

SUSTAINABILITY REPORT 2023



*A Value Orientated, Public Energy Company
Driving Sustainable Returns*



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ABOUT THIS REPORT

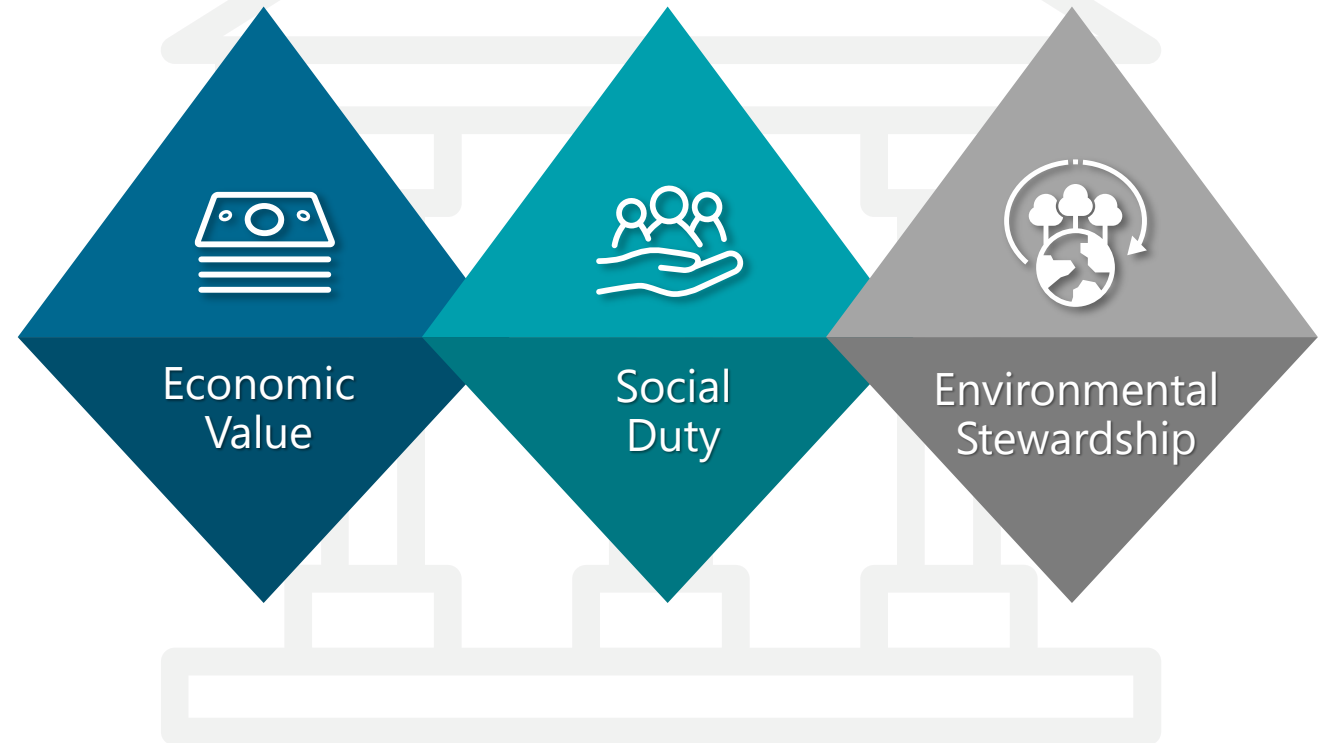
The information contained in this report is intended for Surge Energy Inc.'s ("Surge", or the "Company", or "we") internal and external stakeholders and covers its performance data for 2019 through 2023.

In 2019, Surge established a mandate to report under the Task-Force for Climate-related Financial Disclosures ("TCFD"). However, during 2023 the International Sustainability Standards Board (ISSB) published two new global reporting standards, S1 and S2. These new standards will become the benchmark for sustainability reporting within capital markets in Canada.

Currently Canada is undergoing a review process to modify and amend these standards to reflect Canadian issuers. It is anticipated that these standards will be adopted for the financial year-end 2024, marking a significant shift towards standardized global sustainability reporting practices.

As these standards are still under review, this report will continue to follow TCFD guidelines.

GOVERNANCE



WHO WE ARE

Surge Energy Inc is a Calgary based-public company focused on the acquisition, development, and production of crude oil and natural gas assets in Western Canada.

Surge focuses on low-risk, conventional reservoirs, with large oil-in-place, and low recovery factors. The Company strives to maintain a high working interest on our properties, which allows us to sustainably develop these premium assets.

