SURGE ENERGY INC

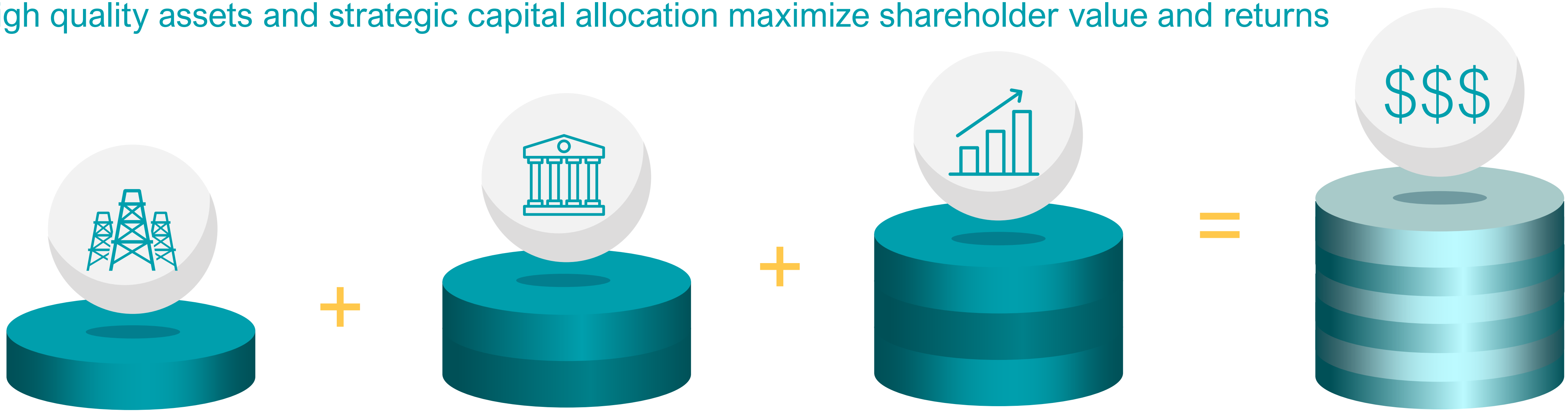
TSX: **SGY**

Premier Oil Assets Driving Free Cash Flow and Shareholder Returns

CORPORATE PRESENTATION
SUMMER 2024

The Surge Value Proposition

High quality assets and strategic capital allocation maximize shareholder value and returns



High Quality Conventional Assets

- Dominant positions in conventional Sparky and SE Saskatchewan oil plays
- Light/medium oil asset base with large (>2.5 billion barrel) OOIP, high operating netbacks (>$40 boe), and low recoveries (8.7%)
- 12-year development drilling inventory

Disciplined Capital Allocation

- Targeting low net debt and leverage metrics (exit 2024 Debt/CF: 0.7x)
- Low declines (24%) underpinned by current and future waterflood operations
- High porosity and permeability low-cost conventional reservoirs provide better PEs, IRRs, and PIRs

Proven Track Record of Execution

- Seasoned management team with a proven track record of execution
- Strong governance with significant insider ownership = shareholder alignment and commitment to long-term sustainability and success

Maximize Free Cash Flow and Shareholder Returns

- Focus on operational execution drives enhanced free cash flow and financial flexibility
- A shareholder returns-based model with an increasing, compounding dividend
- $1.4 billion in tax pools allows for maximum distribution of free cash flow on a tax-efficient basis[1]

[1] This represents a 4-year tax horizon at US$75 WTI pricing.

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.

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
- Positively impact the communities in which we operate through our commitment to strong environment, social, and governance 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

RESPONSIBILITY PRINCIPLES

Continued focus on minimizing environmental impact and investing in community engagement

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.

Q2/2024 Highlights

During the second quarter of 2024, Surge:

- Increased adjusted funds flow ("AFF") by >32% to $82.8 million (up from $62.5 million in Q1/24);
- Delivered free AFF of $46.7 million, representing >56% of Q2/24 AFF;
- Reduced net debt by $61.2 million;
- Distributed $12.1 million to shareholders (14.6% of AFF) by way of Surge's attractive (~7% yield) cash dividend;
- Established Hope Valley as an exciting new crude oil discovery in Surge's Sparky core area, with the potential for ~100 multi-lateral drilling locations; the latest well has exceeded expectations with an IP90 day average rate of 236 bopd;
- Achieved its $250 million Phase 2 debt target, resulting in $52 million of excess free cash flow to allocate as follows:
    - $48 million to share buybacks and continued net debt reduction, and
    - $4 million to the base dividend, an 8% increase from $0.48 to $0.52 per share annually; and
- Repurchased >$1 million of Surge's common shares following the recent implementation of Surge's NCIB.

