
U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 2018

File No. 000-52522

SURGE HOLDINGS, INC.

(Name of small business issuer in our charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

98-0550352

(IRS Employer
Identification No.)

3124 Brother Blvd 104, Bartlett TN 38133
(Address of principal executive offices) (Zip Code)

Registrant's telephone number: (800) 760-9689

Indicate by check mark whether the registrant: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)
Yes No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 231,749,200 shares of common stock outstanding as of May 7, 2018.

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and pursuant to the rules and regulations of the Securities and Exchange Commission ("Commission"). While these statements reflect all normal recurring adjustments which are, in the opinion of management, necessary for fair presentation of the results of the interim period, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the financial statements and footnotes thereto, contained in SURGE HOLDINGS, INC.'s Form 10-K dated December 31, 2017.

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PART I - FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

SURGE HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

	March 31, 2018	December 31, 2017
	<u>(Unaudited)</u>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 243,768	\$ 215,843
Accounts receivable, less allowance for doubtful accounts of \$17,000 and \$17,000, respectively	98,568	56,036
LTC cryptocurrency coins at fair value	60,492	-
Prepaid expenses	38,263	47,681
Total current assets	<u>441,091</u>	<u>319,560</u>
Property and Equipment, less accumulated depreciation of \$17,124 and \$8,663, respectively,	162,593	157,444
Intangible assets less accumulated amortization of \$291,886 and \$282,723, respectively	92,758	101,921
Goodwill	866,782	866,782
Deposits on investments	1,700,000	1,700,000
Total assets	<u>\$ 3,263,224</u>	<u>\$ 3,145,707</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued expenses - others	\$ 445,183	\$ 482,262
Accounts payable and accrued expenses - related party	60,421	13,044
Credit card liability	336,726	336,726
Deferred revenue	171,500	130,000
Derivative liability	59,141	92,897
Advance from related party	390,948	389,502
Current portion of long-term debt - related party	241,000	304,000
Notes payable and current portion of long-term debt, net of discount of \$1,107 and \$8,774, respectively	669,062	738,035
Total current liabilities	<u>2,373,981</u>	<u>2,486,466</u>
Long-term debt less current portion	52,188	52,188
Total liabilities	<u>2,426,169</u>	<u>2,538,654</u>
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock: \$0.001 par value; 100,000,000 shares authorized; 10,000,000 shares issued and outstanding	10,000	10,000
Common stock: \$0.001 par value; 500,000,000 and 100,000,000 shares authorized; 79,888,784 shares and 90,057,445 shares issued and 79,888,784 shares and 88,278,445 shares outstanding at March 31, 2018 and December 31, 2017, respectively	79,889	90,058
Additional paid in capital	9,020,442	9,584,473
Less treasury stock at cost (1,782,000 shares)	-	(1,069,200)
Accumulated deficit	(8,273,276)	(8,008,278)
Total stockholders' equity (deficit)	<u>837,055</u>	<u>607,053</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 3,263,224</u>	<u>\$ 3,145,707</u>

See accompanying notes to consolidated financial statements.

SURGE HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(Unaudited)

	Three months ended	
	March 31, 2018	March 31, 2017
Revenue	\$ 439,877	\$ 450,400
Cost of revenue	267,863	151,425
Gross profit	<u>172,014</u>	<u>298,975</u>
Costs and expenses		
Depreciation and amortization	17,643	35,084
Selling, general and administrative	507,833	1,033,191
Total costs and expenses	<u>525,476</u>	<u>1,068,275</u>
Operating loss	(353,462)	(769,300)
Other expense (income):		
Interest expense	13,963	143,840
Change in fair value of derivative liability	(33,756)	50,199
Gain on vendor settlement	(1,948)	-
Gain on debt settlement	(66,723)	4,238
Total other expense	<u>(88,464)</u>	<u>198,277</u>
Net loss before provision for income taxes	<u>(264,998)</u>	<u>(967,577)</u>
Provision for income taxes	-	-
Net loss	<u>\$ (264,998)</u>	<u>\$ (967,577)</u>
Net loss per common share, basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>
Weighted average common shares outstanding	<u>79,963,016</u>	<u>59,119,296</u>

See accompanying notes to consolidated financial statements.

SURGE HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Unaudited)