Corporate Overview

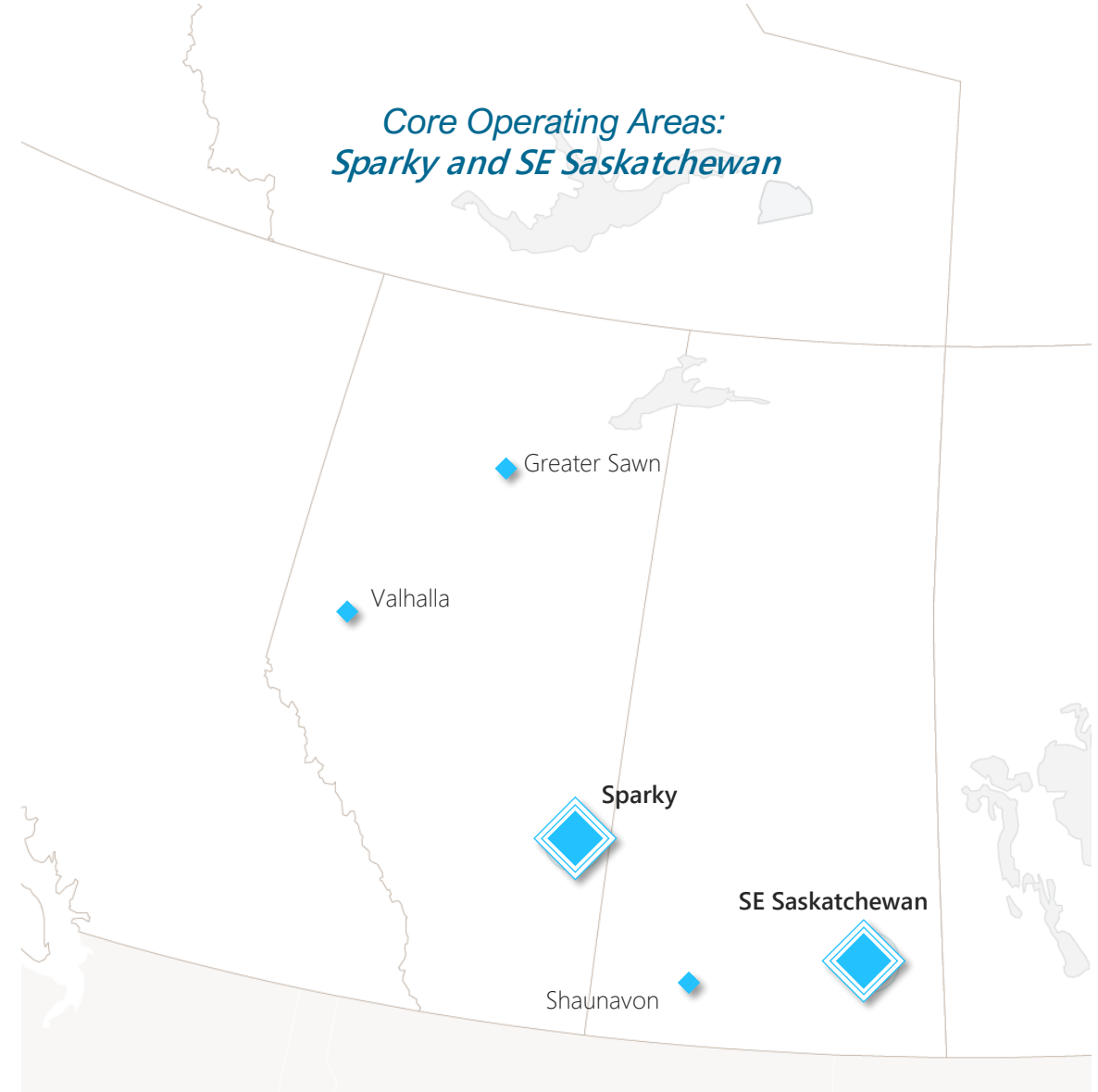
	2023	2022
Production (boe/d)	24,438	21,262
% Oil and NGL's	86%	85%
Royalties (\$000's)	\$119,513	127,548
Cash flow from operating activities (\$000's)	266,141	276,125

\$266 MM

Cash flow from operating activities

\$119 MM

Royalties paid to government





OUR VISION

Surge is a leader and trusted steward in the responsible development of Canadian resources. Through sustainable asset development and continuous engagement with stakeholders, we are dedicated to creating value for current and future generations.

Surge believes that sustainable development is not just a catch phrase, but a core pillar of our business. Our team takes great pride in balancing near term economic factors with longer term social and environmental impacts. By doing business this way, we can take all stakeholders into consideration from shareholders to landowners.

Surge has demonstrated the ability to balance these varied interests without detracting from our fundamental commitment to create and unlock shareholder value. When Surge realizes business success, it enables us to share that success with all Canadians through higher provincial royalty payments. This additional government revenue goes towards funding critical infrastructure such as roads, schools, hospitals, and social programs throughout Alberta and Saskatchewan.

Surge is also proud of the value we create within our communities to provide local employment opportunities and negotiating fair payments to landowners. Surge is very proud of the work we do and will continue to strive to do business the right way.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TCFD Overview

Stakeholders are requiring improved climate related disclosures from companies. Surge takes this responsibility seriously and has determined that the Task Force on Climate-related Financial Disclosures, or TCFD, is currently the most applicable framework to meet our stakeholders' needs.

The TCFD is a set of guidelines that aims to provide companies with a road-map for how to incorporate climate risk and opportunities into their existing governance, strategy, risk management, and data capture frameworks.