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Corporate Guidance for 2024

Key Guidance & Assumptions[1]	US$75 WTI
2024 Cash Flow From Operating Activities[2]	**$290 MM**
2024 Free Cash Flow[3] Before Dividends	**$100 MM**
2024 All-In Payout Ratio[3] (Including $0.52/share Annual Dividend)	**83%**
2024 Exit Net Debt To Exit Cash Flow From Operating Activities[3]	**0.7x**

Market Snapshot

Basic Shares Outstanding[4]	100.3 MM
Average Daily Volume	0.5 MM Shares
Market Capitalization / Debt / Enterprise Value[5]	$700MM / $240MM / $990 MM

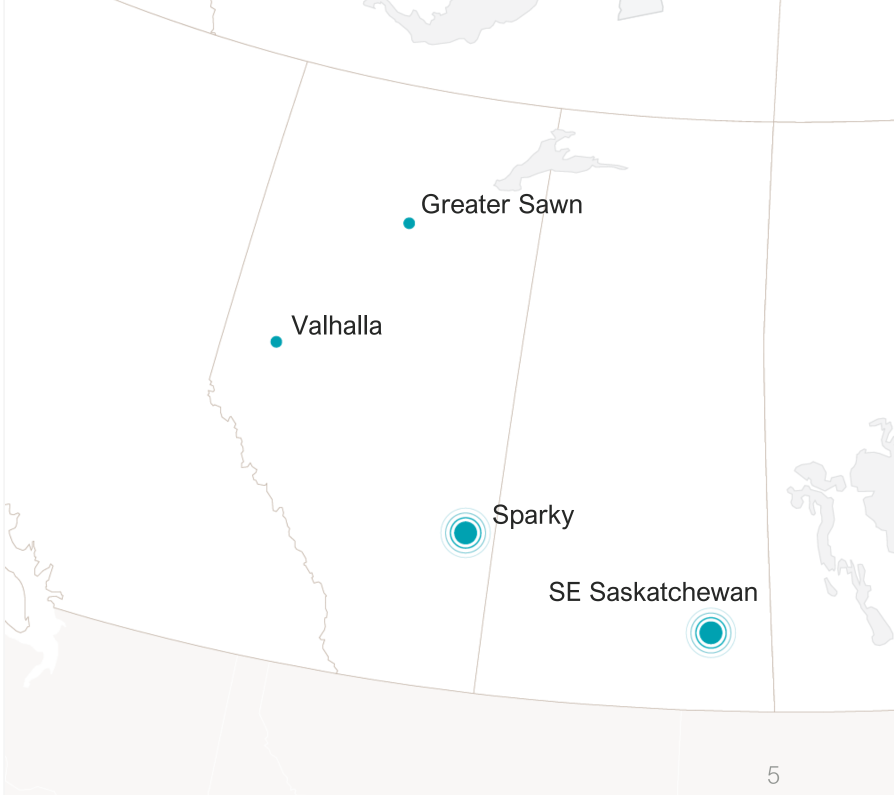
24,000 BOEPD
2024 Exit Production Forecast (est.)

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

$0.52
Annual Per Share Dividend[3]

$1.4B
Tax Pools
(as at Dec. 31, 2023)

Focused on returns and enhancing free cash flow while managing risk



[1] Based on the following pricing assumptions: US$75 WTI/bbl (WCS: US$16.00, EDM US$3.50 differentials), CAD/USD FX of $0.725 and AECO of $2.95 per mcf
[2] Assumes nil change in non-cash working capital.
[3] 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.
[4] As at December 31, 2023
[5] Market Capitalization and Enterprise Value at $7.00 per share SGY and based on net debt of $290MM as at December 31, 2023.

Return of Capital Framework

Surge is well positioned to deliver returns to shareholders through its base dividend and excess Free Cash Flow

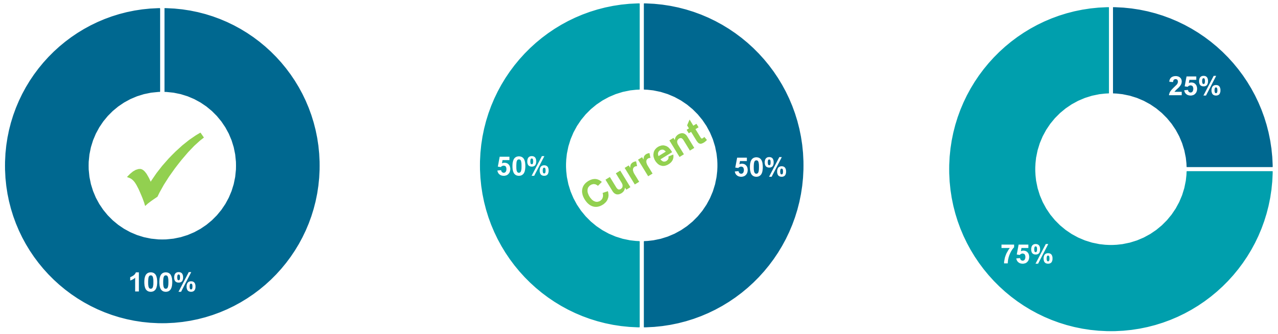
2024 Guidance Cashflow @ US$75 WTI:
$290 million

Excess FCF After Dividends:
$48 million

Base Dividend:
$52 million

2024e Capital:
$190 million

Allocation of Excess Free Cash Flow (after Base Dividend)



Phase 1 Net Debt Target:
>$250MM
- Debt Repayment (100%)

Phase 2 Net Debt Target:
$250MM - $170 MM
- Debt Repayment (50%)
- Share Buybacks and Special Dividends (50%)

Phase 3 Net Debt Target:
<$170MM
- Debt Repayment (25%)
- Share Buybacks, Special Dividends, and Production Growth (75%)

Surge will deliver enhanced shareholder returns above the current base dividend through share buybacks and/or special dividends as the Phase 3 Net Debt Target is achieved.

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.

