Premier Oil Assets Driving Free Cash Flow

CORPORATE PRESENTATION

WINTER 2024

SURGE ENERGY INC

Q3/23 Highlights

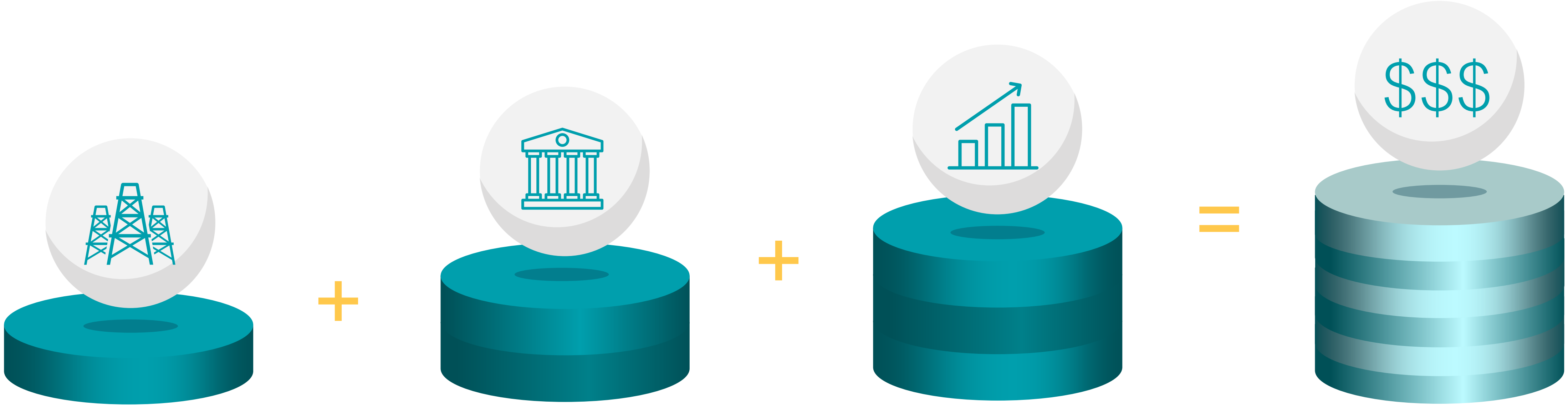
SURGE

During the quarter Surge:

- Achieved average production of 24,108 boepd (86% liquids), an increase of 13% over Q3/22;
- Delivered adjusted funds flow ("AFF") of $86.9 million ($347.6 million annualized), an increase of 35% over Q2/23;
- Delivered $40 million of free cash flow (before dividends), representing 46% of AFF generated in the quarter;
- Reduced net debt by $25.5 million, while completing Surge's successful Q3/23 capital program for $43.9 million, AND distributing $11.9 million in dividends to shareholders;
- Successfully drilled 19 gross (16.3 net) wells in its Sparky and SE Saskatchewan core areas; and
- Closed an oversubscribed $48.3 million bought deal financing of 8.5% convertible debentures on October 19, 2023.

Please see the Advisories section at the back of this presentation for further details regarding forward-looking statements, oil and gas information, and non-GAAP and other financial measures.

The Surge Advantage



High Operating Netback, Conventional Assets

- Light/medium oil weighted asset base with large OOIP and low recoveries
- High porosity and permeability, low-cost conventional reservoirs provide better PEs, IRRs, and PIRs

Disciplined Capital Allocation

- Dominant positions in conventional Sparky and SE Saskatchewan oil plays
- Multi-year development drilling inventory
- Low 23% base decline underpinned by current and future waterflood operations

Proven Track Record of Execution

- Proven management team with track record of execution
- Strong governance with significant insider ownership = shareholder alignment

Free Cash Flow

- Focus on operational execution driving enhanced free cash flow and financial flexibility
- Targeting low net debt and leverage metrics; a shareholder returns based model with an increasing, compounding dividend

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2022 Reserves

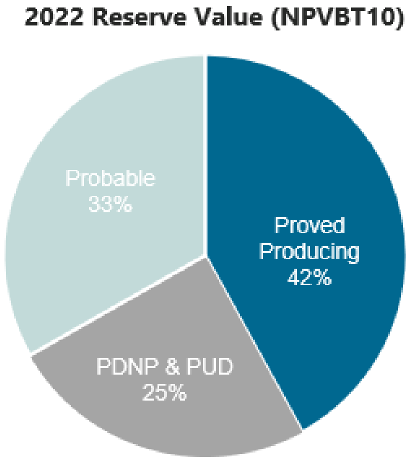
On March 8, 2023, SGY announced top tier reserves, F&D, and FD&A results as follows:

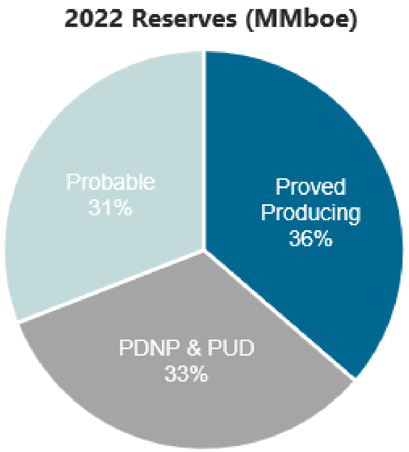
Reserves Summary and Net Present Value

Gross Reserves[1]	Crude Oil and NGLs[2] (Mbbl)	Natural Gas[3] (MMcf)	Oil Equivalent Total Reserves (Mboe)	NPVBT10[4,5] ($MM)
Proved:				
Proved Producing	39,070	33,053	44,579	1,054
Proved Non-Producing	1,509	1,013	1,678	40
Proved Undeveloped	32,518	35,762	38,478	581
Total Proved	73,097	69,828	84,735	1,676
Probable	32,702	31,400	37,935	835
Total Proved Plus Probable	105,799	101,299	122,670	2,511

In 2022, Surge delivered:

- PDP Finding & Development ("F&D") cost of **$22.08/boe**, including changes in FDC providing a recycle ratio of 2.54x on an unhedged 2022 operating netback of $56.12/boe
- PDP Finding, Development & Acquisition ("FD&A") cost of **$21.95/boe**, resulting in a 2.56x Recycle Ratio on an unhedged 2022 operating netback of $56.12/boe





1. Amounts might not add due to rounding
2. Includes light, medium, heavy, and natural gas liquids
3. Includes non-associated and natural gas, solution gas, and coal bed methane.
4. Before Tax Net Present Value of Future net Revenue discounted at 10%
5. Total ADR (Abandonment, Decommissioning, Reclamation) is included in the reserves report, as it is best practice stated in the COGE Handbook.

Net Asset Value

Surge's independent Sproule PDP NAV per share increased by 107% in 2022 (from $3.51 to $7.28 per share)

Surge Dec 31, 2022 NAV on YE2022 Sproule Reserves

(average WTI over first 5 years: US$83/bbl)

	PDP	Total Proved (1P)	Proved + Probable (2P)
Reserve Value NPV10 ($MM)[1]	$1,054	$1,676	$2,511
Net Debt ($MM)	$(352)	$(352)	$(352)
Total Net Assets ($MM)	$702	$1,324	$2,159
Basic Shares Outstanding (MM)	96.5	96.5	96.5
Estimated NAV per Basic Share	$7.28/share	$13.72/share	$22.37/share

1. NAV calculations are based on Reserves Before Tax Net Present Values of Future Net Revenue discounted at 10%.

SGY provides an excellent value proposition, trading at just 29% of its YE22 2P NAV/share.

SGY's peer group leading Free Cash Flow yield (~18%) and current $22.37 per share 2P NAV value provide a significant runway for continued shareholder value creation.

Proven Business Strategy

SURGE

Focused on sustainable returns and enhancing free cash flow

Surge executes on a simple, repeatable business strategy:

- Develop high quality, conventional oil reservoirs with proven technology, and further enhance recovery through waterflood;
- Strategically allocate capital to highest return opportunities to maximize free cash flow generation; and
- Continue to grow our commitment to robust environment, social and governance (ESG) principles.

1 DISCIPLINED CAPITAL ALLOCATION

Undertake low cost, low risk projects that support sustainability

2 FINANCIAL FLEXIBILITY

Focus on high return strategic opportunities to maximize free cash flow and shareholder returns, and enhance liquidity

3 RESPONSIBLE ESG PRINCIPLES

Continued focus on abandonment program to reduce corporate decommissioning liability

SUSTAINABLE STRATEGY

Please see the Advisories section at the back of this presentation for further details regarding forward-looking statements, oil and gas information, and non-GAAP and other financial measures.