TCFD at Surge

To help implement the TCFD's recommended climate-related disclosures, Surge has created a Sustainability Advisory Committee. This team is comprised of a cross-functional group of individuals specializing in operations, human resources, environment, safety, finance, and risk.

Members of the Sustainability Advisory Committee are tasked with facilitating the development of frameworks, collating climate-related data for internal discussions, as well as supporting the operations team on the achievement of environmental targets. The Sustainability Advisory Committee is also responsible for providing updates to the executive leadership on the progress of our Sustainability strategy and programs.

Core Elements of Recommended Climate-Related Financial Disclosures



Adapted from the 2017 TCFD Report

SUSTAINABILITY REPORTING STRUCTURE

Board’s Oversight of Climate Risks & Opportunities

Surge’s Board and Executive team are responsible for reviewing company-wide climate objectives, goals, and strategies. The Board meets annually to review and approve long-term climate objectives, while holding management accountable to key strategic climate priorities.

Our Environment, Health, and Safety committee ("EH&S") oversees Surge’s Climate Risk Management program. The EH&S committee annually reviews our climate risk register and evaluates the current state of our industry regarding climate disclosures, climate regulations, and industry best practices. Key climate risks on our risk register have the potential to impact Surge’s ability to effectively meet our strategic corporate objectives. Two examples of key climate risks include emissions management and carbon pricing.

The EH&S committee meets quarterly to review the Company’s progress towards meeting both near and medium-term operational targets. Commencing in 2023, the Compensation, Nominating, and Governance committee has included emissions reductions as part of the performance criteria under our short-term incentive plan.

Management’s Role in Assessing Risks & Opportunities

Surge’s Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer collectively lead climate discussions internally and provide direction on key operational targets. These three executives are instrumental in balancing near-term climate targets with longer-term strategic goals, while enabling the full executive leadership team to carry out their climate-related tasks. Additionally, these Executives are tasked with identifying quality climate-related opportunities, either through government grants or strategic business partnerships (e.g., methane reduction programs).



The ISSB recommendations encourage companies to assess two general categories: physical risk and transition risk. Surge has committed to re-evaluate both physical and transition risks as part of our annual strategic review process.

Climate Risk and Opportunities






While climate change affects nearly all areas of the economy, the level of exposure and the impact of climate-related risks differ greatly by sector, industry, geography, and organization. These impacts can either be risks to operations or opportunities. TCFD separates risks into physical and transition. Physical risks are the direct impact of a changing climate on operations (e.g., weather), while transition risks have a more direct economic impact on the company (e.g., market risks).

Surge has worked diligently to integrate specific climate risks into our proven risk management process. Risks are assessed and estimated through a combination of quantitative and qualitative measures. By incorporating these risks into an existing risk management process, we can leverage Surge's operational know-how to address these issues. This integrated approach to risk management allows climate focus to be considered along with more traditional economic measures during our strategic decision-making processes.

Physical Risks

The physical risks of climate change arise from the direct impacts of a changing climate in the short, medium, and long-term. Surge recognizes that severe weather events are often associated with a changing climate and are more likely to impact our operations. If these weather events happen with more frequency or with greater severity, they potentially could have a negative impact on our operations. For example, destruction caused by severe weather events such as flooding, drought, severe thunderstorms, and snow or ice storms can result in property damage, including damaged facilities, lost power, and lost production.

Potential changes in extreme weather events, including increased frequency, duration, and severity are difficult to predict and make estimating any future financial risk with any degree of accuracy impossible; however, Surge has attempted to classify the type of physical risk in its occurrence and potential impact on our operations. Acute risk has shorter duration and high impact, while chronic risks are longer duration and growing impact.

	Category	Onset	Impact
	Flooding	Acute	Medium
	Fire	Acute	Low
	Drought	Acute	Low
	Rising Temperatures	Chronic	Low
	Winter Storms	Acute	Medium

Due to the location of our assets, certain physical risks such as landslides, earthquakes, and sea level change are not directly applicable.

Transition Risks & Opportunities

Transition risks relate to changes in the economy as we move towards a lower carbon intensive economy. As this transition progresses, a large suite of risks may appear that can affect corporations like Surge. These risks are generally categorized as: policy, legal, technology, and market-based risks. These risks are all interconnected, can materialize at different speeds, and can each affect Surge differently. Therefore, there is great uncertainty around the exact timing and impact these risks will have.

At Surge, transition risks are identified through a combination of quantitative and qualitative measures, including the potential financial impact these risks could have on Surge. This review is paired with mitigation plans to reduce the likelihood or impact these risks have on our operations. Surge considers short-term as under 5 years; medium-term, under 10 years; and longer-term as over 10 years in the future.