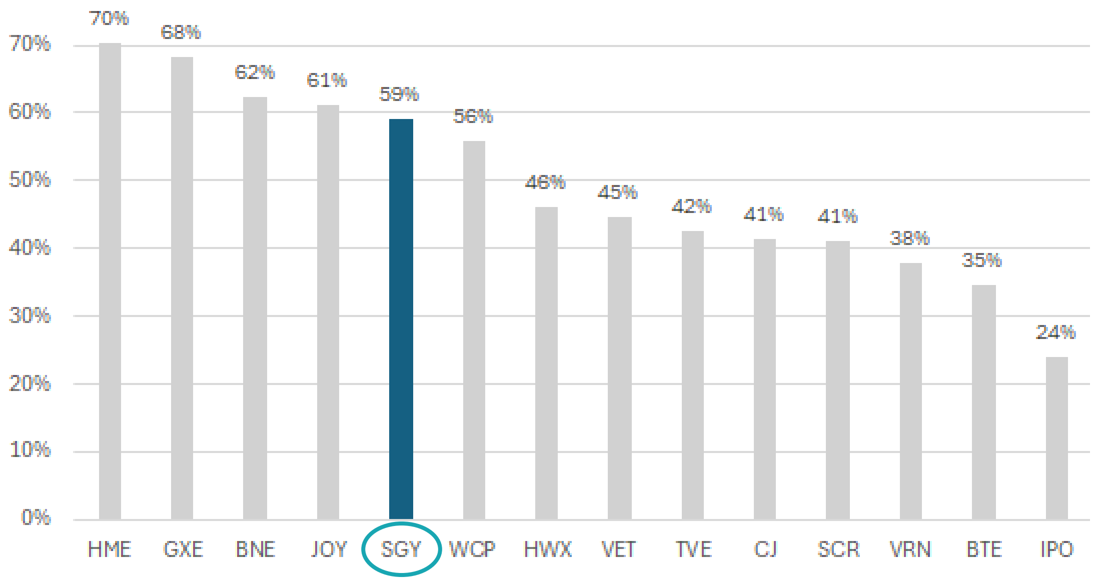
Positioned To Be A Top Performer

SURGE

Surge has been independently recognized as having one of the best FCF margins in its intermediate peer group while trading at a very attractive NAV valuation.

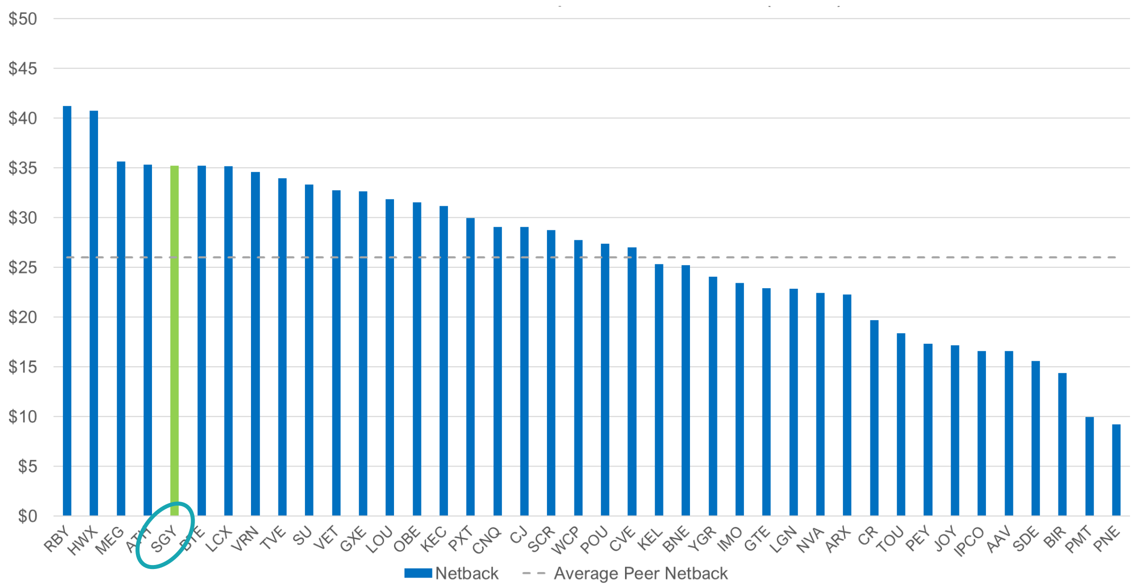
Surge's top tier FCF margin takes into account the Company's high crude oil operating netbacks (>$40/boe in Q2/24), low annual corporate production decline (24%), and quick well payouts (<10 months) at Sparky and SE Saskatchewan.

Q2/24 Free Cash Flow Margin



Source: Factset

Canadian Peer Group 2025e Netback ($/boe)



Source: Peters & Co research, July 15, 2024

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Compelling opportunity for energy investors

With historically low debt levels, excellent free cash flow margins, and low trading multiples, oil offers more attractive returns to investors than any other industry sector today.

The forecast for oil prices in 2024 remains bullish, driven by chronic sector underinvestment and ever-increasing demand spurred by the industrialization of the world's fastest-growing major economies, including China and India. This is expected to be the single biggest driver of global oil demand growth over the next two decades.