	Three months ended	
	March 31, 2018	March 31, 2017
Operating activities		
Net loss	\$ (264,998)	\$ (967,577)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Amortization and depreciation	17,643	35,084
Common stock issued for services	35,000	751,967
Amortization of debt discount	-	25,662
(Gain) loss on debt settlement	(68,671)	4,238
(Gain) loss on change in fair value of derivative liability	(33,756)	50,199
Changes in operating assets and liabilities:		
Accounts receivable	(42,532)	38,836
LTC Cryptocurrency Coins	(60,492)	-
Prepaid expenses	9,418	-
Deferred revenue	41,500	(109,200)
Accounts payable and accrued expenses	19,996	113,114
Net cash provided by (used in) operating activities	<u>(346,892)</u>	<u>(57,677)</u>
Investing activities		
Purchase of property and equipment	(13,610)	-
Net cash used in investing activities	<u>(13,610)</u>	<u>-</u>
Financing activities		
Loan proceeds	-	140,000
Loan repayment - other	-	(152,580)
Loan repayment - related party	(71,573)	-
Common stock sold for cash	460,000	55,000
Advances from related party, net of repayment	-	35,000
Net cash provided by financing activities	<u>388,427</u>	<u>77,420</u>
Net increase in cash and cash equivalents	27,925	19,743
Cash and cash equivalents, beginning of period	215,843	63,709
Cash and cash equivalents, end of period	<u>\$ 243,768</u>	<u>\$ 83,452</u>
Supplemental cash flow information		
Cash paid for interest and income taxes:		
Interest	\$ 6,851	\$ 74,773
Income taxes	-	-
Non-cash investing and financing activities:		
Common stock issued for debt conversions	\$ -	\$ 40,084
Common stock issued for settlement of accrued expenses	-	248,605
Common stock issued for services recorded as prepaid expenses	-	14,928
Common stock issued for deposit on acquisition	-	1,200,000

See accompanying notes to consolidated financial statements.

SURGE HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2018
(Unaudited)

1 BASIS OF PRESENTATION AND BUSINESS

Basis of presentation and consolidation

The accompanying unaudited consolidated financial statements include the accounts of Surge Holdings, Inc. (“Surge”), formerly Ksix Media Holdings, Inc., incorporated in Nevada on August 18, 2006, and its wholly owned subsidiaries, Ksix Media, Inc. (“Media”), incorporated in Nevada on November 5, 2014, Ksix, LLC (“KSIX”), a Nevada limited liability company that was formed on September 14, 2011, Surge Blockchain, LLC (“Blockchain”), formerly Blvd. Media Group, LLC (“BLVD”), a Nevada limited liability company that was formed on January 29, 2009, DigitizeIQ, LLC (“DIQ”) an Illinois limited liability company that was formed on July 23, 2014 and Surge Cryptocurrency Mining, Inc. (“Crypto”), formerly North American Exploration, Inc. (“NAE”), a Nevada corporation that was incorporated on August 18, 2006 (collectively the “Company”). All significant intercompany balances and transactions have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial statements and with the instructions to Form 10-Q and Article 8 of Regulation S-X of the United States Securities and Exchange Commission (“SEC”). Accordingly, they do not contain all information and footnotes required by accounting principles generally accepted in the United States of America for annual financial statements. In the opinion of the Company’s management, the accompanying unaudited consolidated financial statements contain all of the adjustments necessary (consisting only of normal recurring accruals) to present the financial position of the Company as of March 31, 2018 and the results of operations and cash flows for the periods presented. The results of operations for the three months ended March 31, 2018 are not necessarily indicative of the operating results for the full fiscal year or any future period. These unaudited consolidated financial statements should be read in conjunction with the financial statements and related notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC on April 10, 2018.

Business description

The Company has been doing business through two of its wholly owned subsidiaries. DIQ is a full service digital advertising agency specializing in survey generation and landing page optimization specifically designed for mass tort action lawsuits. KSIX is an Internet marketing company and has an advertizing network designed to create revenue streams for its affiliates and to provide advertisers with increased measurable audience. KSIX provides performance-based marketing solutions to drive traffic and conversions with a Cost-Per-Lead (“CPL”) business model. KSIX has an online advertising network that works directly with advertisers and other networks to promote advertiser campaigns and manage offer tracking, reporting and distribution.

Other subsidiaries were inactive as of the end of December 2017 and the Company intends to pursue the following business models in 2018.

Blockchain is focused on expanding development and licensing for a Blockchain Service as a Software (SaaS) Payments Platform in order to deliver a real product that improves people’s lives.

Crypto intends to strategically mine Bitcoin, Litecoin and other cryptocurrencies. The company finalized its first mining farm of 100 Antminer L3+ machines. The mining operation will work 24/7 to both generate revenues and deliver to the Company a commodity as of March 31, 2018.

Effective December 7, 2016, the Company executed a Master Exchange Agreement for the exchange of Common Stock, Management and Control (the “Exchange Agreement”) with True Wireless, LLC (“TW”) and Kevin Brian Cox (“Cox”), the sole owner of TW’s issued and outstanding membership interests. TW’s primary business operation is a full-service telecommunications company specializing in the Lifeline program which provides subsidized mobile phone service for low income individuals. The acquisition had not closed as of the date of these financial statements (See Notes 9 and 10 for details).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurements

The Company adopted the provisions of ASC Topic 820, “Fair Value Measurements and Disclosures”, which defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements.

The estimated fair value of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments. The carrying amounts of our short and long term credit obligations approximate fair value because the effective yields on these obligations, which include contractual interest rates taken together with other features such as concurrent issuances of warrants and/or embedded conversion options, are comparable to rates of returns for instruments of similar credit risk.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

ASC 820 describes three levels of inputs that may be used to measure fair value:

- Level 1 — quoted prices in active markets for identical assets or liabilities.
- Level 2 — quoted prices for similar assets and liabilities in active markets or inputs that are observable.
- Level 3 — inputs that are unobservable (for example cash flow modeling inputs based on assumptions).