	TYPE	DESCRIPTION	MITIGATION	PRIMARY ANTICIPATED FINANCIAL IMPACT	TIMEFRAME
RISKS	Policy & Legal	Carbon pricing & carbon regulation	Carbon pricing is considered in the evaluations of new project economics. Carbon discussions at both the provincial and federal level are tracked to understand the potential impact of new climate regulations on Surge.	Increased expenses	Short
	Technology	Increasing competition from renewable energy	Our assets are characterized by low decline rates and exceptional resilience to various economic conditions, ensuring that our business remains competitive even as renewable and other emerging energy sources continue to evolve.	Lower revenue	Medium
	Market	Stranded assets, inability to raise equity or debt in public markets, credit risk.	Surge maintains a close working relationships with our lenders to ensure continued access to both equity and debt markets. Surge's strong asset base ensure strong continued cash flows that help drive a strong credit profile with our lenders. Each year, Surge's reserves undergo a rigorous independent assessment that incorporates the latest price forecasts and market assumptions to ensure continued viability of our asset base.	Lower revenue, increased expenses	Medium / Long
	Reputational	Stigmatization of the oil & gas industry	Surge is committed to doing our part as we transition to a low carbon economy. Our sustainability report is foundational to share the message of the work we are doing to reduce our emissions footprint.	Lower revenue	Short
OPPORTUNITY	Technology	Resource efficiency	Utilizing the latest technologies allows for more efficient operations e.g., instrument air conversions and the elimination of fuel gas compression.	Increased revenue / decreased expenses	Short

EMISSIONS MANAGEMENT

Surge adheres to stringent emissions regulations and seeks to meet or exceed all industry requirements. We continuously seek innovative ways to lower energy intensity, reduce fuel consumption, and mitigate our operational emissions to lower our overall carbon footprint.

A key part of these efforts is our continuing work to establish emission baselines that will enable us to set future targets, particularly pertaining to Scope 1 (direct emissions from our owned or controlled operations), and Scope 2 (indirect emissions related to the purchase of electricity or other energy forms). This report has helped to aid in creating a baseline for Surge's Scope 1 and 2 emissions. We aim to build upon this work and set realistic emissions targets in future sustainability reports. We are constantly looking to refine our protocols and procedures to further Surge's ability to accurately monitor, track, and quantify emissions.

In 2023 Surge Reduced Scope 1 Emission Intensity by 18%



Canada has some of the strictest environmental regulations in the world. As a nation, we are striving to become a global leader in reducing methane and other greenhouse gases. At Surge, we are proud to help Canada achieve those goals.

Surge is proud to help Canada reach these goals. By utilizing grant and loan programs to leverage our existing methane and emissions reduction programs, Surge is looking to create a more sustainable future for everyone. When Surge executes on these projects, it also allows us to partner with local service providers, creating meaningful employment and ancillary benefits for the local economy. Below are just a few of the programs Surge utilizes to help further Canada’s climate ambitions.

Pricing carbon pollution

Since 2019, a price on carbon pollution has been in place across Canada through either federal or provincial pricing systems. Each year the price of carbon rises, starting at \$20 a ton of CO2e in 2020 and expected to peak at \$170 a ton by 2030. This increasing levy incentivizes Surge to continue to look for ways to drive down emissions and save future costs.

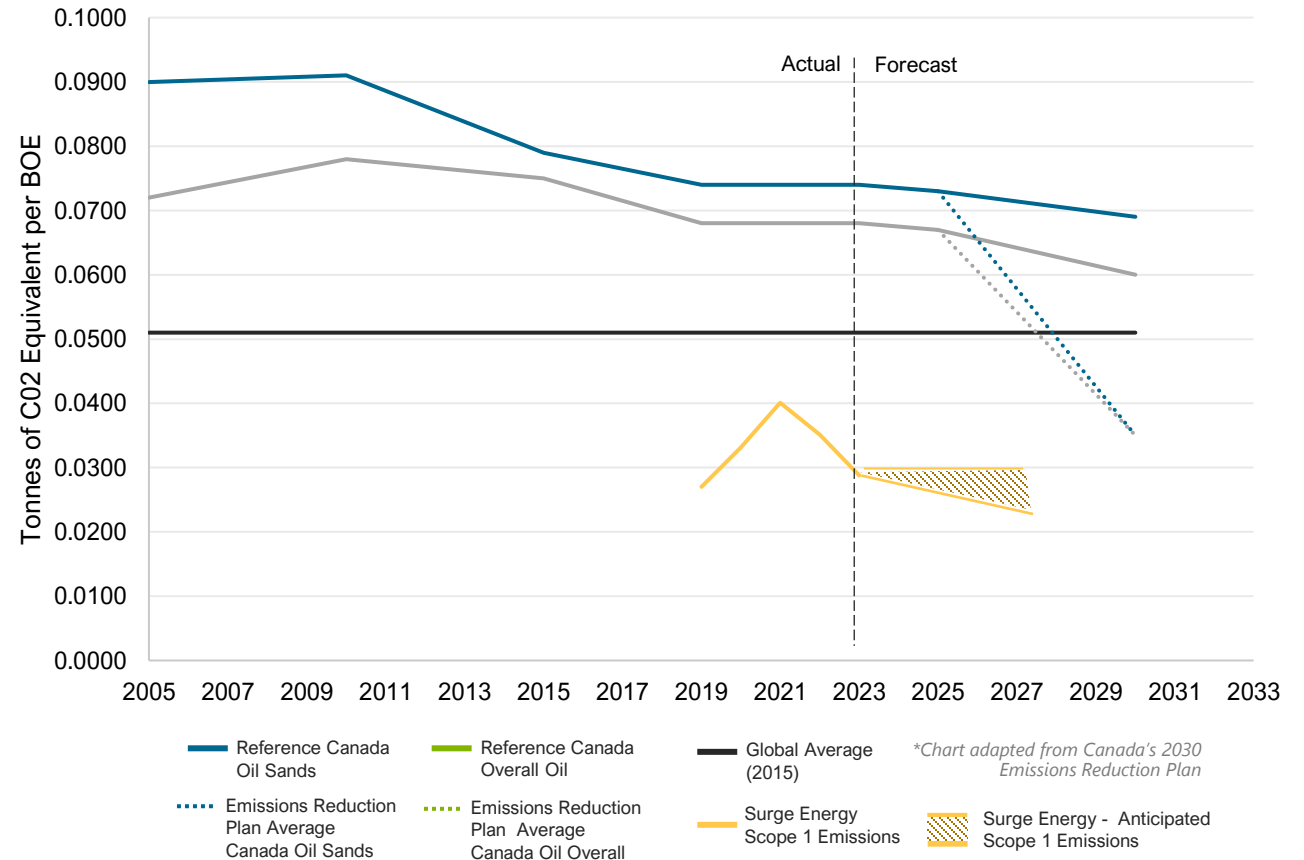
Programs Utilized: In Alberta, Surge follows the provincial program: Technology Innovation and Emission Reduction program; and in Saskatchewan we follow the federal program: Output-based Performance Standards.

