

Surge Energy Announces 2018 Preliminary Results, 2019 Activity Guidance And Management Transition

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HOUSTON, Feb. 13, 2019 - Moss Creek Resources Holdings, Inc. (the "Company"), a wholly owned subsidiary of Surge Energy US Holdings Company ("Surge") today announced preliminary 2018 results, 2019 activity guidance and management transition.

Preliminary 2018 Results

- Q4 2018 production of 43.2 Mboe/d (91% oil), up 38% vs Q4 2017; full year 2018 production of 40.3 Mboe/d (88% oil), up 62% year over year
- Proved reserves as of December 31, 2018 of 271 MMboe (44% PDP, 81% oil), up 5% year over year
- For the full year 2018, the Company drilled 111 gross operated wells and brought online 117 gross operated wells
- Despite lower commodity prices in Q4 2018, cash margins remained strong due to high oil content of 91% and significant reduction in per unit Lease Operating Expenses ("LOE")
- As of year-end 2018, approximately \$214MM was drawn on the Company's revolving credit facility or 24% of the committed borrowing base; the remaining availability of the borrowing base and cash on hand at year-end resulted in approximately \$740 MM in liquidity

"2018 was an incredible year for our young company as we continued to focus on execution of a conservative financial strategy and a sound operating plan" stated President & CEO Dexter Burleigh. "Throughout the year we systematically delivered on every goal we set and indeed met or exceeded virtually all of our annual targets. On production we beat our guidance for the year. LOE unit costs improved approximately 30% in 2018 versus 2017. Our premier assets, coupled with the high performance and strong capabilities of the Surge Team have definitely made 2018 an outstanding year. Over our short history, Surge continues to deliver on its commitments and I continue to have strong confidence in our ability to repeat and improve upon this track record as we go forward."

These preliminary 2018 results are unaudited and reflect management's estimates based solely upon information available to it as of the date of this release. Such preliminary results are subject to the finalization of year-end financial and accounting procedures (which have yet to be completed). BKD LLP, Surge's independent auditors, has not audited, reviewed, compiled or performed any procedures with respect to these preliminary 2018 results for purposes of their inclusion in this release. Accordingly, BKD LLP does not express an opinion or provide any other form of assurance with respect thereto for the purpose of this release.

2019 Activity Outlook

- Consistent with the Company's commitment to a conservative financial strategy and in response to the macro commodity price volatility, Surge has reduced development activity in 2019 while still projecting year-over-year production growth.
- The Company has begun reducing operated rig activity from the 2018 exit rate level of six rigs to an operated rig count of three rigs by the end of Q1 or early Q2.
- Operational flexibility to manage changes in macro environment will result in a 2019 budget whereby the Company will either gradually increase rig activity later in 2019 if prices improve or maintain three rigs if prices stay at or below current levels
- If commodity markets improve and rig activity is increased in 2H 2019, the Company expects to drill between 80 - 85 gross operated wells and anticipates participating in 20 - 25 non-operated wells resulting in 2019 Capital Expenditures of \$680MM - \$720MM and the anticipated year-over-year production growth of 10%-15%.

- If commodity markets do not improve and rig activity is held flat, the Company expects to drill between 55 - 60 gross operated wells and anticipates participating in 10 - 15 non-operated wells resulting in 2019 Capital Expenditures of \$525MM - \$550MM and the anticipated year-over-year production growth of 5%-8%.

"We remain committed to maintaining a conservative financial strategy and therefore due to the recent pull back in commodity prices, we are reducing drilling rigs to reduce cash outspend" stated Mr. Burleigh. "Our operational flexibility, which is driven by achieving a high percentage of held-by-production acreage, limited lease expirations in 2019, and minimal long-term contracts, enables us to react to changes in the commodity price environment. We are in the process of reducing our rig count to three. Depending on prices during 2019, we may gradually increase rig activity or maintain three rigs for the remainder of 2019. In either scenario, we expect that the low break-even and high cash margins of our asset base will deliver strong economics for every dollar spent. The resilience of our assets, coupled with the pull back in activity, will allow us to continue to maintain a conservative leverage profile."