The derivative liability in connection with the conversion feature of the convertible debt, classified as a Level 3 liability, is the only financial liability measure at fair value on a recurring basis.

The change in the Level 3 financial instrument is as follows:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 92,897	\$ 584,168
Issued during the period	-	22,368
Converted	-	(1,017,840)
Change in fair value recognized in operations	(33,756)	504,201
Balance, March 31, 2018 and December 31, 2017	<u>\$ 59,141</u>	<u>\$ 92,897</u>

The estimated fair value of the derivative instruments was valued using the Black-Scholes option pricing model, using the following assumptions as of March 31, 2018:

	<u>2018</u>	<u>2017</u>
Estimanted dividends	None	None
Expected volatility	164.32%	216.37%
Risk free interest rate	2.85%	2.76%
Expected term	.01-36 months	.01-36 months

LTC cryptocurrency coins are valued at current quoted rates and are therefore a Level 1 input.

Recent accounting pronouncements

We have evaluated all recent accounting pronouncements as issued by the FASB in the form of Accounting Standards Updates (“ASU”) through the date these financial statements were available to be issued and find no recent accounting pronouncements that would have a material impact on the financial statements of the Company.

3 GOING CONCERN

The Company has not established sources of revenues sufficient to fund the development of its business, or to pay projected operating expenses and commitments for the next year. The Company has a working capital deficit of \$1,932,890, an accumulated deficit of \$8,273,276 at March 31, 2018, and incurred losses for the past two years. These factors, among others, create an uncertainty about our ability to continue as a going concern. The Company projects that it should be cash flow positive after the end of the 2nd quarter ended June 30, 2018 from ongoing operations by the combination of increased cash flow from its current subsidiaries, as well as restructuring our current debt burden. The Company has executed an agreement with a FINRA licensed broker, as well as several institutional investors, to bring in equity investments to pay down existing debt obligations, cover short term shortfalls, and complete proposed acquisitions. Additionally, the Company is negotiating the closing of the acquisition of True Wireless, LLC, ("TW") an Oklahoma Limited Liability Company. Upon the completion of the potential acquisition of TW as a wholly owned subsidiary, the Company will become cash flow positive. The Company's ability to continue as a going concern is dependent on the success of this plan.

The Company's financial statements have been presented on the basis that it continues as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business, and do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

4 CREDIT CARD LIABILITY

The Company previously utilized a credit card issued in the name of DIQ to pay for certain of its trade obligations. At March 31, 2018 and December 31, 2017, the Company's credit card liability was \$336,726 and \$336,726, respectively.

5 NOTES PAYABLE – RELATED PARTY

As of March 31, 2018 and December 31, 2017, notes payable due to a related party consists of:

	March 31, 2018	December 31, 2017
Notes payable to SMDMM Funding LLC; interest at 8% per annum; due on demand	\$ 241,000	\$ 285,000
Notes payable to True Wireless, LLC; non-interest bearing; due on demand	-	19,000
Notes payable—related party	<u>241,000</u>	<u>304,000</u>

SMDMM Funding, LLC and True Wireless, LLC are owned by the Company's chief executive officer. Accrued interest owed to SMDMM Funding, LLC was \$183 and \$1,711 at March 31, 2018 and December 31, 2017, respectively.

6 NOTES PAYABLE AND LONG-TERM DEBT

As of March 31, 2018 and December 31, 2017, notes payable and long-term debt consists of:

	<u>3/31/18</u>	<u>12/31/17</u>
On October 26, 2011, the Company entered into a note payable in the amount of \$362,257, relating to a Unit redemption agreement bearing interest at 6% per annum and is payable in equal monthly installments of \$7,003, inclusive of interest, past due ¹	\$ -	\$ 68,973
Note payable to former officer and director due in four equal annual installments of \$26,875 beginning April 28, 2016; past due in 2016 and 2017; accruing interest at 6% per annum since April 28, 2016 on the past due portion	107,500	107,500
Note payable to former officer due in four equal annual installments of \$25,313 on April 28 of each year; past due in 2016 and 2017; accruing interest at 6% per annum since April 28, 2016 on the past due portion	101,250	101,250
Notes payable to seller of DigitizeIQ, LLC due as noted below ²	485,000	485,000
Convertible note payable to River North Equity LLC dated July 13, 2016 with interest at 10% per annum; due April 13, 2017; convertible into common stock ⁵	27,500	27,500
	<u>721,250</u>	<u>790,223</u>
Current portion of long-term debt	669,062	738,035
Long-term debt	<u>\$ 52,188</u>	<u>\$ 52,188</u>

¹The remaining balance due on the Unit redemption agreement note was settled with a payment of \$10,000 in cash, which resulted in a net gain of \$66,723 including accrued interest of \$7,750.

² Notes due seller of DigitizeIQ, LLC includes a series of notes as follows:

- A non-interest bearing Promissory Note made payable to the Seller in the amount of \$250,000, which was due on November 12, 2015; (Paid February 26, 2016).
- A second non-interest bearing Promissory Note made payable to the Seller in the amount of \$250,000, which was due on January 12, 2016; (Balance at March 31, 2017 - \$235,000)
- A third non-interest bearing Promissory Note made payable to the Seller in the amount of \$250,000, which was due on March 12, 2016 (Unpaid).