Methane regulations

Generally, when oil is produced from a reservoir a combination of gases are also produced. These associated gases are comprised of methane. Methane has a much larger impact on the environment than carbon dioxide, and because of this outsized effect on our climate, Surge has focused on provincial methane reduction programs.

Programs Utilized: In Alberta, Surge follows D60 and in Saskatchewan, the Methane Action Plan.

CANADA OIL CARBON INTENSITY VS GLOBAL AVERAGE*



HEALTH & SAFETY

Key incidents or risks are tracked and used to inform our business decisions and help drive how our operations are managed. Safety objectives are incorporated into our annual compensation targets and directly linked to our ability to meet or exceed those targets. We regularly review these corporate safety targets across all levels of our Company to ensure continued improvement and safe staff.

Over 8 Years Without Lost Time Injury

Safety in Action

When it comes to the protection of our employees and contractors, we are very proud of Surge’s solid track record. Our Lost Time Incident Frequency ("LTIF") and Total Recordable Incident Frequency ("TRIF") performance indicators have been well below our peer competitor group’s numbers since Surge’s inception in 2010. This outperformance is largely due to our commitment to engage directly with employees and contractors, to clearly articulate the Company’s expectations regarding safe work performance, and the health and safety of all involved or impacted by Surge’s operations. From 2016 to 2023, Surge recorded an LTIF of zero, and in 2023, recorded a TRIF of 0.45.

Our integrated safety culture is evidenced by a host of factors and behaviors, which include:

Monthly area safety meetings



Surge holds monthly area safety meetings in all locations. Each meeting includes a standard meeting package and agenda where messages and case studies from across the Company are shared.

Engagement at safety meetings



We require active involvement by our Calgary-based technical staff and our executive during our safety meetings, which leads to shared experiences and a diverse outlook; ultimately leading to a more enriched and effective experience for all.

Annual EH&S Committee field tours



Each year we conduct a field tour organized by our EH&S Committee which provides further engagement between the Board, executive, management, field, and operational teams. These tours foster productive interaction and understanding between various groups within the organization.

Quarterly Board meetings with EH&S committee meetings



Surge updates executive and Board members on our ongoing safety performance as well as overall compliance with regulations, policies, and industry practices. Outcomes of these meetings results in communication, feedback, and potential adjustments to work practices to enhance health and safety.

Emergency Response Planning

Surge adheres to stringent emissions regulations and seeks to meet or exceed all industry requirements. We continuously seek innovative ways to lower energy intensity, reduce fuel consumption, and mitigate our operational emissions to lower our overall carbon footprint.

To ensure Surge is always prepared and ready to quickly respond to any potential emergency, we maintain robust emergency planning and response programs. By establishing countermeasures to potential threats and associated risks, we aim to protect employee and contractor safety, as well as ensure the safety of our surrounding communities and the environment.

We keep and maintain detailed ERP at Surge for each area in which we have active operations. We also conduct regular ERP training and exercises within each of our operating areas. On an annual basis, Surge undertakes large-scale training exercises and table-top events at each field area, while smaller discussion topics are advanced and documented within each area's safety meetings. Surge demonstrated our commitment to adopt new and innovative technologies by implementing a fully dedicated Emergency Response digital application. This app has streamlined communication between participants during ERP exercises and live events regardless of their location.



ASSET INTEGRITY

Spill Mitigation

Surge takes concerted steps and actions to mitigate risk by ensuring the integrity and reliability of our assets, operations, and infrastructure.