Corporate Guidance for 2024

Key Guidance & Assumptions[3]

	US$75 WTI
2024 Annualized cash flow from operating activities[4]	**$295 MM**
2024 Annualized free cash flow before dividends	**$105 MM**
2024 All-in payout ratio (including $0.48/share annual dividend)	**81%**
2024 Exit net debt to exit cash flow from operating activities	**0.7x**

Market Snapshot

Basic Shares Outstanding[1]	100.3 MM
Average Daily Volume	0.5 MM Shares
Market Capitalization / Enterprise Value[2]	$652 MM / $938 MM

25,000 BOEPD
2024 Production Forecast (est.)

$190 MILLION
Sustainably-Oriented 2024 Capital Budget (est.)

$0.48
Annual per share dividend[4]

Focused on returns and enhancing free cash flow while managing risk

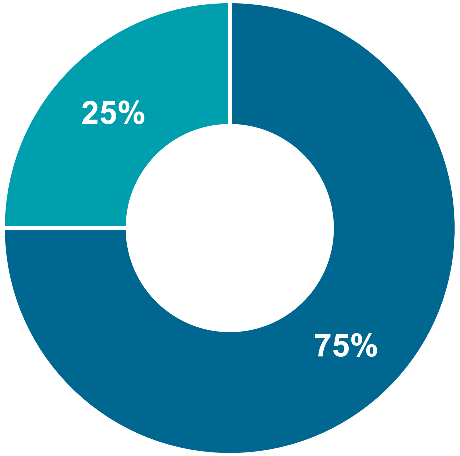
[1] As at December 7, 2023
[2] Market Cap and Enterprise Value at $6.50 per share SGY and based on net debt of $286MM as at September 30, 2023.
[3] Based on the following pricing assumptions: US$75 WTI/bbl; CAD$110.34 WTI/bbl; CAD$104.83 EDM/bbl; CAD $83.45 WCS/bbl; $2.95 AECO/mcf.
[4] Assumes nil change in non-cash working capital.
[5] Please see the Advisories section at the back of this presentation for further details regarding forward-looking statements, oil & gas information, and non-GAAP and other financial measures.

Return of Capital Framework

SURGE

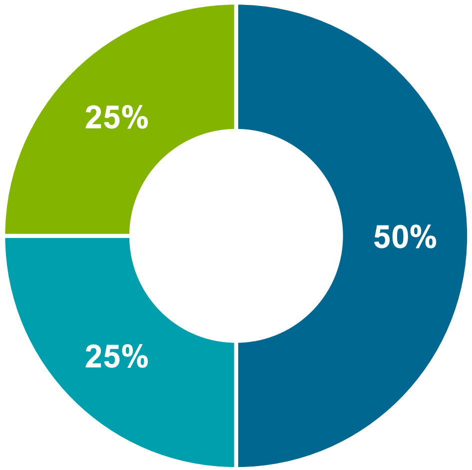
Surge is well positioned to deliver to shareholders a combination of:

- Share price appreciation (Sproule 2022YE 2P NAV of >$22/share);
- Continued **net debt repayment**, systematically increasing NAV per share;
- A sustainable base **monthly cash dividend** (currently a 7.5% yield);
- Strategic **share buybacks**;
- Potential for **variable or special dividends**; and
- A modest **production growth wedge**.



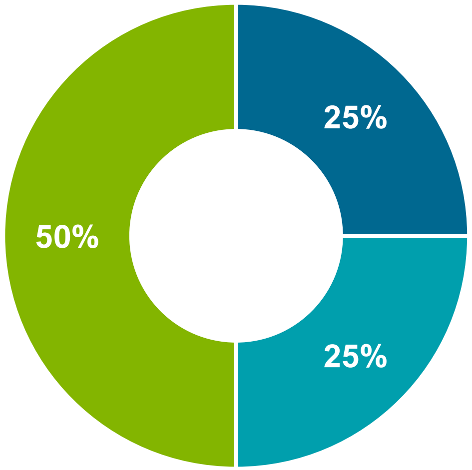
Phase 1 Net Debt Range:
>$250MM

- Debt Repayment (75%)
- Base Dividend (25%)



Phase 2 Net Debt Range:
$250MM - $175 MM

- Debt Repayment (50%)
- Base Dividend (25%)
- Share Buybacks, Acquisitions, Base Dividend Increases, Special Dividends (25%)



Phase 3 Net Debt Range:
<$175MM

- Debt Repayment, Acquisitions (25%)
- Base Dividend (25%)
- Share Buybacks, Special Dividends, Base Dividend Increases, Growth Wedge (50%)

SGY has accumulated more than **$1.4 billion in tax pools,** providing an attractive ~4 year tax horizon and allowing for maximum distribution of free cash flow on a tax-efficient basis.

The Company's return of free cash flow to shareholders will continue to follow a phased approach based on achieving certain net debt targets as set forth in the diagram above (based on 2022 guidance pricing of US$80 WTI).

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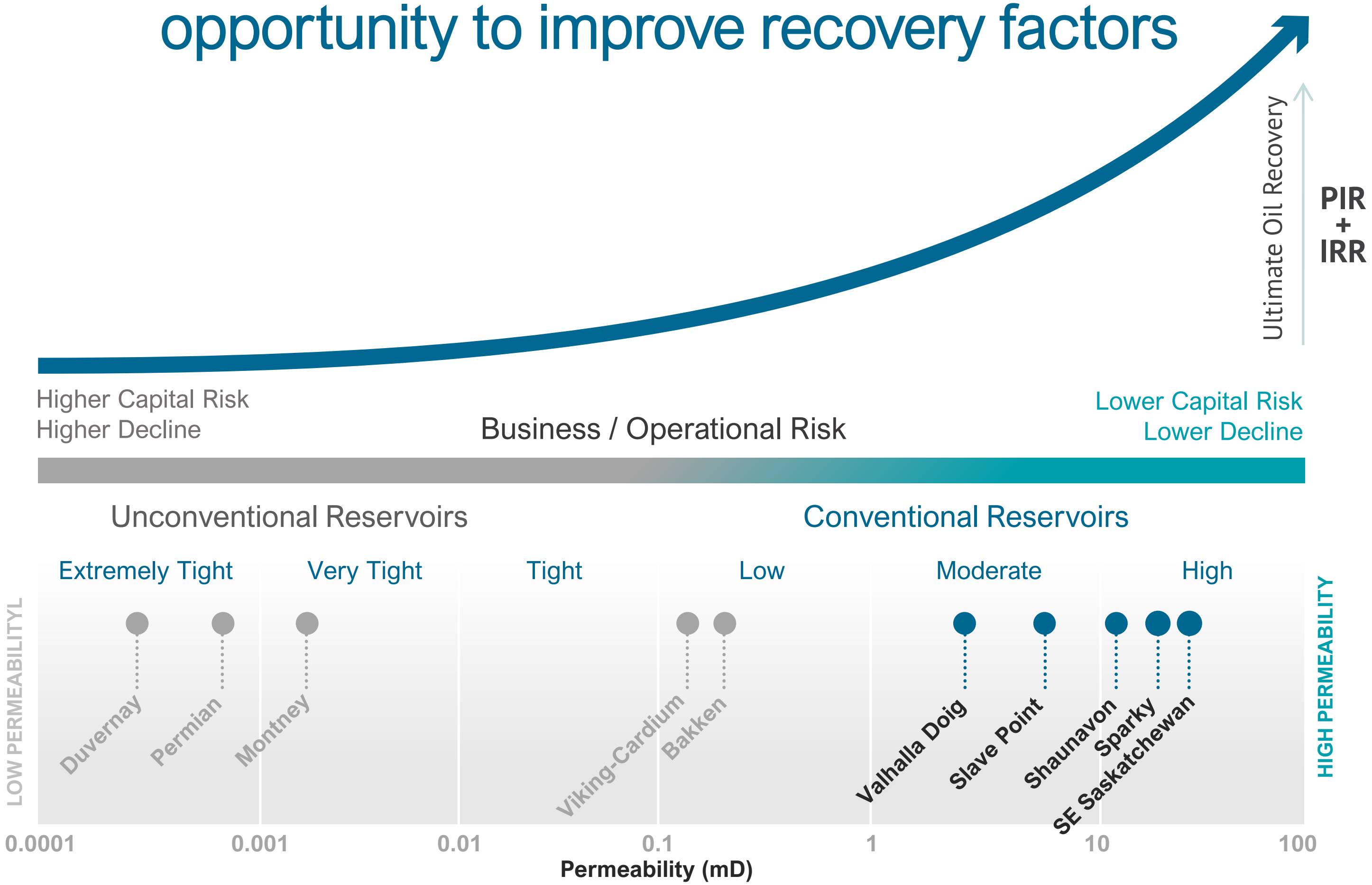
Advantages of Conventional Reservoirs

Surge proactively targets low risk conventional reservoirs. The Company currently has >3.0 billion barrels of net OOIP with an estimated 7.7% recovery factor (cum to date).

- High permeability and conventional reservoirs lower capital risk and decline profiles.
- Potential for greatly improved ultimate oil recovery and greater IRR and PIR.
- Enhanced oil recovery from waterflood potential lowers decline rates and adds incremental barrels at a low cost.

