



Surge Energy Inc. Closes Previously Announced PrivateCo-1 Acquisition and Acquires Additional Unit Interest at Waskada in Southwest Manitoba

Calgary, Alberta – July 12th, 2010. **Surge Energy Inc.** ("Surge" or the "Company") (TSXV: SGY) is pleased to announce that it has completed its previously announced acquisition of a private oil and gas company ("PrivateCo-1") as detailed in the press release dated June 22nd, 2010 (the "Acquisition"). Total consideration is approximately 16.0 million Surge shares (0.4 Surge shares for each PrivateCo-1 share) and the assumption of approximately \$11.3 million in net debt at the closing of the Acquisition. National Bank Financial Inc. acted as exclusive financial advisor, while Macquarie Capital Markets Canada Ltd. and GMP Securities L.P. acted as strategic advisors to Surge with respect to the Acquisition. FirstEnergy Capital Corp. acted as exclusive financial advisor to PrivateCo-1 with respect to the Acquisition.

Surge is also pleased to announce that it has acquired the remaining 25 percent unit interest in Waskada Unit No. 15, which adds nine net (unbooked) light oil horizontal multi-frac well locations and gives Surge 100 percent ownership of the unit.

Additionally, it is expected that Surge's bank line will increase from \$50 million to \$80 million post closing the Acquisition of PrivateCo-1. The increase in bank line is expected to close on or before July 16th, 2010.

Surge is an oil focused junior oil and gas production company operating in Western Canada. Surge's Common Shares trade on the TSX Venture Exchange under the symbol SGY. Upon closing of the Acquisition, Surge has approximately 47.1 million basic and 51.6 million fully diluted shares outstanding.

Forward Looking Statements:

This press release contains forward-looking statements. More particularly, this press release contains statements concerning the anticipated date for the closing of the expected bank line increase from \$50 million to \$80 million. 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, the failure to obtain necessary regulatory approvals or satisfy the conditions to closing the bank line increase, 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 reserves 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 document 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.

Further Information

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