The Company is renegotiating the terms of the notes. The notes bear interest at 5% per annum when in default (after the due date). The notes were non-interest bearing until due. Accordingly, a debt discount at 5% per annum was calculated for the notes and was amortized to interest expense until the due date of the notes.

⁵Convertible note payable to River North Equity, LLC (“RNE”)- The Company evaluated the embedded conversion for derivative treatment and recorded an initial derivative liability and debt discount of \$23,190. The debt discount is fully amortized.

The Company has entered into a number of agreements with RNE wherein RNE has agreed to invest up to \$3,000,000 in the common stock of the Company. These agreements require an effective Registration Statement to be on file by the Company and would allow the Company to require RNE to purchase the Company’s common stock at 90% of the lowest trading price of the Company’s common stock during the previous five trading days. The Company has not yet filed a Registration Statement with the SEC.

Derivative liability

The Company has determined that the conversion feature embedded in the notes referred to above that contain a potential variable conversion amount constitutes a derivative which has been bifurcated from the note and recorded as a derivative liability, with a corresponding discount recorded to the associated debt. The excess of the derivative value over the face amount of the note, if any, is recorded immediately to interest expense at inception.

The estimated fair value of the derivative instruments was valued using the Black-Scholes option pricing model, using the following assumptions during the three months ended March 31, 2018:

Estimated dividends	None
Expected volatility	164.32%
Risk free interest rate	2.85%
Expected term	.01-36 months

7 STOCKHOLDERS' EQUITY

COMMON STOCK

2018 Transactions

On January 4, 2018, the former chief executive officer of the Company retired 10,778,761 shares of the Company's common stock. The transaction was recorded as a reduction in common stock of \$10,779 and an increase in additional paid in capital of \$10,779. Simultaneously, the options outstanding at the time to the former chief executive officer expired.

On March 13, 2018, the Company retired the 1,782,000 shares of common stock held in the treasury.

2017 Transactions

Effective January 1, 2017, the Company issued 160,000 shares of its common stock pursuant to a public relations agreement. The common stock was valued at \$44,784 based on the closing price of the common stock at that time, which is being amortized over the service period of nine months.

In the three months ended March 31, 2017, the Company issued 410,675 shares of its common stock in exchange for \$14,513 in principal and \$7,987 in accrued interest on a convertible note obligation.

In the three months ended March 31, 2017, the Company issued 550,000 shares of its common stock and 275,000 3-year \$0.50 warrants in exchange for \$55,000 in cash.

In the three months ended March 31, 2017, the Company issued 1,850,000 shares for legal and consulting fees of \$248,605 which were included in accrued expenses at December 31, 2016.

On March 24, 2017, the Company issued 600,000 shares of its common stock pursuant to a modified consulting agreement related to the acquisition of TW, with Anthony P. Nuzzo, a director of the Company. The shares were valued at \$252,000 and this amount is included in selling, general and administrative expense during the three months ended March 31, 2017.

On March 24, 2017, the Company issued 600,000 shares of its common stock pursuant to a modification of a consulting agreement related to the acquisition of TW. The shares were valued at \$252,000 and this amount is included in selling, general and administrative expense during the three months ended March 31, 2017.

On March 24, 2017, the Company issued 12,000,000 shares of its common stock to Brian Cox pursuant to a Master Agreement for the Exchange of Common Stock, Management and Control as a part of the planned acquisition of True Wireless, LLC. These shares were valued at the fair market value of \$1,200,000.

UNIT SUBSCRIPTION AGREEMENT – WARRANTS

During the three months ended March 31, 2018, the Company entered into Unit subscription agreements with seven unrelated companies and individuals. Each Unit was priced at \$0.20 and contained: (a) one share of common stock restricted in accordance with Rule 144; and (b) one-half Warrant to purchase an additional share of common stock restricted in accordance with Rule 144 for \$0.50 for a period of three years after the close of the offering. For total consideration of \$460,000, Units representing 2,300,000 common shares and 1,150,000 3-year \$0.50 warrants were issued. The warrants were classified as equity since they have a fixed exercise price and do not have a provision for modification.

8 RELATED PARTY TRANSACTIONS

The Company's chief executive officer has advanced the Company various amounts on a non-interest bearing basis, which is being used for working capital. The advance has no fixed maturity. The activity is summarized as follows:

	<u>Three Months End</u> <u>March 31, 2018</u>	<u>Year ended</u> <u>December 31, 2017</u>
Balance at beginning of period	\$ 389,502	\$ 356,502
New advances	1,446	34,000
Repayment	-	(1,000)
Balance at end of period	\$ 390,948	\$ 389,502

See Note 5 for long-term debt due to related parties.

9 COMMITMENTS AND CONTINGENCIES

True Wireless, LLC

Master Agreement for the Exchange of Common Stock, Management, and Control

On or about December 7, 2016, the Company, entered into a Master Agreement for the Exchange of Common Stock, Management, and Control (the "Exchange Agreement") with True Wireless, LLC, an Oklahoma Limited Liability Company ("TW") and the members of TW (the "Members"). Hereinafter, the Company, TW, and its Members may be referred to as a "Party" individually or collectively as the "Parties".