Surge has a rigorous pipeline integrity program, and we remain committed to actively abandoning inactive wells, decommissioning facilities at the end of their life, and having a plan for remediation and reclamation of these sites. This commitment to responsibility and sustainability has allowed Surge to meaningfully engage with government sponsored programs.



Visual Inspections and Daily Checks

Pipeline rights-of-way's are inspected from the air or the ground. Checks are done for signs of leaks, any visible external damage, or to ensure there have been no changes to the area such as vegetation overgrowth or erosion which could require maintenance. Visual inspections are conducted based on a risk-based schedule ranging from bi-monthly to annually. In addition, operators verify pressures and production numbers from the wells and facilities to account for all volumes daily.

Corrosion Prevention

With many of our pipelines composed of metal, preventing corrosion is a critical part of pipeline safety. The pipeline's exterior is protected from corrosion through protective coatings and cathodic protection, while its interior walls are safeguarded by injecting corrosion inhibiting chemicals.

Innovative Aerial Inspections

Using thermal imaging and laser gas chromatography surveys on certain sections of our pipeline system, Surge can detect abnormalities, gas leaks, or other issues.

Technology Solutions for Leak Detection

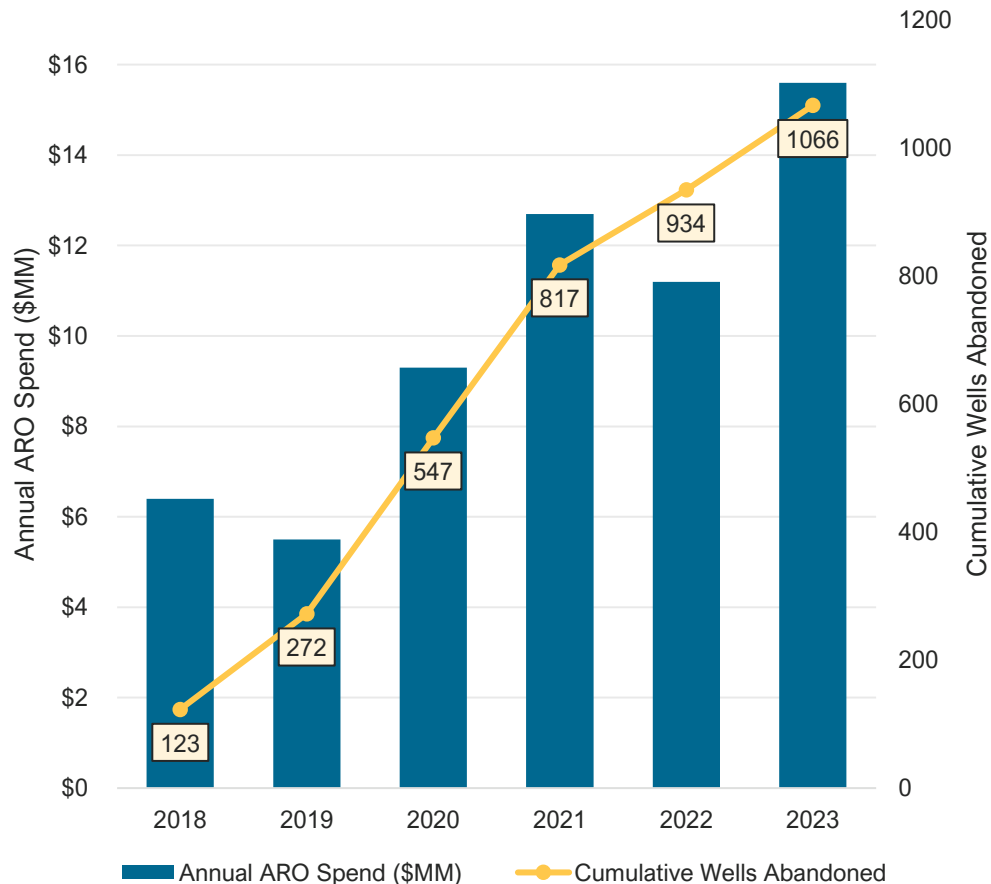
Surge utilizes an industry-leading technology solution for remote monitoring that enables us to always be aware of the status of our assets and receive immediate alerts if conditions change, followed by an automatic shutdown. This helps to prevent spills or significantly minimize their impact.

In-line Inspections

This preventative maintenance exercise for higher risk or older pipelines helps identify corrosion, cracks, or other defects that could result in failure of the structure and lead to a spill. Using technologically advanced equipment, often referred to as "smart pigs" or intelligent inspection tools, pipelines can be internally inspected for anomalies, corrosion, or other concerns, while also measuring the pipeline's internal and external characteristics.

Asset Retirement

As part of our unwavering commitment to the environment, Surge is actively engaged in the comprehensive lifecycle management of energy projects, encompassing well abandonment, pipeline abandonment, surface decommissioning, facility abandonment, and environmental site assessments. We ensure the removal of equipment and cleanup of hazardous materials to mitigate environmental and public risk.