Conventional reservoirs offer lower risk, predictable, repeatable development with opportunity to improve recovery factors



Increasing permeability = higher quality reservoir

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Sparky and SE Saskatchewan

Surge offers exposure to ***two of the top three*** *conventional oil growth plays in Canada*

SURGE ENERGY INC

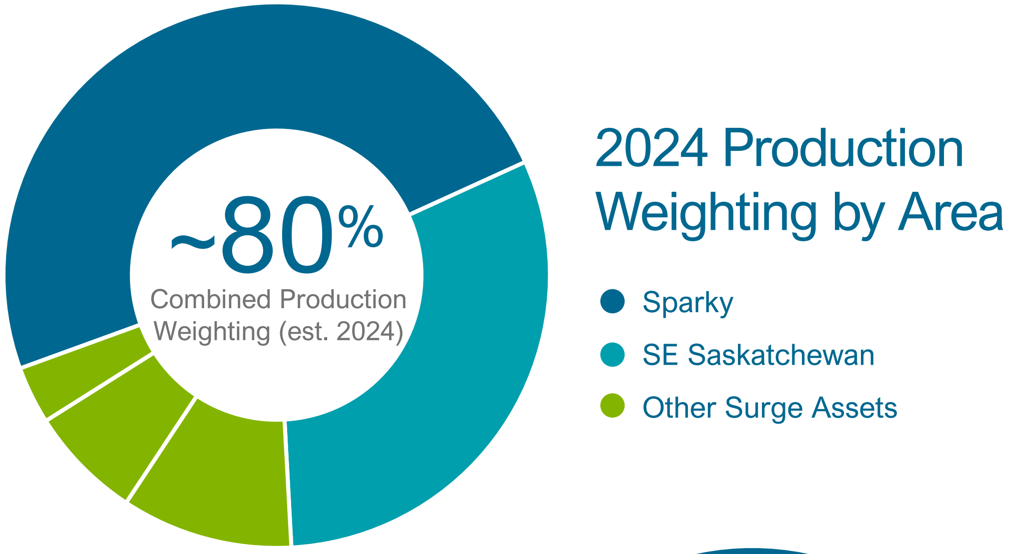
Sparky and SE Saskatchewan provide exceptional economics and a depth of drilling inventory

Sparky

Light/medium crude oil production with compelling returns. Low on-stream costs with extensive drilling and waterflood inventory provides excellent long term sustainable growth potential.

SE Saskatchewan

Highly focused, operated asset base with excellent light oil operating netbacks. Low-cost wells with short payouts. Potential for continued area consolidation.



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Sparky

A One-of-a-Kind Position

Surge holds a dominant land position and has drilled >55% of all horizontal multi-frac wells in the light/medium window of the Sparky

Sparky Formation Facts

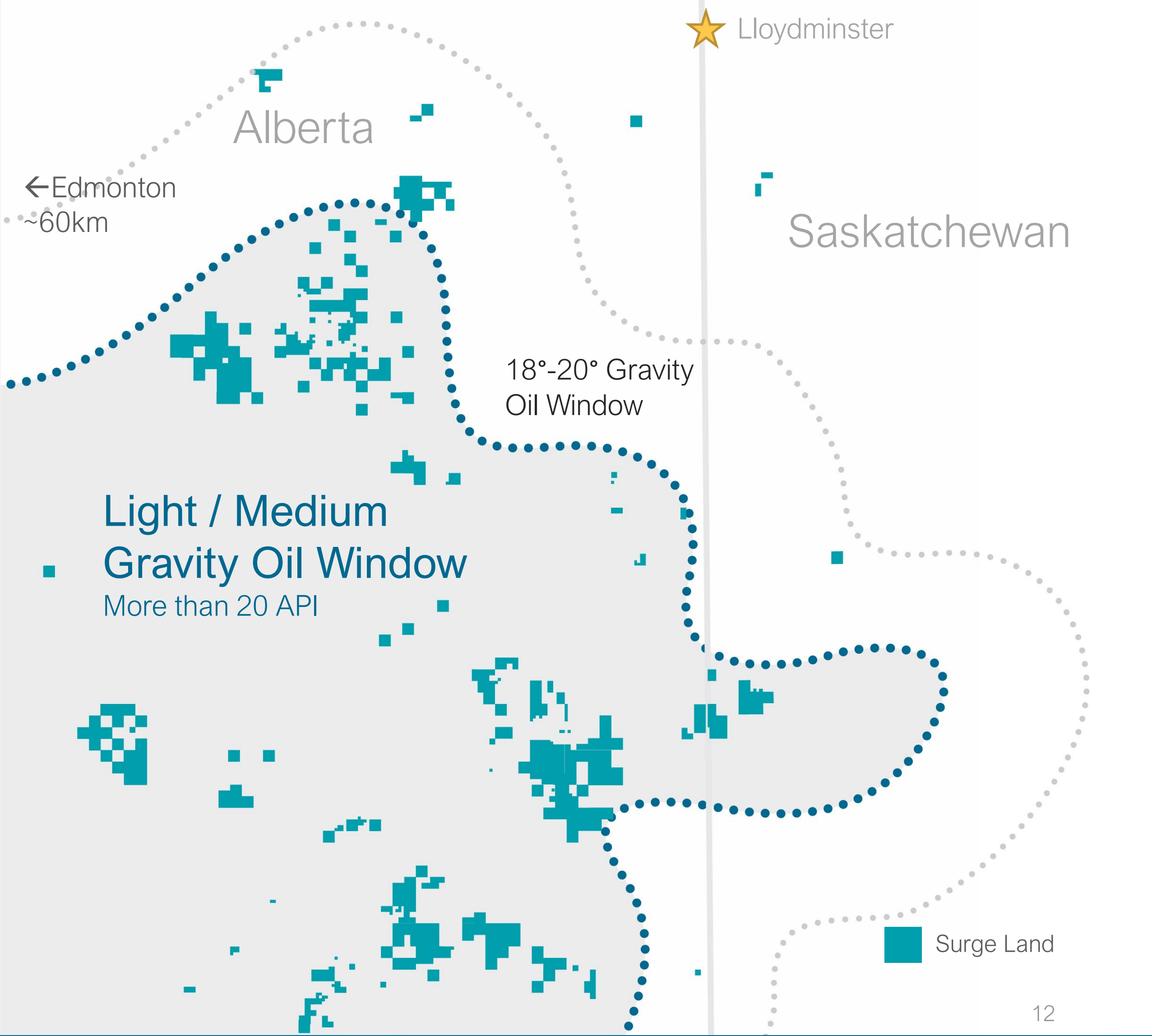
First Production	May 1922
Original Oil in Place	>11 Bbbls
Cum Production	~1.25 Bbbls
Recovery Factor to date	~11%
Producing Wells	~22,000
Hz Wells	~1,200
Multi-Stage Hz	>400
Surge Drilled Multi-Stage Hz	>230

- Large, well established oil producing formation in Western Canada
- Increasing market focus with operators implementing multi-leg horizontal in areas of higher oil viscosity; being compared to the Clearwater
- Per well economics with quick payouts and excellent rates
- Conventional sandstones support top-tier capital efficiencies
- Shallow depth (700-900m)
- Low geological risk due to 3D seismic and thousands of vertical penetrations