TW's primary business operation is a full-service telecommunications company specializing in the Lifeline program as set forth by the Telecommunications Act of 1996 and regulated by the FCC which provides subsidized mobile phone services for low income individuals ("Lifeline Services"). TW currently has an FCC license to offer Lifeline Services in the following states: Oklahoma, Rhode Island, Maryland, Texas, and Arkansas.

Kevin Brian Cox ("Cox"), is the sole owner of all of TW's issued and outstanding membership interests, either directly or indirectly through EWP Communications, LLC, a Tennessee limited liability company, the beneficial owner of which is Cox.

Pursuant to the agreement, the Company will issue 12 million shares of restricted common stock and make cash payment of \$6 million and a one-year promissory note for \$6 million upon closing. The acquisition has not closed as of the date of the consolidated financial statements issued.

On December 7, 2016, the company made cash payment of \$500,000 to Brian Cox, the owner of TW, as a deposit on acquisition. On March 24, 2017, the Company issued 12 million restricted shares of common stock to Brian Cox and recorded \$1,200,000 as a deposit on acquisition.

First Addendum to Master Agreement for the Exchange of Equity, Management, and Control

On March 30, 2017, the Parties executed a First Addendum to the Exchange Agreement extending the time for all material deadlines contemplated for the transactions related to the acquisition of TW to May 1, 2017.

Additionally, pursuant to the terms of the Exchange Agreement, the Company executed and entered into a “Management and Marketing Agreement” (“Management Agreement”) with TW.

Pursuant to the Management Agreement, the Company would act as the manager of TW until such time as the Exchange Agreement and the transactions contemplated thereunder are approved by the FCC. Following such approval (which has not occurred as of the date of this Report), the Parties will hold a final closing of the Exchange Agreement will occur and TW would become a wholly-owned subsidiary of the Company. Notwithstanding the agreement, the Company has provided no services to Cox and neither Cox nor TW has made any payments to the Company on account of the Management Agreement. Accordingly, on December 27, 2017, the parties agreed to terminate the Management Agreement, treating it as a nullity as if it was never entered into by the parties.

10 SUBSEQUENT EVENTS

True Wireless Transaction

On April 11, 2018, the Company, True Wireless, Inc., an Oklahoma corporation (“TW, Inc.”) and TW Acquisition Corporation, a newly formed Nevada corporation (“Acquisition Sub”), completed the merger contemplated by the Exchange Agreement by entering into an Agreement and Plan of Reorganization (the “Merger Agreement”).

Pursuant to the terms of the Merger Agreement, TW, Inc. merged into Acquisition Sub in a transaction where TW, Inc. was the surviving company and become a wholly-owned subsidiary of the Company. The transaction was structured as a tax-free reverse triangular merger. In addition to the 12,000,000 shares of Company Common Stock and \$500,000 cash which has been previously paid to the shareholders of TW, at the Closing of the merger transaction, the shareholders of TW received the following as additional merger consideration:

- 152,555,416 shares of newly-issued Company Common Stock, which will give the shareholders of TW, on a proforma basis, a 69.5% interest in the Company’s total Common Shares.
- An additional number of shares of Company Common Stock, if any, necessary to vest 69.5% of the aggregate issued and outstanding Common Stock in the shareholders of TW at the Closing.

- A Promissory Note in the original face amount of \$3,000,000, bearing interest at 3% per annum maturing on December 31, 2018.
- 3,000,000 shares of newly-issued Company Series A Preferred Stock

Following the closing of the merger transaction the Company's investment in TW consisted of the following:

	<u>Shares</u>	<u>Amount</u>
Consideration paid prior to Closing:		
Cash paid		\$ 500,000
Common stock issued	12,000,000	1,200,000
Total consideration paid	<u>12,000,000</u>	<u>\$ 1,700,000</u>
Consideration paid at Closing:		
Common stock to be issued at closing	152,555,416	\$ 60,683,006
Series A Preferred Stock to be issued at closing	3,000,000	120,000
Note payable due December 31, 2018		3,000,000
Total consideration to be paid		<u>\$ 63,803,006</u>
Total consideration		<u>\$ 65,503,006</u>

Following the Closing, TW's financial statements as of the Closing will be consolidated with the Consolidated Financial Statements of the Company

The foregoing summary of the transactions contemplated by the Merger Agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Merger Agreement, which is attached as Exhibit 2.1 to Form 8-K filed by the Company with the Securities and Exchange Commission on April 16, 2018, which is incorporated herein by reference.

Issuance of Stock

On April 13, 2018, the Company issued 152,555,416 shares of Common Stock and 3,000,000 shares of Preferred Stock as consideration for the True Wireless, Inc. merger.

On April 25, 2018, the Company issued an aggregate of 525,000 shares of Common Stock to two consultants valued at \$0.27 per share.