Environmental Site Assessments

Surge conducts thorough Environmental Site Assessments (ESAs) to identify, estimate, and evaluate our environmental impact. Phase 1 of an ESA looks at assessing historical and current land use to identify potential environmental risks and areas of concerns. In Phase 2, Surge tries to improve its understanding of the issues found in Phase 1 including a detailed, quantitative investigation on the full extent of these concerns. We are proud of this diligent approach as it enables us to mitigate negative environmental effects effectively, ensuring responsible decision-making and commitment to environmental stewardship.

Surface Decommissioning

We are committed to the diligent decommissioning of surface sites, focusing on the removal of as much infrastructure as possible, including facilities, surface pipelines, and wells. This process is driven by the goal to return the land to its previous state or better and aiming to minimize the environmental impact as much as is possible. We retain only those infrastructures deemed beneficial for the continued monitoring or access to the site, such as access roads for landowners.

Well & Pipeline Abandonment

Surge ensures the responsible abandonment of wells and pipelines as part of our continuing commitment to the communities in which we operate. We adhere to strict regulatory requirements, sealing wells and dismantling pipelines that are no longer in use to eliminate any potential environmental or public risks. The abandonment process involves thorough procedures to ensure the long-term integrity of the sites, including emptying and purging lines, isolating pipelines, and sometimes leaving them in situ to avoid further land disruption. Surge remains permanently responsible for maintaining these lines in accordance with provincial regulations.

Water Management

Surge's water strategy is focused on combining our unique geology and reservoir advantages with the latest technology to find the best ways to protect this vital, shared natural resource.

Surge is a responsible water manager in all areas in which we operate. We will continue to collaborate with our community stakeholders and continue to find ways to minimize the water we use in our operations.

Conventional Reservoir Geology

The geology and reservoir type greatly impacts how much water will be used during the drilling of oil and gas wells. Surge is focused on conventional oil and gas reservoirs, which require much less water to develop. We currently use between 700 to 900 cubic meters of surface water per well. This represents less than 5% of water that would be used in unconventional oil plays.

Water and Technology

Surge actively seeks to use best-in-class technology, such as optimized polymer loading and sand schedules, that allow us to reduce our reliance on fresh water in our operations where possible. We are consistently seeking ways to upgrade our well designs and tweaking the chemistry of our stimulations to create as little impact on the environment as possible. Our enhanced oil recovery waterflood program only uses produced and non-potable water which means that water is not adversely removed from the ecosystem and surrounding areas.

Collaboration

Surge is proactive in finding ways to reduce our fresh-water consumption and actively seeks engagement from stakeholders to ensure proper and safe water use is undertaken. Where possible, Surge sources water from dugouts and ponds, while adhering to strict provincial policies as they relate to temporary water sources and groundwater protections. As we continue to find ways to reduce our reliance on surface water, Surge has identified alternative sources of water such as non-potable municipal waste-water and other non-potable sources. Surge is proud to be recognized as a responsible water manager in the areas in which we operate.



DATA TABLE

<i>Production</i>	Units	2019	2020	2021	2022	2023
Total	Boe/d	21,175	17,976	17,642	21,262	24,438
Oil	Bbl/d	17,127	14,558	14,280	17,413	20,434
NGL	Bbl/d	692	600	600	708	704
Conventional Natural Gas	Mcf/d	20,135	16,906	16,571	18,844	19,801

Wells

Number of producing wells	Net	1,985	1,761	1,698	1,931	1,983
Number of non-producing wells	Net	2,867	2,913	3,155	3,245	3,114
Wells abandoned	Net	149	275	270	117	132
Pipelines abandoned	kms	37	156	296	249	101
Active Reclamation Sites	count	100	349	387	328	229
Reclamation certificates received	count	23	25	12	17	21
Gross ARO Spend	\$ Thousands CAD	\$ 5,522	\$ 9,253	\$ 12,700	\$ 11,200	\$15,600

DATA TABLE

<i>Emissions</i>	Units	2019	2020	2021	2022	2023
Direct, scope 1	CO ₂ e tones	208,586	217,463	258,981	272,372	257,084
Carbon Dioxide (CO ₂)	CO ₂ e tones	159,380	168,503	175,187	196,603	186,254
Methane (CH ₄)	CO ₂ e tones	56,864	54,170	95,027	74,245	67,657
Fuel combustions*	CO ₂ e tones	95,917	106,363	96,054	114,705	106,189
Flare	CO ₂ e tones	70,093	72,434	84,218	102,320	97,893
Vent	CO ₂ e tones	42,016	36,903	62,073	51,430	50,210
Fugitives	CO ₂ e tones	560	1,762	16,636	3,918	2,792
Indirect, Scope 2	CO ₂ e tones	82,087	74,799	77,617	100,994	133,153
Total, Scope 1 & Scope 2	CO ₂ e tones	290,673	292,262	336,598	373,366	390,237
Direct GHG intensity	tones CO ₂ e/boe	0.0270	0.0331	0.0401	0.0351	0.0288
Indirect GHG intensity	tones CO ₂ e/boe	0.0106	0.0114	0.0120	0.0130	0.0149
Total GHG intensity	tones CO ₂ e/boe	0.0376	0.0444	0.0521	0.0480	0.0436
Carbon dioxide sequestered	CO ₂ e tones	2,691	5,666	5,414	5,352	5,215