Data sourced from Canadian Discovery and Geoscout

Over 11 Billion Barrel Trend

One of Canada's Largest Accumulations of Oil

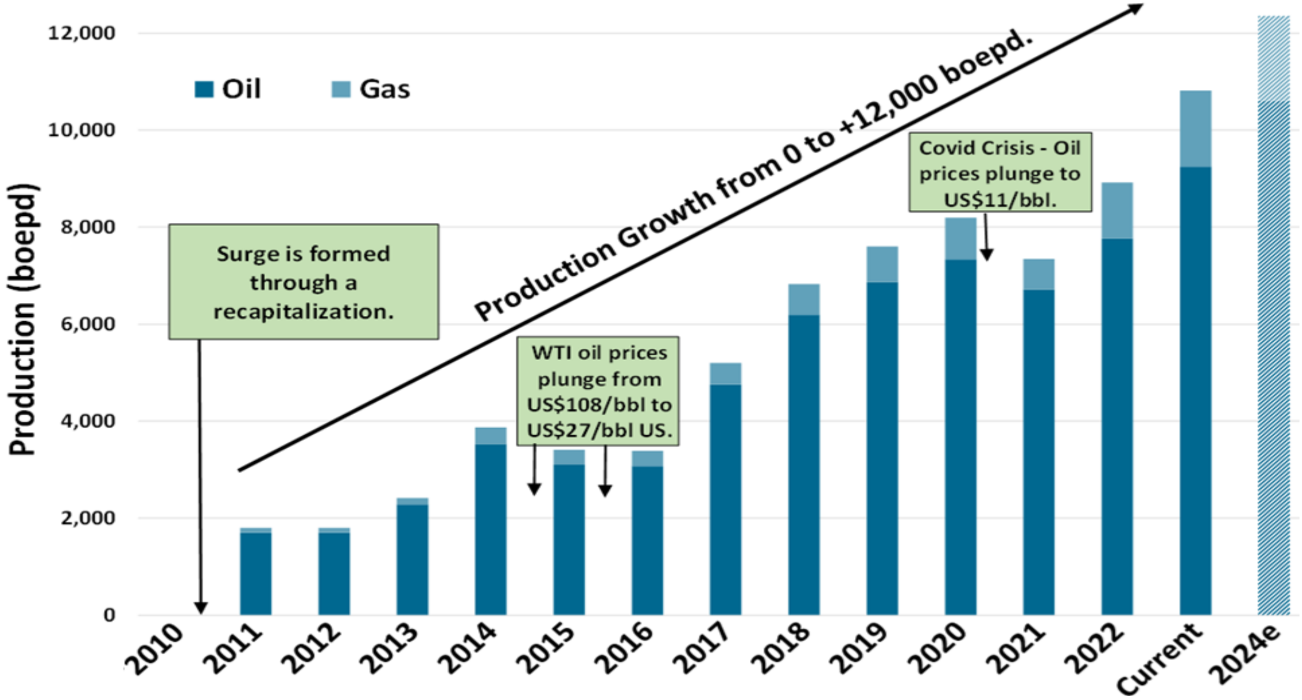


Long-Term Growth Potential

SURGE

Pad drilling, advanced horizontal multi-stage fracturing technology, and multi-leg horizontal success has unlocked the potential of the Sparky play

Sparky Core Area Production Growth



- Production has grown by >500% from 1,800 boepd in 2011 to ~12,000 boepd today
- Low-cost drilling (DCET of ~$1.6MM per well)
- Focus on lighter WCS oil gravity (18-31° API) = higher operating netbacks
- Proven waterflood potential (Wainwright pool at >35% recovery factor)

>1 billion bbls
OOIP net to SGY (internally estimated)

>480 net
Sparky core drilling locations

~12,000 boepd
Production (>85% liquids)

>$190 million
Field level cash flow (at US$80/bbl WTI)

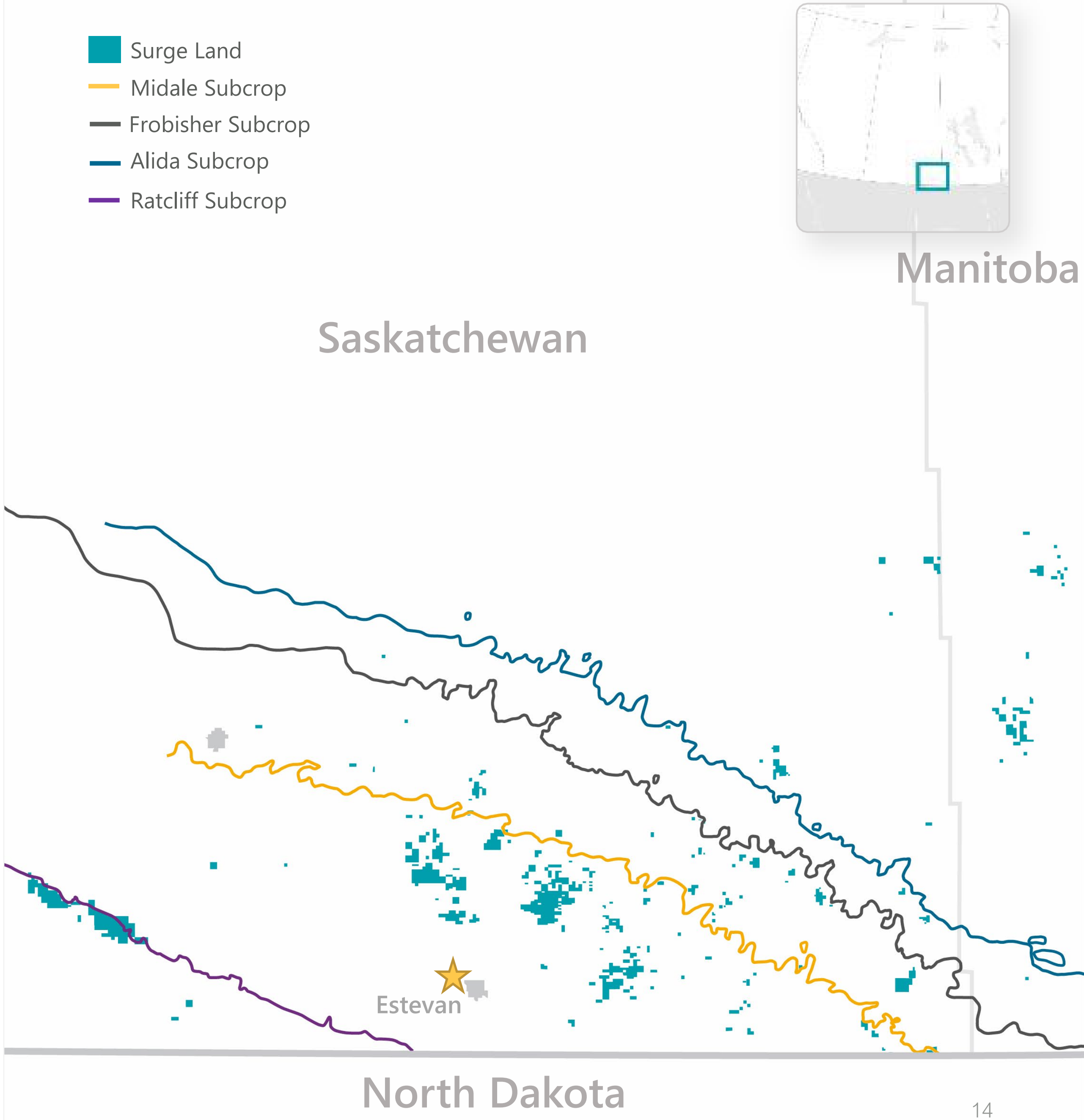
SE Saskatchewan

Leveraging Past Success

Surge's operational track record of success in SE Saskatchewan make this an exciting growth area

Area Benefits

- Organic growth opportunities plus strategic acquisitions or tuck-in consolidation
- Cost-efficient drilling (DCET of $1.4MM per well)
- Extremely quick turnaround from spud to on production (under 2 weeks)
- High operating netback light oil production and reserves
- Assets have low liabilities; minimal inactive ARO
- Year-round access