On May 7, 2018, the Company issued an aggregate of 1,156,587 shares of Common Stock valued at \$0.20 per share to nine parties in settlement of certain disputes between True Wireless, LLC and Benson Communications, S.A. de C.V. The settlement had been previously reached on September 29, 2017.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This statement contains forward-looking statements within the meaning of the Securities Act. Discussions containing such forward-looking statements may be found throughout this statement. Actual events or results may differ materially from those discussed in the forward-looking statements as a result of various factors, including the matters set forth in this statement. The accompanying consolidated financial statements as of March 31, 2018 and March 31, 2017 and for the three months then ended includes the accounts of Surge and its wholly owned subsidiaries.

COMPARISON OF THREE MONTHS ENDED MARCH 31, 2018 AND 2017

Revenues during the three months ended March 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Revenue	\$ 439,877	\$ 450,400
Cost of revenue	267,863	151,425
Gross profit	\$ 172,014	\$ 298,975

Revenues during the three months ended March 31, 2018 include \$138,379 from KSIX, \$46,913 from Blockchain, \$187,350 from DIQ and \$67,234 from Crypto. Revenues during the three months ended March 31, 2017 include \$152,506 from KSIX and \$297,894 from DIQ. The decline in revenue for KSIX and DIQ from 2017 to 2018 was mostly offset by revenue from the new operations of Blockchain and Crypto. Cost of revenue amounted to 34% in 2017 as compared to 61% in 2018. The increased cost is primarily due to Blockchain, whose cost exceeded revenue.

Costs and expenses during the three months ended March 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Depreciation and amortization	\$ 17,643	\$ 35,084
Selling, general and administrative	507,833	1,033,191
Total	\$ 525,476	\$ 1,068,275

Depreciation and amortization decreased \$17,441 (50%) from \$35,084 in the 2017 quarter to \$17,643 in the 2018 quarter. The decrease is primarily the result of a decrease in amortization of intangible assets due to certain assets becoming fully amortized.

Selling, general and administrative expense during the three months ended March 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Compensation	\$ 134,876	\$ 174,938
Professional services	35,523	37,468
Contractors and consultants	170,943	732,589
Other	110,339	30,095
Webhosting and Internet	54,378	13,719
Advertising and marketing	1,774	44,410
Total	\$ 507,833	\$ 1,033,219

Total selling, general and administrative expense decreased \$525,358 (51%) from \$1,033,191 in the 2017 period to \$507,833 in the 2018 period. The detail changes are discussed below:

- Compensation decreased \$40,062 (23%) from the 2017 amount of \$174,938 to the 2018 amount of \$134,876. Management of the Company is being restructured which has resulted in a lower compensation cost.
- Professional services decreased from \$37,468 in the 2017 period to \$35,523 in the 2018 period.
- Contractors and consultants decreased from \$732,589 in the 2017 period to \$170,943 in the 2018 period. The 2017 period includes a number of consultants that were paid with common stock and based on the valuations of the stock have resulted in a higher expense that might have been the case had the Company been able to pay cash. A large part of these services related to the planned acquisition of TW. During the 2018 period, most professional services were paid with cash.
- Other costs increased \$80,244 from \$30,095 in 2017 to \$110,339 in 2018.
- Advertising and marketing costs decreased \$42,636 (99%) from \$44,410 in the 2017 period to \$1,774 in the 2018 period. This is primarily a result of eliminating most advertising while evaluating its benefits.

Other expense during the three months ended March 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Interest expense	\$ 13,963	\$ 143,840
Change in value of derivatives	(33,756)	50,199
Gain on vendor settlement	(1,948)	-
(Gain) loss on debt extinguishment	(66,723)	4,238
Total	<u>\$ (88,464)</u>	<u>\$ 198,277</u>

Interest expense was much lower in the 2018 period than experienced in 2017. The 2017 amount included \$118,178 in interest on notes payable and \$25,662 in amortization of debt discount. A significant portion of the debt has been retired and the 2018 amount includes only interest accrued on notes payable.

The Company has determined that the conversion feature embedded in the majority of its notes payable contain a potential variable conversion amount which constitutes a derivative which has been bifurcated from the notes and recorded as a derivative liability, with a corresponding discount recorded to the associated debt. The excess of the derivative value over the face amount of the note, if any, is recorded immediately to interest expense at inception. At the end of each reporting period these derivatives are revalued with the change in value recorded in change in value of derivatives.

The Company has issued its common stock in exchange for a portion of its convertible notes payable, which resulted in a net loss during the 2017 period. During 2018, the Company retired a note for cash which resulted in a gain.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

At March 31, 2018 and December 31, 2017, our current assets were \$441,091 and \$319,560, respectively, and our current liabilities were \$2,373,981 and \$2,486,466, respectively, which resulted in a working capital deficit of \$1,932,890 and \$2,166,906, respectively.

Total assets at March 31, 2018 and December 31, 2017 amounted to \$3,263,224 and \$3,145,707, respectively. At March 31, 2018, assets consisted of current assets of \$441,091, net property and equipment of \$162,593, net intangible assets of \$92,758, goodwill of \$866,782 and deposits on investments in the amount of \$1,700,000, as compared to current assets of \$319,560, net property and equipment of \$157,444, net intangible assets of \$101,921, goodwill of \$866,782 and deposits on investments in the amount of \$1,700,000 at December 31, 2017.