This release includes "forward-looking statements." Such forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond Surge's control. All statements, except for statements of historical fact, made in this release regarding activities, events or developments Surge expects, believes or anticipates will or may occur in the future, such as those regarding future commodity prices, future production targets, future earnings, future capital spending plans, improved and/or increasing capital efficiency, expected drilling and development plans (including the number of wells to be drilled, the number of drilling rigs and the number of operated or non-operated wells) and future financial position, are forward-looking statements. All forward-looking statements speak only as of the date of this release. Although Surge believes that the plans, intentions and expectations reflected in or suggested by the forward-looking statements are reasonable, there is no assurance that these plans, intentions or expectations will be achieved. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in such statements. Surge expressly disclaims any obligation to and does not intend to publicly update or revise any forward-looking statements, including statements set forth in the 2019 activity outlook. Surge cautions you that these forward-looking statements are subject to a number of assumptions, risks and uncertainties, most of which are difficult to predict and many of which are beyond Surge's control, incident to the exploration for and development, production, gathering and sale of oil and natural gas. These risks include, but are not limited to, financial performance and results, current economic conditions and resulting capital restraints, prices and demand for oil and natural gas, availability of drilling equipment and personnel, availability of sufficient capital to execute Surge's business plan, impact of compliance with legislation and regulations, successful results from Surge's identified drilling locations, Surge's ability to replace reserves and efficiently develop and exploit its current reserves, Surge's ability to successfully identify, complete and integrate acquisitions of properties or businesses and other important factors that could cause actual results to differ materially from those projected. You are cautioned not to place reliance on any forward-looking statement. Past performance is not a reliable indication of future performance of Surge.

Management Transition

The company today announced that Linhua Guan has been named Chief Executive Officer, effective May 1, 2019. Mr. Guan currently serves as Chief Business Development Officer at Surge, a role he has held since December 2018, and has over 20 years of experience in the industry holding various roles at Star Energy International, Statoil, Chevron and CNPC. Dexter Burleigh will remain with the Company in the role of President.

Mr. Guan has been appointed to the role of CEO in support of the Company's stated goals and strategy of continuing to build a long-term, sustainable U.S. based oil and gas company.

"We are very excited to welcome Mr. Guan to the Surge family and I am confident his strong and accomplished background will help lead Surge into its next phase of growth" stated Mr. Burleigh. "With Mr. Guan's transition to the role of CEO, I will continue to be engaged in Surge's business and the future of the Company in the role of President, whereby I will be closely involved in execution of our business strategy."

"Surge has grown and matured into one of the leading operators in the Midland Basin and I am excited to be a part of Surge's next chapter" stated Mr. Guan. "In the future, Surge will continue to be focused on building a long-term and viable U.S. based oil and gas company on the values of safety, transparency, integrity,

teamwork and excellence."

Conference Call

As previously announced, the Company will hold a conference call to discuss its preliminary 2018 results, 2019 capital plan and management transition update on February 14, 2019 at 10:00 AM EST (9:00 AM CST). Hosting the call will be Dexter Burleigh, Chief Executive Officer; Phil Webb, Chief Operating Officer; James Welch, Chief Financial Officer; and Linhua Guan, Chief Business Development Officer.

The conference call is intended to provide information to beneficial owners of the Company's outstanding 7.500% Senior Notes due 2026 (the "Notes"), bona fide prospective holders of the Notes and bona fide security analysis of the Notes. If interested in participating in the conference call, please request access to the Company's Virtual Data Room (VDR) available under the Investor Relations tab on the Company's website. Call details are available in the VDR once access is granted.

About Surge Energy US Holdings Company

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Surge Energy US Holdings Company is an independent oil and natural gas company focused on the development, exploitation, production and acquisition of oil and natural gas reserves in the Midland Basin of West Texas, one of three primary sub-basins of the Permian Basin. The company is headquartered in Houston, Texas and currently holds approximately 85,000 net acres in the Permian Basin. For more information, visit our website at www.surgeenergy.com.

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