[1] *Source: IEF, S&P Global Commodity Insights*

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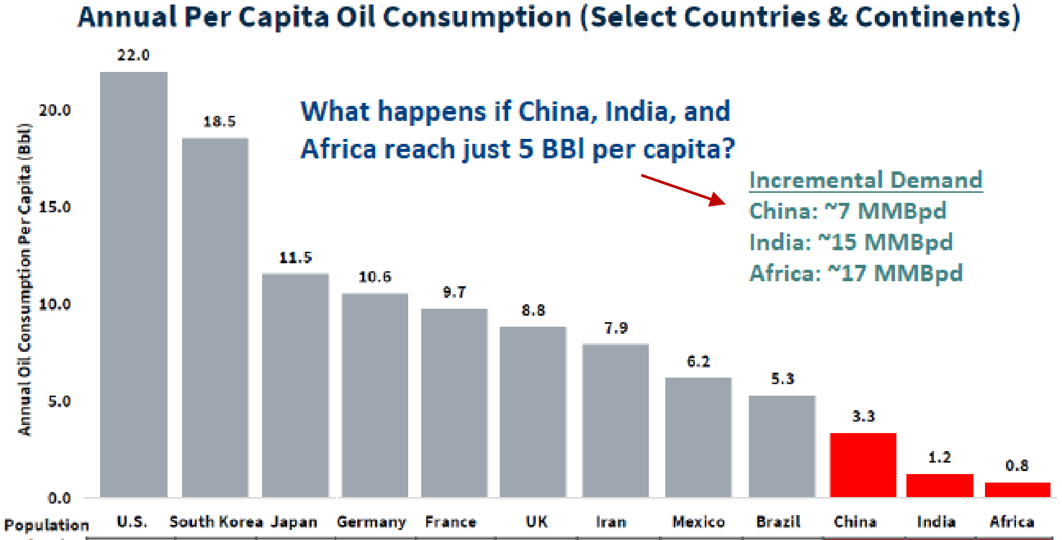
Energy will continue to offer investors a highly attractive value proposition in 2024 and beyond



	U.S.	South Korea	Japan	Germany	France	UK	Iran	Mexico	Brazil	China	India	Africa
Population (MM)	339	52	123	83	65	68	89	128	216	1,426	1,429	1,463

Source: EIA, BP Statistical Review of World Ener_

Sparky and SE Saskatchewan

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

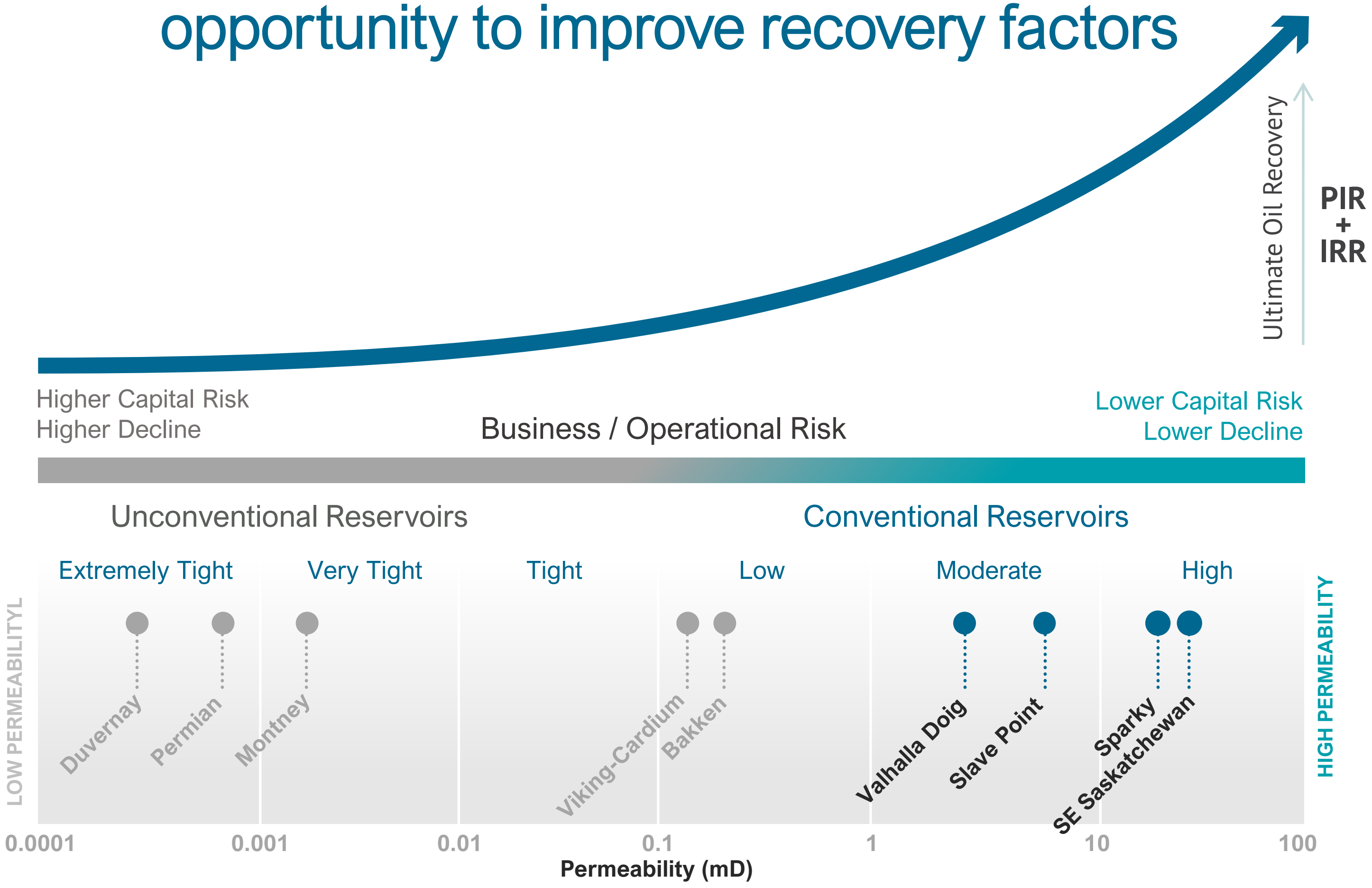
SURGE ENERGY INC

Advantages of Conventional Reservoirs

Surge proactively targets low risk conventional reservoirs. The Company currently has >2.5 billion barrels of net OOIP with an 8.7% recovery factor (cumulative to date).