Data sourced from Canadian Discovery and Geoscout

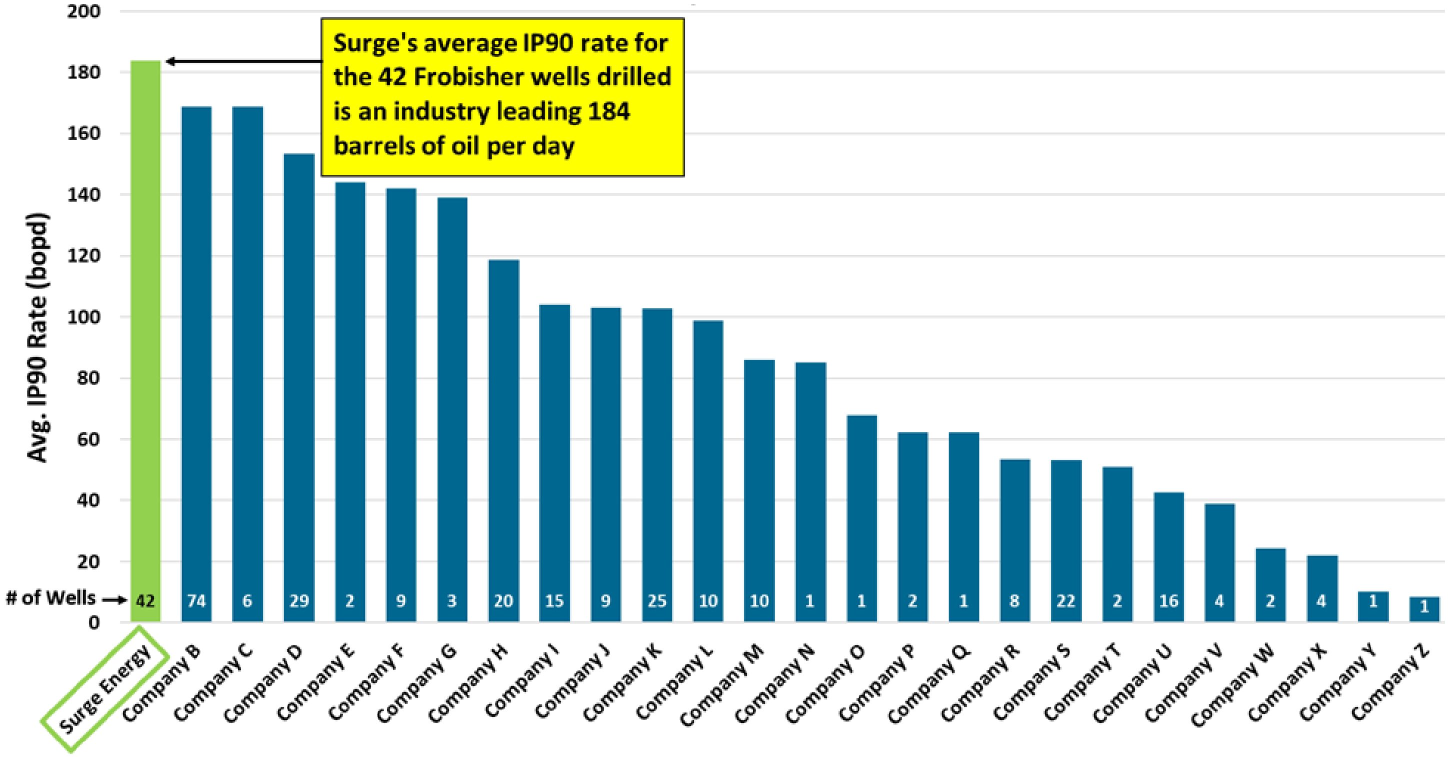
Key Growth Driver

SURGE

High operating netback light oil production and reserves from low risk, proven conventional reservoirs

Key Operational Areas	
SE Saskatchewan	~7,400 boepd (>90% light oil)
Manitoba	~600 boepd (~99% light oil)

SE Saskatchewan Frobisher Average IP90 By Operator *(January 2022 - June 2023)*



>400 million bbls
OOIP net to SGY *(internally estimated)*

>275 net
SE Saskatchewan drilling locations

>8,000 boepd
Production (>90% liquids)

>$150 million
Of field level cash flow (at US$80/bbl WTI)

Please see the Advisories section at the back of this presentation for further details regarding forward-looking statements, oil and gas information, non-GAAP and other financial measures, and additional metrics.

Committed to Sustainability

Surge continues to execute on its sustainability priorities

Sustainability Priorities	Sustainability in Action
Climate focus: Integrate climate risks and opportunities within both Board and Executive management mandates	Published 3rd annual TCFD-aligned Sustainability Report
Community engagement: Positively impact communities in which Surge operates	Spent $11.2 million abandoning 117 wells and reduced Scope 1 emissions intensity by 12% y/y in 2022
Safety above all else: Protect and maintain the well-being of employees and contractors	Conducted a pilot project to convert flared gas into sales gas through the installation of two Vapour Recovery Units
Well and pipeline abandonment: Continued focus on reducing our abandonment liability	Active sustainability advisory committee focused on supporting emission reduction targets and environmentally-focused projects
Board and Workplace Diversity: Committed to the objective of having a skilled workforce with diverse representation	Won the United Way Community Impact Award of Excellence for outstanding commitment to the Calgary community

Leadership

Paul Colborne

President & CEO

Paul Colborne has over 25 years of experience in the oil and gas industry and has been involved in a leadership, executive, or director capacity with over 30 oil and gas and energy services companies.

Jared Ducs

CFO

Jared Ducs is a Chartered Accountant with more than 17 years of accounting and finance experience in the oil and gas industry. Mr. Ducs is a founding member of Surge, having held several progressively senior positions with the Company.

Murray Bye

COO

Murray Bye is a Professional Engineer with more than 22 years of engineering experience including exploitation, production, and reservoir in Western Canada.

Derek Christie

Senior VP, Geosciences

Derek Christie is a Senior Energy Executive and Professional Geologist with over 28 years of wide-ranging experience across North American Basins in both Conventional and Unconventional Reservoir Exploration and Development.

Margaret Elekes

Senior VP, Land & BD

Margaret Elekes has more than 30 years of experience in the oil and gas industry focusing on negotiations, acquisitions, and divestitures in both Canada and the United States.

Board of Directors

Paul Colborne
President & CEO

Jim Pasieka[1]
Chairman

Marion Burnyeat[2,3]
Independent Director

Daryl H. Gilbert[2,4]
Independent Director

Michelle Gramatke[5]
Independent Director

Robert Leach[2,5,6]
Independent Director

Allison Maher[4,5]
Independent Director

Dan O’Neil[3,4]
Independent Director

Murray Smith[2,3]
Independent Director

Board Committees

1. Chair of the Board
2. Member of the Compensation, Nominating and Corporate Governance Committee. Mr. Smith serves as Chair.
3. Member of the Environment, Health and Safety Committee. Mr. O’Neil serves as Chair.
4. Member of the Reserves Committee. Mr. Gilbert serves as Chair.
5. Member of the Audit Committee. Ms. Maher serves as Chair.
6. Lead independent director of the Board.

Analyst Coverage

Financial Institution	Analyst	Email Address	SGY 12-Month Target Price
Acumen Capital Partners	Trevor Reynolds	treynolds@acumencapital.com	$12.25
ATB Capital Markets	Amir Arif	aarif@atb.com	$12.50
BMO Capital Markets	*Pending*		-
Canaccord Genuity	Mike Mueller	mmueller@cgf.com	$12.00
Cormark Securities	Garett Ursu	gursu@cormark.com	$12.00
Eight Capital	Phil Skolnick	pskolnick@viiicapital.com	$13.00
National Bank Financial	Dan Payne	dan.payne@nbc.ca	$12.00
Peters & Co.	Christian Comeau	ccomeau@petersco.com	$12.00
Raymond James	*Pending*		-
Schachter Energy Research	Josef I. Schachter	josef@schachterenergyreport.ca	$14.00
Stifel FirstEnergy	Michael Dunn	mdunn@stifel.com	$11.75
Velocity Trade Capital	Mark Heim	mark.heim@velocitytradecapital.com	$16.00

Corporate Information

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SGY.TO

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First Lien Lending Syndicate

National Bank of Canada

ATB Financial

BDC Capital

Auditor

KPMG LLP

Legal Counsel

McCarthy Tétrault LLP

Evaluation Engineers

Sproule

Registrar & Transfer Agent

Odyssey Trust

Investor Contacts

Paul Colborne, President & CEO
Jared Ducs, CFO
invest@surgeenergy.ca

Appendix

Supporting Assets

SURGE

Production

Greater Sawn / Carbonates	~2,900 boepd
Valhalla	~2,000 boepd
Shaunavon	~1,150 boepd
Minors	~300 boepd
TOTAL	~6,350 boepd

