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NEWS RELEASE

Surge Exploration Announces Spin-Out Company and Plan of Arrangement

Vancouver, BC – January 9, 2019 – Surge Exploration Inc. (the "Company" or "Surge") (TSX-V: SUR, OTCQB: SURJF, FRA: DJ5C) is pleased to announce that its Board of Directors has approved, in principle, a strategic reorganization of the Company's assets pursuant to which the Company would spin off its interests in the "Hedge Hog" and "Mineral Mountain" exploration projects, both copper/gold projects in British Columbia (the "**Exploration Projects**") into a newly incorporated subsidiary CuGold Corp. ("**CuGold**"). Surge will continue to hold its interest in its cobalt projects in both Chile and Ontario, as well as, its lithium brine project in Chile.

It is proposed that the transaction will be carried out by way of statutory plan of arrangement (the "**Spin-Out**") pursuant to the *Business Corporations Act* (British Columbia). Under the terms of the Spin-Out, shareholders of Surge would exchange their existing common shares of Surge for the same number of new common shares of Surge (having the identical terms of the existing Surge common shares) and common shares of CuGold. The number of common shares of CuGold to be issued to each Surge shareholder under the Spin-Out has not yet been determined. There will be no change in shareholders' holdings in Surge as a result of the Spin-Out.

In connection with the Spin-Out, the Company intends to complete a non-brokered private placement (the "**Financing**") into CuGold for a maximum of **15,000,000 Units** at a price of **CAD\$0.05 per Unit** for gross proceeds of **CAD\$750,000**. Each Unit is comprised of one common share of the Company and one share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of CAD\$0.05 per share, for a period of two years from closing.

Finder's fees will be paid in connection with the private placement and all finder's fee payable are subject to Exchange approval.

The net proceeds of the Financing will be used to fund, among other things, the working capital of CuGold, the negotiation of potential joint venture opportunities with respect to the Exploration Projects and potential future acquisitions.

The proposed Spin-Out will be subject to the approval of Surge's shareholders which Surge intends to seek at a special meeting of shareholders (the "**Shareholders' Meeting**"). The date for the Shareholders Meeting has not yet been determined. The Plan of Arrangement is subject to TSX Venture Exchange ("Exchange") approval and the Spin-Out also requires the approval of the British Columbia Supreme Court.

The Company intends to seek a listing of the CuGold common shares on the CSE but no assurance can be provided that such a listing will be obtained. Any such listing will be subject to CuGold fulfilling all of the requirements of the applicable stock exchange.

Further details of the Spin-Out, including the date for the Shareholders' Meeting and the number of CuGold common shares to be granted to shareholders of Surge will be announced in the near future. Shareholders are cautioned that the final details of the Spin-Out are still to be determined and there is no certainty that the Spin-Out will be completed on the terms currently proposed or at all.

About [Surge Exploration Inc.](https://surgeexploration.com/) <https://surgeexploration.com/>

The Company is a Canadian-based mineral exploration company which has been active in the resource sector in British Columbia and elsewhere in Canada. The Company has an exploration office in Santiago, Chile to review mineral exploration opportunities in Chile and elsewhere in South America.

Atacama Cobalto Project (Cobalt):

The Atacama Cobalto Project is located in the Atacama Province in northern Chile, 15 km northwest of the town of Copiapó, where mining is the largest economic activity, and the mining industry is one of the region's major employers. The Atacama Cobalto Project consists of 1,059 hectares and is located only 3 km East of the Cerro Iman Mine. To date, CAP Minería has drilled over 20,250 m on the Atacama Cobalto Project.

The area of interest hosts several other mining companies and is situated near the mylonitic corridor that is part of the Atacama Fault System that hosts many of the IOCG deposits in northern Chile. The Atacama Cobalto Project corresponds to a "cobalt anomalous IOCG" associated with the geographic area.

The Atacama Cobalto Project benefits from access to excellent infrastructure, including port access, energy supply, and access through the Pan American Highway.

Ontario Cobalt Properties (Cobalt):

The Company has an option to earn an undivided 60% interest in the Glencore Bucke Property and the Teledyne Property, located in Cobalt, Ontario Canada.

Incahuasi Lithium Project (Lithium Brine):

The property is located on the northernmost section of the Incahuasi salar, 75 km southeast from both the town of Tilomonte, Chile and the Salar de Atacama, where mining is the largest economic activity, and the mining industry is one of the region's major employers. The Incahuasi salar is located on the national border between Chile and Argentina at an elevation of 3,260 m. The Incahuasi Lithium Project consists of 10 mineral exploration concessions totalling 2,300 hectares. Bordering this property, in Argentina, is a 9,843 hectare lithium exploration property held by Advantage Lithium (TSXV: AAL OTCQB: AVLIF). The option on this project is subject to TSX-V approval.

Mineral Mountain Property (Copper, Gold) British Columbia

As announced on November 28, 2018, Surge has acquired a 100% interest in 9 claim blocks comprising 19,665 hectares (197 sq km) in the Omineca region of north-central British Columbia, approximately 150 km north of Fort St. James. The claims are not subject to any royalty terms, back-in rights, payments or any other agreements and encumbrances. The region is host to numerous operating mines, good

infrastructure including experienced exploration and supporting services.

B.C. Minfile assessment report data indicates that most of the area covered by the Omineca Group claim blocks were at one time or another covered by staking during surges of exploration in B.C. dating from the 1940's to present day. Prominent among early discoveries in the Omineca region were the nearby Lustdust/Stardust property (Sun Metals Corp. TSX-V: SUNM) covering a large, coherent integrated porphyry-skarn, epithermal system; the Kwanika property (Serengeti Resources Inc./POSCO Daewoo TSX-V: SIR) a promising advanced stage copper-gold project; the Lorraine property (Lorraine Copper Corp. TSX-V: LLC) host to a large copper/gold NI 43-101 compliant resource. The tenures are located between the Kemess North project being developed by Centerra Gold's subsidiary Aurico Metals and Centerra Gold's operation Mt Milligan mine.

Hedge Hog Property, (Copper, Gold) British Columbia

The Company has an option to earn an undivided 60% interest seven mineral tenure covering 2,418 hectares (5,972 acres) located approximately 80 km northeast of the town of Quesnel, BC and 20 km north of the historic gold mining towns of Wells and Barkerville.

On Behalf of the Board of Directors

"Tim Fernback"

Tim Fernback
President & CEO

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