DATA TABLE

<i>Water</i>	Units	2019	2020	2021	2022	2023
Fresh water, withdrawals	m3	61,578	31,402	81,718	66,363	31,739
Non-potable water withdrawals	m3	73,828	2,642	84,053	24,505	36,480
Fresh water intensity	m3/boe	0.0080	0.0048	0.0127	0.0086	0.0036
Produced water (Saline), withdrawals	m3	7,237,796	9,426,980	10,300,057	9,633,852	15,590,660
Injected for waterflood	m3	7,269,163	8,754,230	9,894,381	9,726,208	15,762,287

Spills

Number of reportable spills	count	8	6	8	17	11
Total volume of reportable spills	m3	62	35	42	95	60
Spill intensity	m3/boe produced	0.00291	0.00195	0.00238	0.00447	.00246
Pipeline incidents	count	7	5	7	10	4
Pipeline distance (total)	kms	3,865	3,865	4,007	5,304	5,304

Health and Safety

Exposure hours	hours	1,107,530	680,827	1,107,000	1,467,775	1,795,500
Total recordable injury frequency (TRIF)	Total	0.36	0.88	0.36	0.55	0.45
Lost-time injury frequency (LTIF)	Total	-	-	-	-	-
Fatalities	Total	-	-	-	-	-

ADVISORIES

Advisories and Forward-Looking Statements

We have taken care to ensure the information in this report is accurate. However, this report includes aspirational goals and estimates, which will differ from actual results. This report is for informational purposes only and must not be reproduced, redistributed or published in whole or in part for any purpose. Surge disclaims any responsibility or liability whatsoever relating to the accuracy, adequacy, completeness or correctness of the information or opinions contained in this report, and as relating to the reasonableness of projections, targets, estimates, forecasts and achievability of same. Further, some information in this report may have been disclosed previously in Surge's other public disclosure, and such disclosure is not intended in any way to be qualified, amended, modified or supplemented by information contained herein.

The term "material" may be used within this report to describe issues for voluntary sustainability reporting that are considered to have the potential to significantly affect sustainability performance in our view and may be important in the view of internal or external stakeholders. However, the use of the word "material" within this report should not be equated with the meaning of the word in other of Surge's public reporting or filings. With this report, we hope to increase your knowledge of Surge and our operations. However, this report does not provide investment advice, and readers are responsible for making their own financial and investment decisions. Readers should not subscribe for or purchase any securities of Surge on the basis of the information contained herein.

There is no single standard system that applies across companies for compiling and calculating the quantity of greenhouse gases, nitrogen oxide, sulfur dioxide and other sustainability metrics attributable to our operations. Accordingly, the information provided in this report may not be comparable with similar information reported by other companies. Our emission statistics are derived from various internal reporting systems that are generally different from those applicable to the financial information presented in our consolidated financial statements and are, in particular, subject to less sophisticated internal documentation as well as preparation and review requirements, including the general internal control environment. We may change our policies or methods for calculating these emissions and other sustainability metrics in the future without prior notice.

In this report, Surge has used a number of oil and gas metrics which do not have standardized meanings and therefore may be calculated differently from the metrics presented by other oil and gas companies, for example, "Boe".

The term Boe may be misleading, particularly if used in isolation. The Boe conversion ratio of six thousand cubic feet per barrel (6 Mcf: 1 Bbl) of natural gas to barrels of oil equivalent is based on an

energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

This report contains forward looking statements and forward-looking statements, beliefs or opinions (collectively, "forward-looking statements") which reflect management's views related to future events and circumstances – including those which may relate to Surge's strategies, focus, goals, ambitions, aims, targets, plans, objectives, operations and results. The use of any of the words "will", "may", "anticipate", "expect", "objective", "believe", "plans", "intends", "potential", "continue", "guidance", and similar expressions or the negative thereof are intended to identify those forward-looking statements.

Forward-looking statements inherently involve known and unknown risks, uncertainties and other factors which are, in many cases, beyond the control of management and because they relate to events and depend on circumstances that will or may occur in the future. These risk include, without limitation, those risks considered under the heading "Risk Factors" in Surge's most recent Annual Information Form which can be found on Surge's website and under Surge's profile on SEDAR+ at www.sedarplus.com. Readers are cautioned that although Surge considers the assumptions used in the preparation of such forward-looking statements to be reasonable and based on reliable information, such forward-looking statements are based on a number of assumptions which may prove to be incorrect. No representation is made as to any future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. There are a number of factors that could cause our actual results, levels of activity, performance or achievement to differ materially from those expressed or implied in any forward-looking statements made by in this report. Nothing in this document constitutes or should be relied upon by a reader as a promise or representation as to the future or as to past or future performance. Past performance of Surge is not necessarily indicative of and cannot be relied on as a guide to future performance.

We have included the forward-looking statements in this report in order to provide readers with a more complete perspective on our future operations and such information may not be appropriate for other purposes. Surge disclaims any intention, responsibility or obligation to update or revise any forward-looking statements set forth in this report, whether as a result of new information, future events or otherwise, except as required by law.

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