Greater Sawn

Concentrated Light Oil

>600 MMbbls net OOIP in concentrated, conventional Slave Point reefs

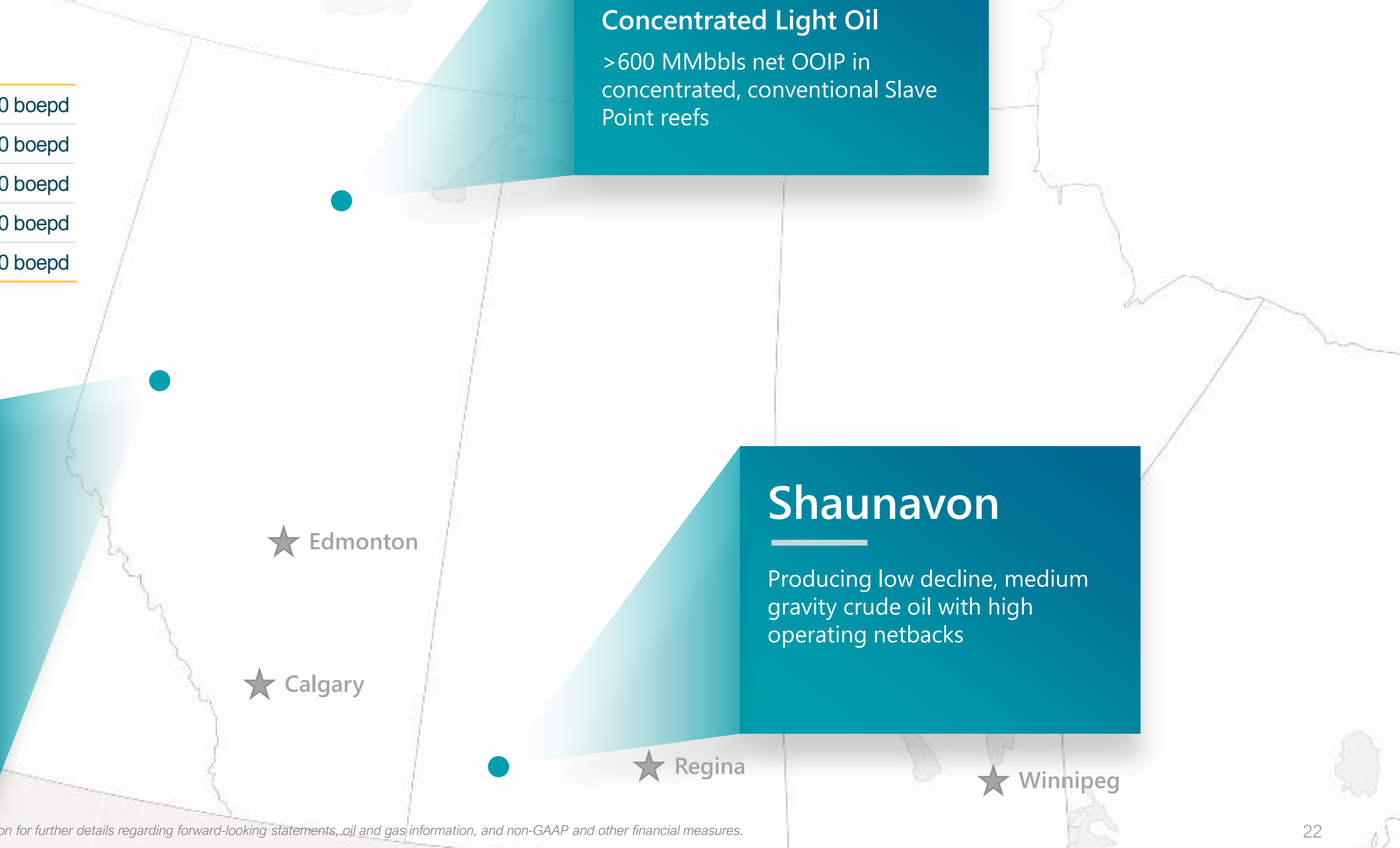
Valhalla

Stacked pay multi-zone potential

Light oil (~40° API) with extensive area infrastructure and access to multiple egress options = attractive operating netbacks

Shaunavon

Producing low decline, medium gravity crude oil with high operating netbacks



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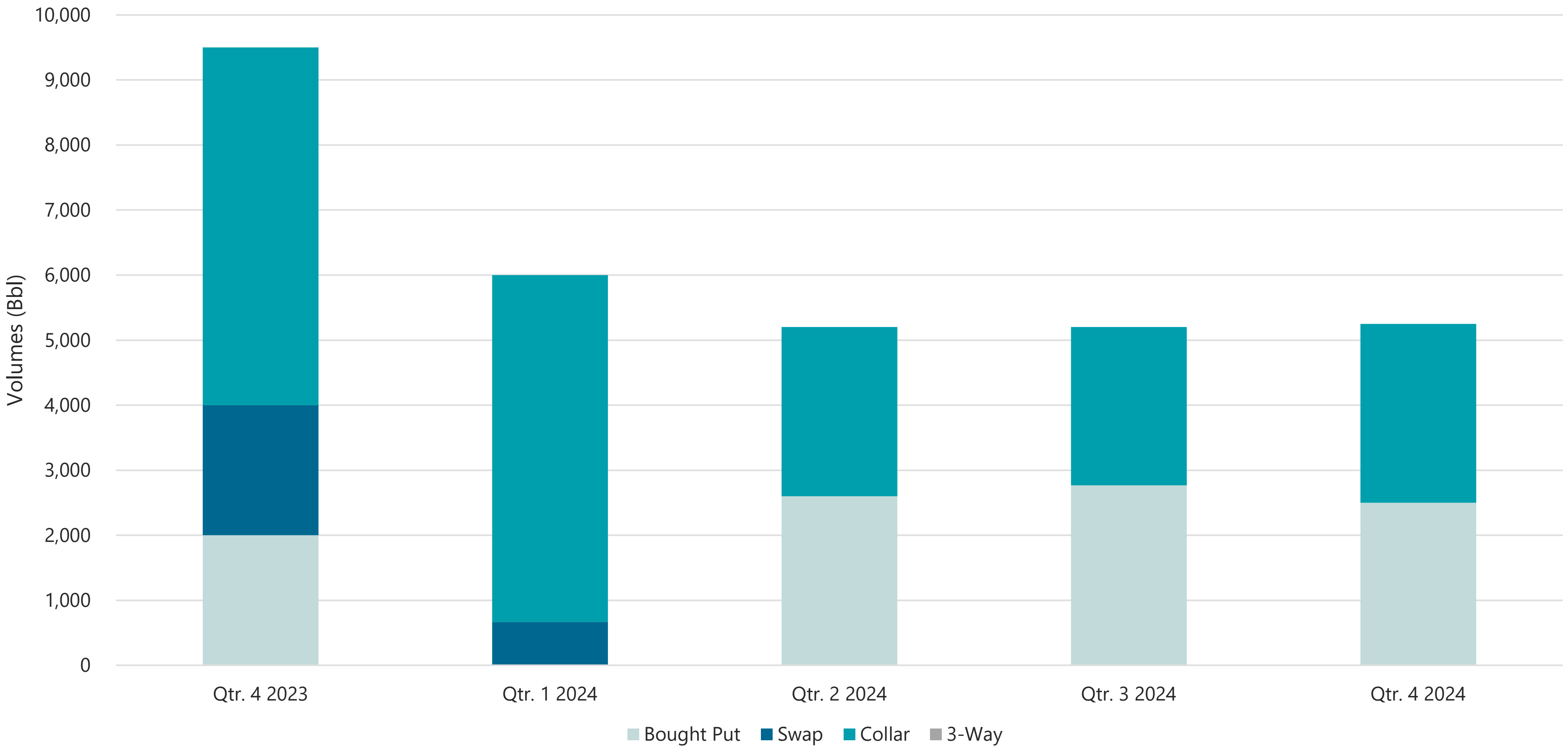
WTI Hedging Summary



Hedging Detail

WTI Crude Oil Derivative Contracts

	Swaps		Puts		Collars		
Period	Volumes	Avg. Price	Volumes	Average Bought Put	Volumes	Average Bought Put	Average Sold Call
Qtr. 4 2023	2,000	$85.03	2,000	$88.00	5,500	$62.58	$101.01
Qtr. 1 2024	681	$85.03	-	$-	5,336	$63.90	$92.69
Qtr. 2 2024	-	$ -	2,600	$62.71	2,600	$62.71	$87.50
Qtr. 3 2024	-	$ -	2,766	$61.69	2,433	$61.71	$91.71
Qtr. 4 2024	-	$ -	2,500	$65.00	2,750	$65.00	$100.00

WCS Contracts

	Swaps		Collars		
Period	Volumes	Avg. Price	Volumes	Average Bought Put	Average Sold Call
Qtr. 4 2023	1,500	-$ 15.35	1,500	-$ 14.00	-$ 19.25
Qtr. 1 2024	1,000	-$ 13.85	1,000	-$ 11.00	-$ 17.80
Qtr. 2 2024	1,000	-$ 13.85	1,000	-$ 11.00	-$ 17.80
Qtr. 3 2024	1,000	-$ 13.85	1,000	-$ 11.00	-$ 17.80
Qtr. 4 2024	1,000	-$ 13.85	1,000	-$ 11.00	-$ 17.80

Natural Gas Derivative Contracts

	SWAPS		Collars		
Period	Vol.	Avg. Price	Vol	Average Bought Put	Average Sold Call
Q4 2023	-	$ -	5,000	$ 3.67	$ 9.12
Q1 2024	-	$ -	4,500	$ 3.33	$ 10.99
Q2 2024	-	$ -	5,000	$ 2.47	$ 5.12
Q3 2024	-	$ -	5,000	$ 2.47	$ 5.12
Q4 2024	1,326	$ 5.64	3,674	$ 2.86	$ 5.62
Q1 2025	2,000	$ 5.64	3,000	$ 3.19	$ 6.04

All WTI and WCS prices are displayed in USD. Gas hedges shown in CAD

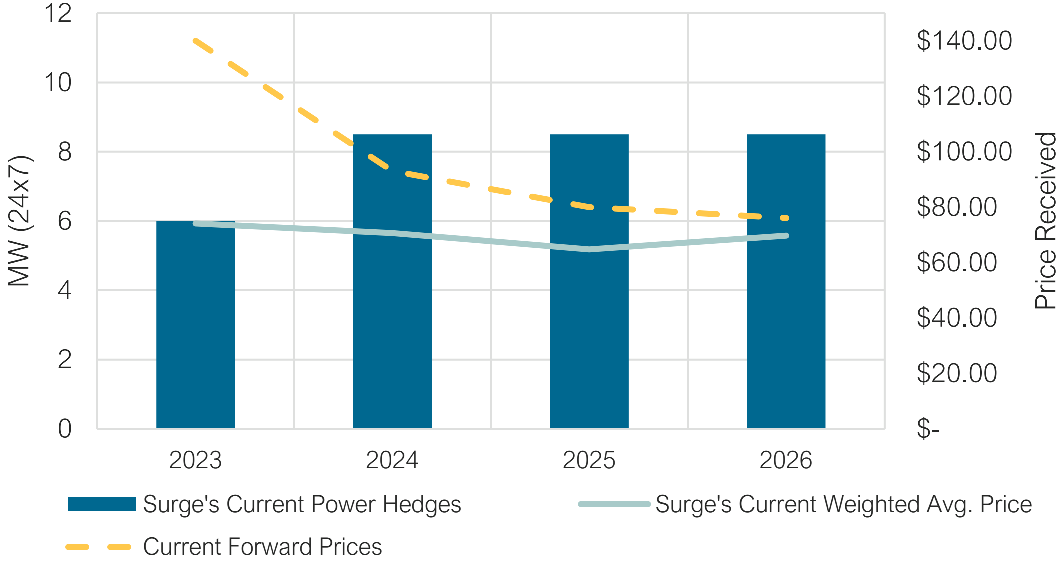
Hedging Detail

Interest Rate & Power

Interest Rate Hedges

Type	Term	Notional Amount (CAD)	Surge Receives	Surge Pays	Fixed Rate Surge Pays
Fixed-to-Floating Rate Swap	July 2019 – June 2024	$50,000,000	Floating Rate	Fixed Rate	1.785%

Surge Power Hedges



As power prices fluctuate significantly in winter months, power hedges protect against extreme price volatility.