- High permeability 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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Core Area Focused

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

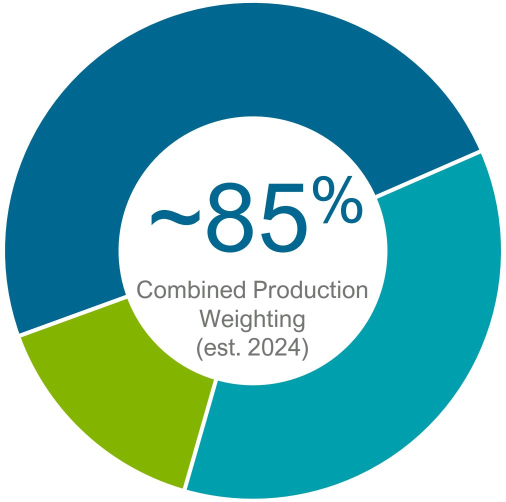
Sparky

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.

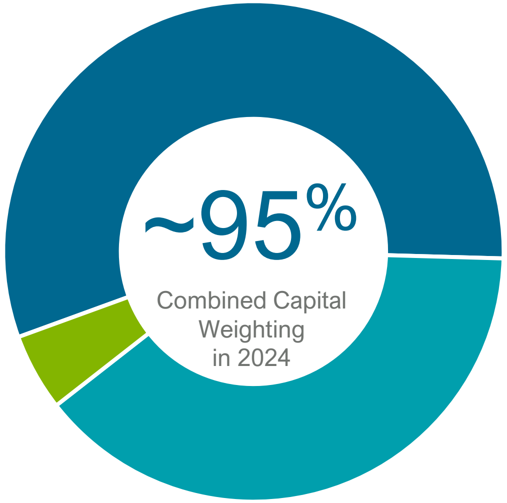
SE Saskatchewan

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

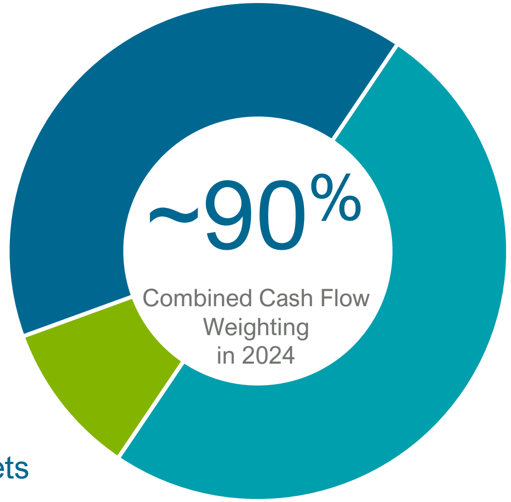
2024 Production Weighting by Area



2024 Capital Weighting by Area



2024 Cash Flow Weighting by Area



Sparky · SE Saskatchewan · Other Surge Assets

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.

Sparky

A One-of-a-Kind Position

Surge holds a dominant land position and is drilling a mix of horizontal multi-frac and horizontal multi-lateral wells in the Sparky area