At March 31, 2018, our total liabilities of \$2,426,169 decreased \$112,485 from \$2,538,654 at December 31, 2017.

At March 31, 2018, our stockholders' equity was \$837,055 as compared to a stockholders' equity of \$607,053 at December 31, 2017. The principal reason for the increase in stockholders' equity was the cancellation of outstanding options less the net loss for the period.

The following table sets forth the major sources and uses of cash for the three months ended March 31, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Net cash provided by (used in) operating activities	\$ (346,892)	\$ (57,677)
Net cash used in investing activities	(13,610)	-
Net cash provided by financing activities	388,427	77,420
Net increase (decrease) in cash and cash equivalents	\$ 27,925	\$ 19,743

At March 31, 2018, the Company had the following material commitments and contingencies.

Notes payable and long-term debt - \$721,250 - See Note 6 to the Consolidated Financial Statements.

Advances from related party - \$390,948 balance owed on non-interest bearing basis. See Note 8 to the Consolidated Financial Statements.

Cash requirements and capital expenditures - The Company had \$13,610 in capital expenditures during the three months ended March 31, 2018, which required cash. At the current level of operations, the Company has to borrow funds to meet basic operating costs. The Company plans to use debt and equity financing to meet the cash requirements of the TW acquisition.

Known trends and uncertainties - The Company is planning to acquire other businesses that are similar to its operations. The uncertainty of the economy may increase the difficulty of raising funds to support the planned business expansion.

Evaluation of the amounts and certainty of cash flows - The Company is still learning the business of DIQ and has experienced operating losses during the initial operation. There can be no assurance that the Company will be able to replace the lost business and be able to fund operations in the future.

Going Concern - The Company has not established sources of revenues sufficient to fund the development of its business, or to pay projected operating expenses and commitments for the next year. The Company had a working capital deficit of \$1,932,890, an accumulated deficit of \$8,273,276 at March 31, 2018, and incurred a loss for the past two years. These factors, among others, create an uncertainty about our ability to continue as a going concern. The Company projects that it should be cash flow positive by the 3rd quarter ended September 30, 2018 from ongoing operations by the combination of increased cash flow from its current subsidiaries, as well as lowering our current debt burden and completing the acquisition of TW. Currently, the Company is negotiating with several institutional investors for equity investment which will be used to pay down existing debt obligations and cover any operational shortfalls in the short term. The Company's ability to continue as a going concern is dependent on the success of this plan.

The Company's financial statements have been presented on the basis that it continues as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business, and do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

CRITICAL ACCOUNTING ESTIMATES

Our significant accounting policies are described in Note 2 of the Consolidated Financial Statements. During the period ending March 31, 2018, we were not required to make any material estimates and assumptions that affect the reported amounts and related disclosures of assets, liabilities, revenue and expenses. However, if we complete an acquisition, we will be required to make estimates and assumptions typical of other companies. For example, we will be required to make critical accounting estimates related to valuation and accounting for business combinations. The estimates will require us to rely upon assumptions that were highly uncertain at the time the accounting estimates are made, and changes in them are reasonably likely to occur from period to period. Changes in estimates used in these and other items could have a material impact on our financial statements in the future. Our estimates will be based on our experience and our interpretation of economic, political, regulatory, and other factors that affect our business prospects. Actual results may differ significantly from our estimates.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4: CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

Under the PCAOB standards, a control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention by those responsible for oversight of the company's financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act), as of March 31, 2018. Our management has determined that, as of March 31, 2018, the Company's disclosure controls and procedures are not effective due to a lack of segregation of duties, lack of an audit committee, and lack of documented controls. The Company has undergone a complete change of management and is in process of developing the necessary controls and procedures.

Changes in internal control over financial reporting

The Company's principal executive officer and principal financial officer determined that the Company's disclosure controls and procedures were not effective due to a lack of segregation of duties, lack of an audit committee and lack of documented controls. There have been no other significant changes in internal controls or in other factors that could significantly affect these controls during the quarter ended March 31, 2018, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II - OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

Claims by American Express Bank FSB:

On or about August 26, 2016 American Express Bank FSB (“American Express”) filed a civil complaint against DIQ and Scott Kaplan (an employee of the Company) in the District Court for Clark County, Nevada for approximately \$336,726 due on a credit card issued to DIQ, which was allegedly guaranteed by Scott Kaplan, the vice president of business development for KSIX, LLC. This action was subsequently dismissed on July 19, 2017. While the Company was not a party to this action, ostensibly there could be an obligation on the part of the Company to indemnify Mr. Kaplan on this matter. As of this date, no claim for indemnification has been made against the Company and the Company seeks to resolve any issues relating to this matter on an amicable basis without incurring any liability. Failure to resolve this matter could potentially have a material adverse effect on the Company and its business. There is no guarantee that this matter can be resolved on any basis which is favorable to the Company.

West Publishing v DigitizeIQ LLC.