Advisories - Forward-Looking Statements

This presentation contains forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

More particularly, this presentation contains statements concerning: Surge's continued focus on free cash flow generation and shareholder returns; Surge's plans for the allocation of cash flow; Surge's expectations regarding commodity prices; the anticipated usage of funds allocated in its 2024 capital and operating budget; anticipated 2024 free cash flow yield free cash flow yield; Surge's planned drilling program; Surge's drilling locations; and Surge's 2024 guidance, including average 2024(e) production; 2024(e) exploration and development expenditures; 2024(e) cash flow from operating activities; 2024(e) free cash flow; 2024(e) all-in payout ratio; 2024(e) exit net debt to 2024(e) cash flow from operating activities ratio; 2024(e) royalties as a % of petroleum and natural gas revenue; 2024(e) net operating expenses; 2024(e) transportation expenses; and 2024(e) general & administrative expenses.

The forward-looking statements are based on certain key expectations and assumptions made by Surge, including expectations and assumptions around the performance of existing wells and success obtained in drilling new wells; anticipated expenses, cash flow and capital expenditures; the application of regulatory and royalty regimes; prevailing commodity prices and economic conditions; development and completion activities; the performance of new wells; the successful implementation of waterflood programs; the availability of and performance of facilities and pipelines; the geological characteristics of Surge's properties; the successful application of drilling, completion and seismic technology; the determination of decommissioning liabilities; prevailing weather conditions; exchange rates; licensing requirements; the impact of completed facilities on operating costs; the availability and costs of capital, labour and services; and the creditworthiness of industry partners.

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, risks associated with the condition of the global economy, including trade, public health (including the impact of COVID-19) and other geopolitical risks; 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 reserve 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 constraint in the availability of services, adverse weather or break-up conditions; uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures; and failure to obtain the continued support of the lenders under Surge's bank line. Certain of these risks are set out in more detail in Surge's AIF dated March 8, 2023 and in Surge's MD&A for the period ended December 31, 2022, both of which have been filed on SEDAR+ and can be accessed at www.sedarplus.ca.

The forward-looking statements contained in this presentation 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.

Advisories - Oil and Gas Advisories

The term “boe” means barrel of oil equivalent on the basis of 1 boe to 6,000 cubic feet of natural gas. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 1 boe for 6,000 cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. “Boe/d” and “boepd” mean barrel of oil equivalent per day. Bbl means barrel of oil and “bopd” means barrels of oil per day. NGLs means natural gas liquids.

This presentation contains certain oil and gas metrics and defined terms which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar metrics/terms presented by other issuers and may differ by definition and application.

Original Oil in Place (“OOIP”) means Discovered Petroleum Initially In Place (“DPIIP”). DPIIP is derived by Surge’s internal Qualified Reserve Evaluators (“QRE”) and prepared in accordance with National Instrument 51-101 and the Canadian Oil and Gas Evaluations Handbook (“COGEH”). DPIIP, as defined in COGEH, is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of DPIIP includes production, reserves and Resources Other Than Reserves (ROTR). OOIP/DPIIP and potential recovery rate estimates are based on current recovery technologies. There is significant uncertainty as to the ultimate recoverability and commercial viability of any of the resource associated with OOIP/DPIIP, and as such a recovery project cannot be defined for a volume of OOIP/DPIIP at this time. As of January 1, 2023, Surge’s internally estimated OOIP of the Sparky Core area is 1.1 billion barrels of oil, with a total estimate of 127 million barrels of oil produced to date.

Reserve Life Index is calculated as Surge’s total share of Total Proved plus Probable reserves (122,670 mboe) as set forth in the Sproule Report divided by Surge’s estimated production of 25,000 boe/d.

Surge’s 2022 year-end Proved Developed Producing reserves have a decline of 25.8 percent and a Proved plus Probable Developed Producing decline of 23.6 percent. Declines are based off March-to-March monthly data to flush out impacts of December drilling.

Surge’s Net Asset Value is calculated as reserve value discounted at 10% on a before tax basis (Total Proved plus Probable: $2,511 MM; Total Proved: $1,676 MM) (each as set forth in the Sproule Report), less Surge’s net debt at December 31, 2022 of $352.2 million, and divided by 96.5 million basic shares outstanding as at December 31, 2022.

Reserves data set forth in this presentation is based upon an evaluation of the Company’s reserves prepared by Sproule as set forth in the Sproule Report. The reserves referenced in this presentation are gross reserves. The estimates of reserves contained in the Sproule Report and referenced in this presentation are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates contained in the Sproule Report and referenced in this presentation. The estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation. Readers should refer to the Surge’s AIF for the year ended December 31, 2022, which is available on SEDAR+ at www.sedarplus.ca or on Surge’s website at www.surgeenergy.ca, for a complete description of the Sproule Report (including reserves by the specific product types) and the material assumptions, limitations and risk factors pertaining thereto.

Drilling Inventory

This presentation discloses drilling locations in two categories: (i) booked locations; and (ii) unbooked locations. Booked locations are proved locations and probable locations derived from an internal evaluation using standard practices as prescribed in COGEH and account for drilling locations that have associated proved and/or probable reserves, as applicable.

Unbooked locations are internal estimates based on prospective acreage and assumptions as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Unbooked locations have been identified by Surge’s internal certified Engineers and Geologists (who are also Qualified Reserve Evaluators) as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill any or all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which the Company actually drills wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, the majority of other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Assuming a January 1, 2023 reference date, the Company will have over >1,150 gross (>1,050 net) drilling locations identified herein; of these >625 gross (>575 net) are unbooked locations. Of the 488.5 net booked locations identified herein, 366.1 net are Proved locations and 122.4 net are Probable locations based on Sproule’s 2022 year-end reserves. Assuming an average number of wells drilled per year of 80, Surge’s >1,050 net locations provide 13 years of drilling.

Assuming a January 1, 2023 reference date, the Company will have over >480 gross (>480 net) Sparky Core area drilling locations identified herein; of these >300 gross (>300 net) are unbooked locations. Of the 182 net booked locations identified herein, 126 net are Proved locations and 56 net are Probable locations based on Sproule’s 2022 year-end reserves. Assuming an average number of wells drilled per year of 40, Surge’s >480 net locations provide >12 years of drilling.

Assuming a January 1, 2023 reference date, the Company will have over >325 gross (>275 net) SE Saskatchewan drilling locations identified herein; of these >140 gross (>120 net) are unbooked locations. Of the 154 net booked locations identified herein, 105 net are Proved locations and 49 net are Probable locations based on Sproule’s 2022 year-end reserves. Assuming an average number of wells drilled per year of 40, Surge’s >275 net locations provide ~7 years of drilling.

Assuming a subset of SE Saskatchewan inventory, and a January 1, 2023 reference date, the Company will have over >190 gross (>160 net) SE Saskatchewan Frobisher drilling locations identified herein; of these >80 gross (>75 net) are unbooked locations. Of the 89 net booked locations identified herein, 56 net are Proved locations and 33 net are Probable locations based on Sproule’s 2022 year-end reserves.

Surge’s internal average Sparky type curve profile of 107 bbl/d (IP30), 84 bbl/d (IP90) and 120 mboe (108 mbbl Oil + 3 mbbl NGL’s) EUR reserves per well, with assumed ~$1.5 MM per well capital, has a payout of 9 months @ US$80/bbl WTI (C$88/bbl WCS).

Surge’s internal average Frobisher type curve profile of 240 boe/d (IP30), 185 boe/d (IP90) and 89 mboe (69 mbbl Oil + 10 mbbl NGL’s) EUR reserves per well, with assumed $1.36 MM per well capital, has a payout of ~10 weeks @ US$85/bbl WTI (C$108/bbl LSB).