Sparky Formation Facts

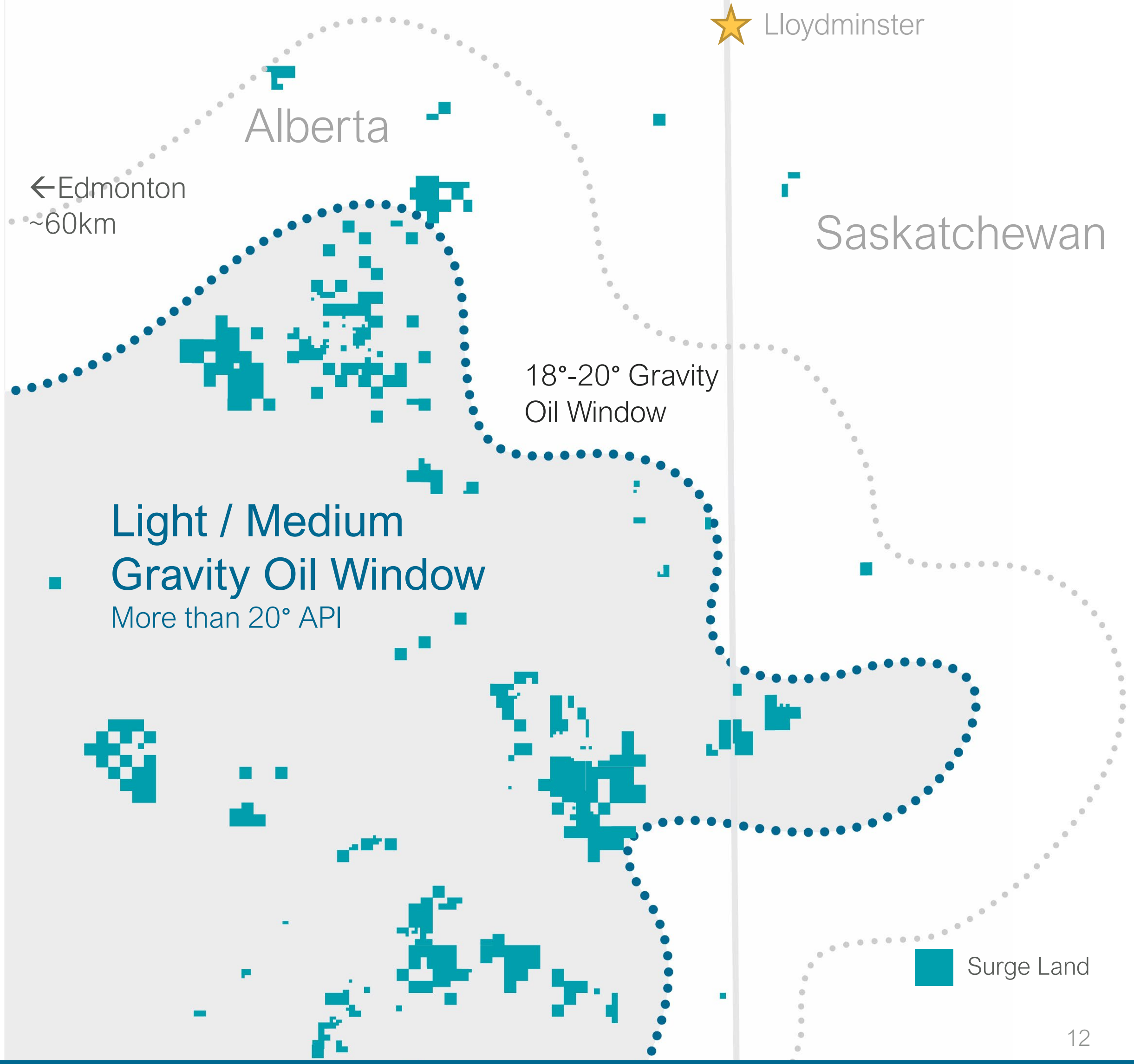
First Production	May 1922
Original Oil in Place	>11 Bbbls
Cumulative Production	~1.33 Bbbls
Recovery Factor to date	~12%
Producing Wells	~23,300
Hz Wells	~1,360
Multi-Frac Hz Wells	~435
Surge Drilled Multi-Frac Hz	>235
Multi-Leg Hz Wells	~550
Surge Drilled Multi-Leg Hz	21

Data sourced from Canadian Discovery and Geoscout

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

Over 11 Billion Barrel Trend

One of Canada's Largest Accumulations of Oil

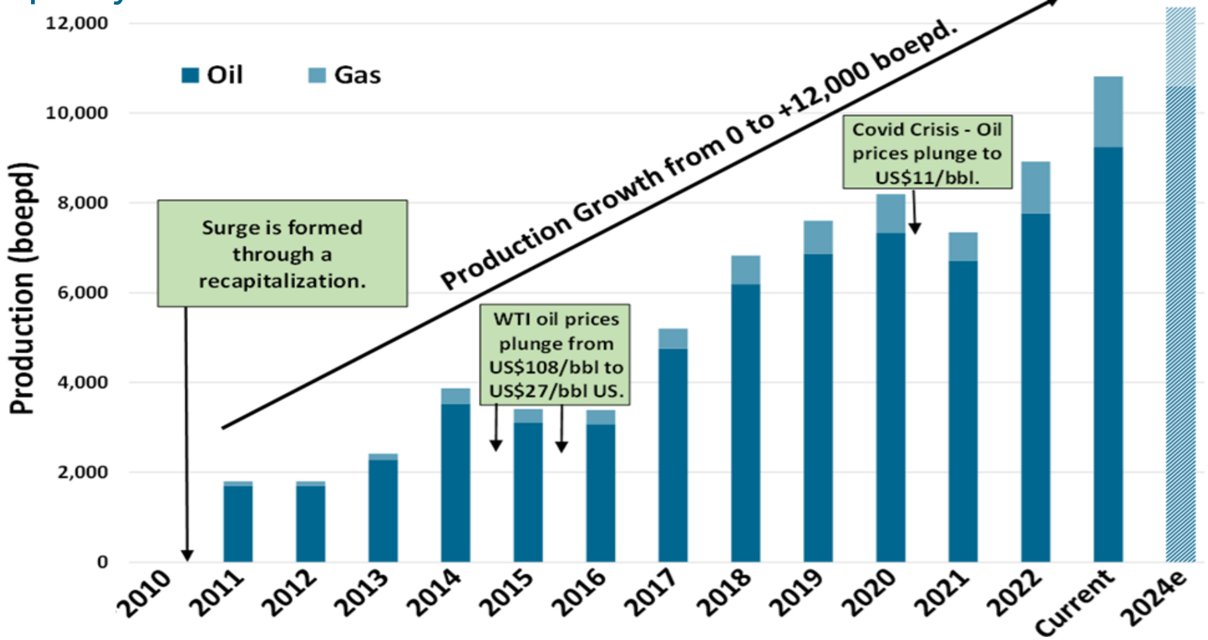


Sparky Core Area

Long-Term Growth Potential

Pad drilling, advanced horizontal multi-stage fracturing technology, and multi-lateral 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 ~11,500 boepd today
- Low-cost drilling (DCET[1] of ~$1.6MM per well)
- Focus on lighter WCS oil gravity (18-31° API) = higher operating netbacks
- Proven waterflood potential (Wainwright pool at >30% recovery factor)

>1 billion bbls

OOIP net to SGY (internally estimated)

>470 net

>110 Multi-Lateral Locations

** As of Jan. 1, 2024*

>11,500 boepd

Production (>85% liquids)

