Surge Energy

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 may not, from time to time, accurately reflect their underlying value, making the purchase of common shares an attractive investment and an advantageous use of Surge's funds. Surge expects that the purchase of common shares will benefit remaining shareholders by increasing their equity interest in Surge's assets.

Based on the current trading price of Surge common shares, management believes that, pursuant to the normal course issuer bid, the Company is acquiring its reserves at a purchase price of less than $7 per boe for independently engineered proven plus probable reserves. This provides a low risk recycle ratio of more than 3.5 times, based on Surge's Q2/15 operating netback of $26.53 per boe.

As of August 10, 2015 and as at August 7, 2015, there were 221,217,068 common shares issued and outstanding and the public float was 215,123,233 common shares. As approved by the TSX, Surge is authorized to purchase up to 21,512,323 common shares under the normal course issuer bid, representing approximately 10 percent of Surge's current public float. On any trading day, Surge will not purchase more than 25 percent of the average daily trading volume (average daily trading volume being 1,999,915) of the common shares for the past six calendar months calculated in accordance with the rules of the TSX, being 499,978 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 August 12, 2015, and will terminate on August 11, 2016. 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. Macquarie Capital Markets Canada Ltd. will conduct the bid on behalf of Surge pursuant to an automatic purchase plan to be entered into between Surge and Macquarie.

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 19, 2015 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 terms "recycle ratio" and "operating netback" which do 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. Management believes "operating netbacks" is a useful supplemental measure of the

amount of revenues received and is calculated after royalties and operating and transportation costs and realized hedging gains on commodity contracts. “Recycle ratio” is useful to measure the profitability of the Company in turning a barrel of reserves into a barrel of production. “Recycle ratio” is equal to operating netback per boe divided by finding and development costs per boe (computed here on a proved plus probable basis). “Finding and development costs” refers to all current year net capital expenditures, excluding property acquisitions and dispositions with associated reserves, and including changes in future development capital on a proved or proved plus probable basis. 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, 2014, prepared by Sproule and McDaniel. 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 19, 2015, 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.

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