On or about September 28, 2017 West Publishing Corporation (“West Publishing”) filed a civil action in the Superior Court of the State of California County of San Diego, Central Division (Case# 37-201700034215-CU-CL-CTL) for breach of contract and open book account against the Company’s subsidiary DIQ. West Publishing claims an open account of \$435,700 against DIQ from an account originating in 2014 wherein DIQ provided lead-generation services for West Publishing. The Company has retained counsel and will vigorously defend this action. The Company contends that the open book account claimed by West Publishing is an accounting error and that, in fact, West Publishing owes DIQ for verified lead generation services during the relevant period. This matter is still pending as of the date of this Report and the outcome cannot be predicted. There is no guarantee that this matter can be resolved on any basis which is favorable to the Company.

ITEM 1A: RISK FACTORS

Not applicable.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three months ended March 31, 2018, the Company sold 2,300,000 shares of its common stock for \$460,000 in cash.

On February 28, 2018, the Company issued 92,105 shares for consulting fees of \$35,000.

On April 13, 2018, the Company issued 152,555,416 shares of Common Stock and 3,000,000 shares of Preferred Stock as consideration for the True Wireless, Inc. merger.

On April 25, 2018, the Company issued an aggregate of 525,000 shares of Common Stock to two consultants valued at \$0.27 per share.

On May 7, 2018, the Company issued an aggregate of 1,156,587 shares of Common Stock valued at \$0.20 per share to nine parties in settlement of certain disputes between True Wireless, LLC and Benson Communications, S.A. de C.V. The settlement had been previously reached on September 29, 2017.

These shares were sold pursuant to an exemption from registration under Section 4(2) promulgated under the Securities Act of 1933, as amended.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES.

None

ITEM 4: MINE SAFETY DISCLOSURES.

Not applicable

ITEM 5: OTHER INFORMATION.

None

ITEM 6: EXHIBITS

Exhibit 31.1	Certification pursuant to 18 U.S.C. Section 1350 Section 302 of the Sarbanes-Oxley Act of 2002 - Chief Executive Officer*
Exhibit 31.2	Certification pursuant to 18 U.S.C. Section 1350 Section 302 of the Sarbanes-Oxley Act of 2002 - Chief Financial Officer*
Exhibit 32.1	Certification pursuant to 18 U.S.C. Section 1350 Section 906 of the Sarbanes-Oxley Act of 2002 - Chief Executive Officer*
Exhibit 32.2	Certification pursuant to 18 U.S.C. Section 1350 Section 906 of the Sarbanes-Oxley Act of 2002 - Chief Financial Officer*
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**

*Filed herewith.

**In accordance with Regulation S-T, the XBRL-formatted interactive data files that comprise Exhibit 101 in this Quarterly Report on Form 10-Q shall be deemed “furnished” and not “filed”.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SURGE HOLDINGS, INC.

Date: May 21, 2018

By: /s/ Kevin Brian Cox
Chief Executive Officer

SURGE HOLDINGS, INC. FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2018
CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kevin Brian Cox, Chief Executive Officer, certify that:

1. I have reviewed this report on Form 10-Q of Surge Holdings, Inc. (the registrant);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to me by others, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's current fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and;
5. I have disclosed, based on my most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal controls which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.

May 21, 2018

/s/ Kevin Brian Cox
Kevin Brian Cox
Chief Executive Officer
(Principal Executive Officer)

SURGE HOLDINGS, INC. FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2018
CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Brian Speck, Chief Financial Officer, certify that:

1. I have reviewed this report on Form 10-Q of Surge Holdings, Inc. (the registrant);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to me by others, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's current fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and;
5. I have disclosed, based on my most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal controls which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.

May 21, 2018

/s/ Brian Speck

Brian Speck
Chief Financial Officer
(Principal Financial and Accounting Officer)

SURGE HOLDINGS, INC. FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2018
CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Kevin Brian Cox, certify that

1. I am the Chief Executive Officer of Surge Holdings, Inc.
2. Attached to this certification is Form 10-Q for the quarter ended March 31, 2018, a periodic report (the "periodic report") filed by the issuer with the Securities Exchange Commission pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (the "Exchange Act"), which contains condensed financial statements.
3. I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that
 - The periodic report containing the condensed financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act, and
 - The information in the periodic report fairly presents, in all material respects, the consolidated financial condition and results of operations of the issuer for the periods presented.

May 21, 2018

/s/ Kevin Brian Cox
Kevin Brian Cox
Chief Executive Officer
(Principal Executive Officer)

SURGE HOLDINGS, INC. FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2018
CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Brian Speck, certify that

1. I am the Chief Financial Officer of Surge Holdings, Inc.
2. Attached to this certification is Form 10-Q for the quarter ended March 31, 2018, a periodic report (the "periodic report") filed by the issuer with the Securities Exchange Commission pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (the "Exchange Act"), which contains condensed financial statements.
3. I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that
 - The periodic report containing the condensed financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act, and
 - The information in the periodic report fairly presents, in all material respects, the consolidated financial condition and results of operations of the issuer for the periods presented.

May 21, 2018

/s/ Brian Speck

Brian Speck
Chief Financial Officer
(Principal Financial and Accounting Officer)
