United States pursuant to exemptions from the registration requirements of the U.S. securities laws.

FORWARD LOOKING STATEMENTS:

This press release contains forward-looking statements. More particularly, this press release contains statements concerning the anticipated completion of the Acquisition, the conversion of the Subscription Receipts into Common Shares and the timing thereof, the listing of the Subscription Receipts on the Toronto Stock Exchange and use of the proceeds from the financing.

The forward-looking statements are based on certain key expectations and assumptions made by Surge, including expectations and assumptions concerning receipt of all necessary approvals for completion of the Acquisition and the completion of the Acquisition on the timing planned.

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 for the year ended December 31, 2012 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.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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.

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