>$190 million

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

[1] *Drill case equipment tie-in.*

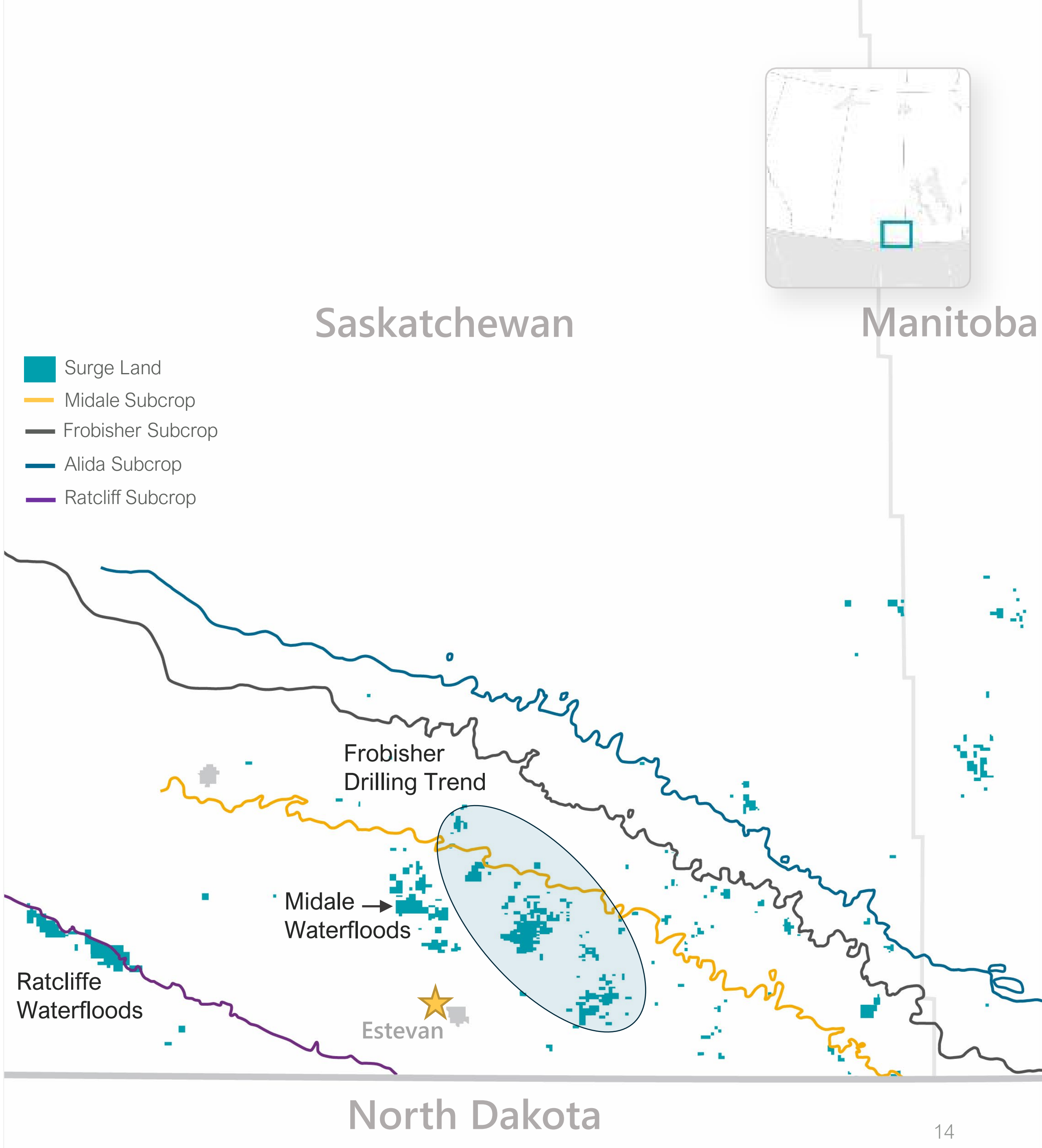
SE Saskatchewan

A Light Oil Balance

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

Area Benefits

- Organic growth opportunities
- Strategic acquisitions or tuck-in consolidation opportunities
- Cost-efficient drilling (DCET of $1.6MM per well)
- Extremely quick turnaround from spud to on production (under two weeks)
- High operating netback light oil production and reserves
- Mix of low decline waterfloods & highly economic drilling
- Assets have low liabilities; minimal inactive ARO
- Year-round access