Surge’s internally used type curves were constructed using a representative, factual and balanced analog data set, as of January 1, 2022. All locations were risked appropriately, and estimated ultimate recoverable (“EUR”) measured against OOIP estimates to ensure a reasonable recovery factor was being achieved based on the respective spacing assumption. Other assumptions, such as capital, operating expenses, wellhead offsets, land encumbrances, working interests and NGL yields were all reviewed, updated and accounted for on a well by well basis by Surge’s Qualified Reserve Evaluators. All type curves fully comply with Part 5.8 of the Companion Policy 51 – 101CP.

Advisories - Non-GAAP & Other Financial Measures

This presentation includes references to non-GAAP and other financial measures used by the Company to evaluate its financial performance, financial position or cash flow. These specified financial measures include non-GAAP financial measures and non-GAAP ratios, are not defined by IFRS and therefore are referred to as non-GAAP and other financial measures. Certain secondary financial measures in this presentation – namely "adjusted funds flow", "adjusted funds flow per share", "free cash flow", "net debt", "net operating expenses", "net operating expenses per boe", "operating netback", "operating netback per boe", and "adjusted funds flow per boe" are not prescribed by GAAP. These non-GAAP and other financial measures are included because management uses the information to analyze business performance, cash flow generated from the business, leverage and liquidity, resulting from the Company's principal business activities and it may be useful to investors on the same basis. None of these measures are used to enhance the Company's reported financial performance or position. The non-GAAP and other financial measures do not have a standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other issuers. They are common in the reports of other companies but may differ by definition and application. All non-GAAP and other financial measures used in this document are defined below.

Adjusted Funds Flow and Adjusted Funds Flow Per Share

Adjusted funds flow is a non-GAAP financial measure. The Company adjusts cash flow from operating activities in calculating adjusted funds flow for changes in non-cash working capital, decommissioning expenditures and cashed settled transaction and other costs. Management believes the timing of collection, payment or incurrence of these items involves a high degree of discretion and as such may not be useful for evaluating Surge's cash flows.

Changes in non-cash working capital are a result of the timing of cash flows related to accounts receivable and accounts payable, which management believes reduces comparability between periods. Management views decommissioning expenditures predominately as a discretionary allocation of capital, with flexibility to determine the size and timing of decommissioning programs to achieve greater capital efficiencies and as such, costs may vary between periods. Transaction and other costs represent expenditures associated with property acquisitions and dispositions, debt restructuring and employee severance costs, which management believes do not reflect the ongoing cash flows of the business, and as such reduces comparability. Each of these expenditures, due to their nature, are not considered principal business activities and vary between periods, which management believes reduces comparability.

Adjusted funds flow per share is a non-GAAP ratio, calculated using the same weighted average basic and diluted shares used in calculating income per share.

The following table reconciles cash flow from operating activities to adjusted funds flow and adjusted funds flow per share:

($000s except per share amounts)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cash flow from operating activities	71,315	69,170	186,429	197,150
Change in non-cash working capital	12,644	7,164	20,611	18,423
Decommissioning expenditures	2,695	3,532	7,305	5,528
Cash settled transaction and other costs	220	428	500	647
Adjusted funds flow	86,874	80,294	214,845	221,748
Per share - basic	$0.87	$0.96	$2.19	$2.66

Free Cash Flow, Free Cash Flow per Share, and Free Cash Flow Yield

Free cash flow is a non-GAAP financial measure, calculated as cash flow from operating activities, before changes in non-cash working capital, less expenditures on property, plant, equipment, and dividends paid. Management uses free cash flow to determine the amount of funds available to the Company for future capital allocation decisions.

Free cash flow per share is a non-GAAP ratio, calculated using the same weighted average basic and diluted shares used in calculating income per share.

Free cash flow yield is a non-GAAP ratio, calculated as free cash flow divided by the number of basic shares outstanding, divided by the Company's share price at the date indicated herein. Management uses this measure as an indication of the cash flow available for return to shareholders based on current share prices.

Net Debt and Net Debt to Cash Flow from Operating Activities

Net debt is a non-GAAP financial measure, calculated as bank debt, term debt, plus the liability component of the convertible debentures plus current assets, less current liabilities, however, excluding the fair value of financial contracts, decommissioning obligations, and lease and other obligations. There is no comparable measure in accordance with IFRS for net debt. This metric is used by management to analyze the level of debt in the Company including the impact of working capital, which varies with the timing of settlement of these balances.

($000s)	As at Sep 30, 2023	As at Jun 30, 2023	As at Sep 30, 2022
Accounts receivable	74,624	50,839	62,984
Prepaid expenses and deposits	3,050	5,814	3,055
Accounts payable and accrued liabilities	(83,978)	(76,038)	(82,298)
Dividends payable	(4,013)	(3,933)	(2,939)
Bank debt	(11,900)	(15,675)	(9,758)
Term debt	(230,624)	(239,716)	(159,108)
Convertible debentures	(33,454)	(33,124)	(76,197)
Net Debt	(286,295)	(311,833)	(264,261)

Net debt to cash flow from operating activities is a non-GAAP ratio, calculated as exit net debt divided by cash flow from operating activities. Management uses this ratio to measure the Company's overall debt position and to measure the strength of the Company's balance sheet. Surge monitors this ratio and uses this as a key measure in making decisions regarding financing, capital expenditures and dividend levels.

Advisories - Non-GAAP & Other Financial Measures

All-in Payout Ratio

All-in payout ratio is a non-GAAP ratio, calculated as expenditures on property, plant, and equipment divided by cashflow from operating activities. Management uses this measure to determine the amount of cash form operating activities that is used to reinvest in the exploration and development of its asset base.

This measure is provided to allow readers to quantify the amount of cash from operating activities that is being used to deploy into the Company's exploration and development program. A ratio of less than 100% indicates that a portion of the cash is being retained by the Company and can be used to fund items such as asset abandonment, repayment of debt, fund acquisitions or the costs related thereto, withholding tax obligations on stock-based compensation or other items.

Net Operating Expenses and Net Operating Expenses per boe

Net operating expenses is a non-GAAP financial measure, determined by deducting processing income primarily generated by processing third party volumes at processing facilities where the Company has an ownership interest. It is common in the industry to earn third party processing revenue on facilities where the entity has a working interest in the infrastructure asset. Under IFRS this source of funds is required to be reported as revenue. However, the Company's principal business is not that of a midstream entity whose activities are dedicated to earning processing and other infrastructure payments. Where the Company has excess capacity at one of its facilities, it will look to process third party volumes as a means to reduce the cost of operating/owning the facility. As such, third party processing revenue is netted against operating costs in the MD&A.

Net operating expenses per boe is a non-GAAP ratio, calculated as net operating expenses divided by total barrels of oil equivalent produced during a specific period of time.

	Three Months Ended September 30,		Nine Months Ended September 30,	
($000s)	2023	2022	2023	2022
Operating expenses	47,988	39,920	148,654	115,563
Less: processing income	(1,812)	(1,941)	(6,046)	(5,316)
Net operating expenses	46,176	37,979	142,608	110,247
Net operating expenses ($ per boe)	$20.82	$19.31	$21.56	$19.25

Operating Netback, Operating Netback per boe, and Adjusted Funds Flow per boe

Operating netback is a non-GAAP financial measure, calculated as petroleum and natural gas revenue and processing and other income, less royalties, realized gain (loss) on commodity and FX contracts, operating expenses, and transportation expenses. Operating netback per boe is a non-GAAP ratio, calculated as operating netback divided by total barrels of oil equivalent produced during a specific period of time. There is no comparable measure in accordance with IFRS. This metric is used by management to evaluate the Company's ability to generate cash margin on a unit of production basis.

Adjusted funds flow per boe is a non-GAAP ratio, calculated as adjusted funds flow divided by total barrels of oil equivalent produced during a specific period of time.

Operating netback & adjusted funds flow are calculated on a per unit basis as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
($000s)	2023	2022	2023	2022
Petroleum and natural gas revenue	184,475	179,297	501,922	561,420
Processing and other income	1,812	1,941	6,046	5,316
Royalties	(33,384)	(33,964)	(88,278)	(100,099)
Realized loss on commodity and FX contracts	(1,535)	(13,790)	(5,515)	(88,565)
Operating expenses	(47,988)	(39,920)	(148,654)	(115,563)
Transportation expenses	(2,902)	(2,554)	(10,344)	(8,426)
Operating netback	100,478	91,010	255,177	254,083
G&A expense	(4,716)	(4,218)	(14,117)	(12,436)
Interest expense	(8,888)	(6,498)	(26,215)	(19,899)
Adjusted funds flow	86,874	80,294	214,845	221,748
Barrels of oil equivalent (boe)	2,217,941	1,966,876	6,615,403	5,727,563
Operating netback ($ per boe)	$45.30	$46.27	$38.58	$44.36
Adjusted funds flow ($ per boe)	$39.16	$40.83	$32.49	$38.72