FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. Address and Name of Company:

Surge Energy Inc. ("Surge" or the "Corporation")
Suite 2100, 635 – 8th Avenue S.W.
Calgary, Alberta T2P 3M3

Item 2. Date of Material Change:

June 11, 2013

Item 3. News Release:

A press release disclosing in detail the material summarised by this material change report was disseminated through the facilities of Marketwire on June 11, 2013.

Item 4. Summary of Material Change:

On June 11, 2013, Surge entered into an agreement providing for the acquisition (the "**Acquisition**") by Surge of certain assets located in the southwest area of Saskatchewan. To finance a portion of the cash consideration under the Acquisition and for general corporate purposes, Surge also entered into an agreement with a syndicate of underwriters to raise, on a bought deal basis, $225,000,000 through a short form prospectus offering (the "**Financing**"). Surge further announced its transition to a sustainable, moderate growth, dividend paying oil and gas company, an increase to Surge's projected 2013 production exit rate and higher dividend than previously anticipated.

Item 5. Full Description of Material Change:

Acquisition

Surge has entered into a purchase and sale agreement dated June 11, 2013 to acquire certain producing crude oil assets located in the southwest area of Saskatchewan for total consideration of $240,000,000 in cash (subject to customary adjustments). Closing of the Acquisition is expected to occur on or before July 16, 2013 and is subject to certain customary conditions and the receipt of all regulatory approvals.

Macquarie Capital Markets Canada Ltd. ("**Macquarie**") acted as exclusive financial advisor to Surge with respect to the Acquisition.

Financing

In connection with the Acquisition, Surge has entered into a bought deal financing with a syndicate of underwriters (the "**Underwriters**") led by Macquarie. Under the terms of the agreement, Surge will issue 15,000,000 units ("**Units**") of Surge at a price of $15.00 per Unit for gross proceeds of $225,000,000. Each Unit will be comprised of 1 common share of Surge ("**Common Share**") and 2 subscription receipts of Surge ("**Subscription Receipts**"). The Underwriters will have an option to purchase up to an additional 15% of the Subscription Receipts at $5.00 per Subscription Receipt (the "**Subscription Receipt**

Offering Price"), exercisable in whole or in part within a period of 48 hours prior to the closing of the Financing.

The proceeds from the issuance of Common Shares will be used to pay down debt and for general corporate purposes, and the proceeds from the issuance of Subscription Receipts will be used to partially fund the Acquisition.

The Financing will be completed by way of 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 United States securities laws. The Financing is subject to customary conditions including receipt of applicable regulatory approvals and is expected to close on or about July 3, 2013.

The gross proceeds from the sale of the 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 September 30, 2013, at which time each Subscription Receipt will entitle the holder to receive a Surge 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 September 30, 2013 or is terminated at an earlier time, holders of Subscription Receipts will receive, for each Subscription Receipt held, a cash payment equal to the Subscription Receipt Offering Price and any interest earned thereon during the term of the escrow.

Pro forma Surge

Surge announced an increase to its 2013 production exit rate, and a higher dividend than previously anticipated. In addition, Surge announced that it would be initiating its monthly dividend policy on August 1, 2013 rather than September 1, 2013.

Item 6. Reliance on Subsection 7.1(2) of National Instrument 51-102:

Not applicable

Item 7. Omitted Information:

Not applicable

Item 8. Executive Officer:

For further information, contact Max Lof, Chief Financial Officer by telephone at (403) 930-1021.

Item 9. Date of Report:

June 13, 2013

This document contains forward-looking statements. More particularly, this document contains statements concerning the anticipated closing date of the Acquisition and the Financing, the anticipated use of the net proceeds of the Financing, the timing and amount of future dividend payments and oil and natural gas production growth during 2013.

The forward looking statements contained in this document are based on certain key 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, the timing of receipt of required approvals and third party consents and the satisfaction of other conditions to the Acquisition and the Financing.*

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 risks include, but are not limited to, the risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays and/or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of pool recovery factors, the uncertainty of estimates and projections relating to production, costs and expenses, health, safety and environmental risks), commodity process and exchange rate fluctuations and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. These risks are set out in more detail in the Corporation's Annual Information Form which has been filed on SEDAR and can be accessed at www.sedar.com. Further, the closing of the Financing could be delayed if Surge is not able to obtain the necessary regulatory and stock exchange approvals on the timelines it has planned. The Financing will not be completed at all if these approvals are not obtained or some other condition to the closing of the Financing is not satisfied. Accordingly, there is a risk that the Financing will not be completed within the anticipated time or at all. The intended use of the net proceeds of the Financing 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.

The forward-looking statements contained in this material change report 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 the applicable securities laws.