Data sourced from Canadian Discovery and Geoscout

SE Saskatchewan

Key Growth Driver

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

Key Operational Areas

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

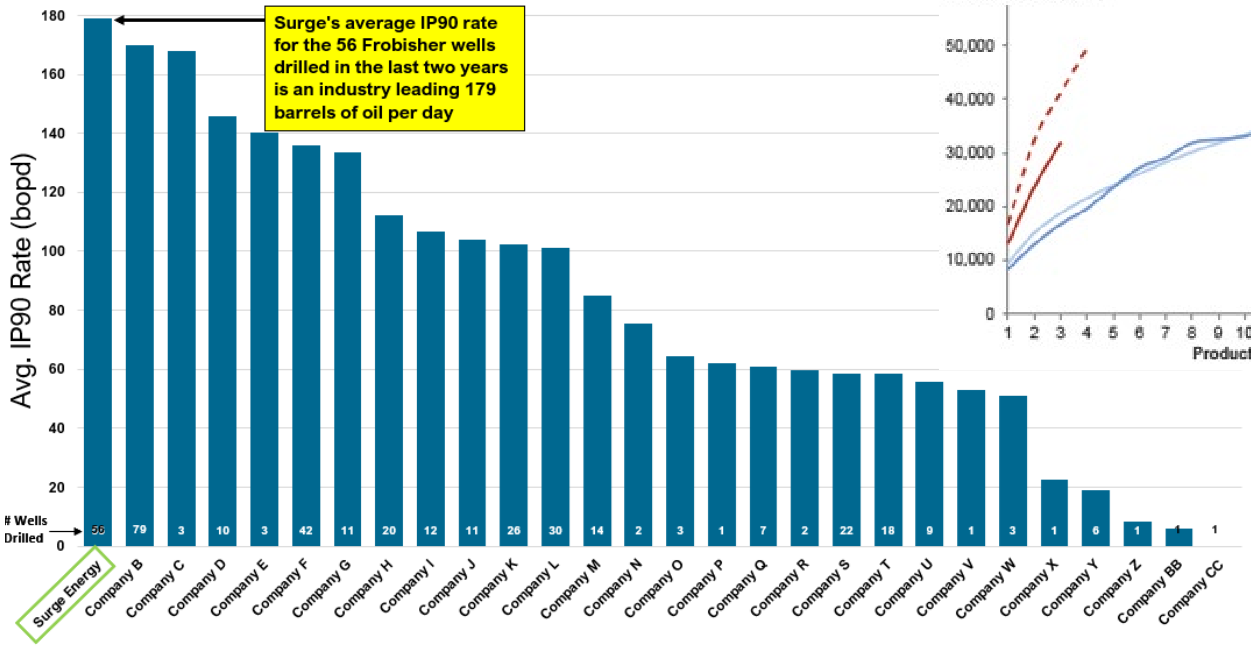
>400 million bbls
OOIP net to SGY *(internally estimated)*

>290 net
SE Saskatchewan drilling locations
** Internally estimated as of Jan. 1, 2024*

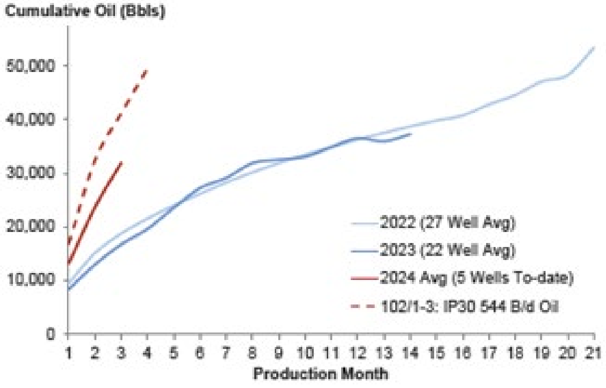
~8,000 boepd
Production (90% liquids)

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

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



SGY Operated FRBR Hz Wells Average Cumulative Oil: 2022-2024 Wells[1]



[1] Source: Peters & Co. Ltd. May 30, 2024 Energy Update on Surge Energy Inc.
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.

Leadership

Paul Colborne

President & CEO

Jared Ducs

CFO

Murray Bye

COO

Derek Christie

Senior VP, Exploration

Margaret Elekes

Senior VP, Land & BD

Dan Kelly

VP, Finance

Grant Cutforth

VP, Business Development

Board of Directors

Paul Colborne
President & CEO

Jim Pasieka[1]
Chairman

Marion Burnyeat[2,3]
Independent Director

Daryl H. Gilbert[3,4]
Independent Director

Michelle Gramatke[2,4,5]
Independent Director

Robert Leach[2,5,6]
Independent Director

Allison Maher[2,4,5]
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. Ms. Burnyeat serves as Chair.
3. Member of the Environment, Health and Safety Committee. Mr. Gilbert serves as Chair.
4. Member of the Reserves Committee. Mr. O'Neil serves as Chair.
5. Member of the Audit Committee. Ms. Maher serves as Chair.
6. Lead independent director of the Board.

Corporate Information

TSX

SGY.TO

Headquarters

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First Lien Lending Syndicate

National Bank of Canada

ATB Financial

BDC Capital

Canadian Western Bank

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

2023 Reserves and Net Asset Value

SURGE

Dec. 31, 2023 Sproule (Proforma Disposition) Reserves[1]

Gross Reserves[2]	Oil Equivalent Total Reserves (Mboe)	Oil & Liquids (%)	BTax NPV10 ($MM)[3,4]
Proved Developed Producing (PDP)	41,155	88%	$823
Total Proved (1P) *(339 net locations)*	78,790	87%	$1,342
Total Proved Plus Probable (2P) *(424 net locations)*	108,247	86%	$1,930

Dec. 31, 2023 Net Asset Value (Proforma Disposition on YE2023 Sproule Reserves[1]

	Proved Producing	Total Proved (1P)	Proved + Probable (2P)
BTax NPV10 ($MM)	$823	$1,342	$1,930
Net Debt ($MM)	($253)	($253)	($253)
Total Net Assets ($MM)	$571	$1,089	$1,677
Basic Shares Outstanding (MM)	100.3	100.3	100.3
Estimated NAV per Basic Share	$5.69/share	$10.86/share	$16.72/share

[1] Net of Shaunavon and Westerose disposition, and assumes 2023YE debt is reduced by $37.4 MM.
[2] Amounts might not add due to rounding.
[3] Before Tax Net Present Value of Future net Revenue discounted at 10%.
[4] Total ADR (Abandonment, Decommissioning, Reclamation) is included in the reserves report, as it is best practice stated in the COGE Handbook.

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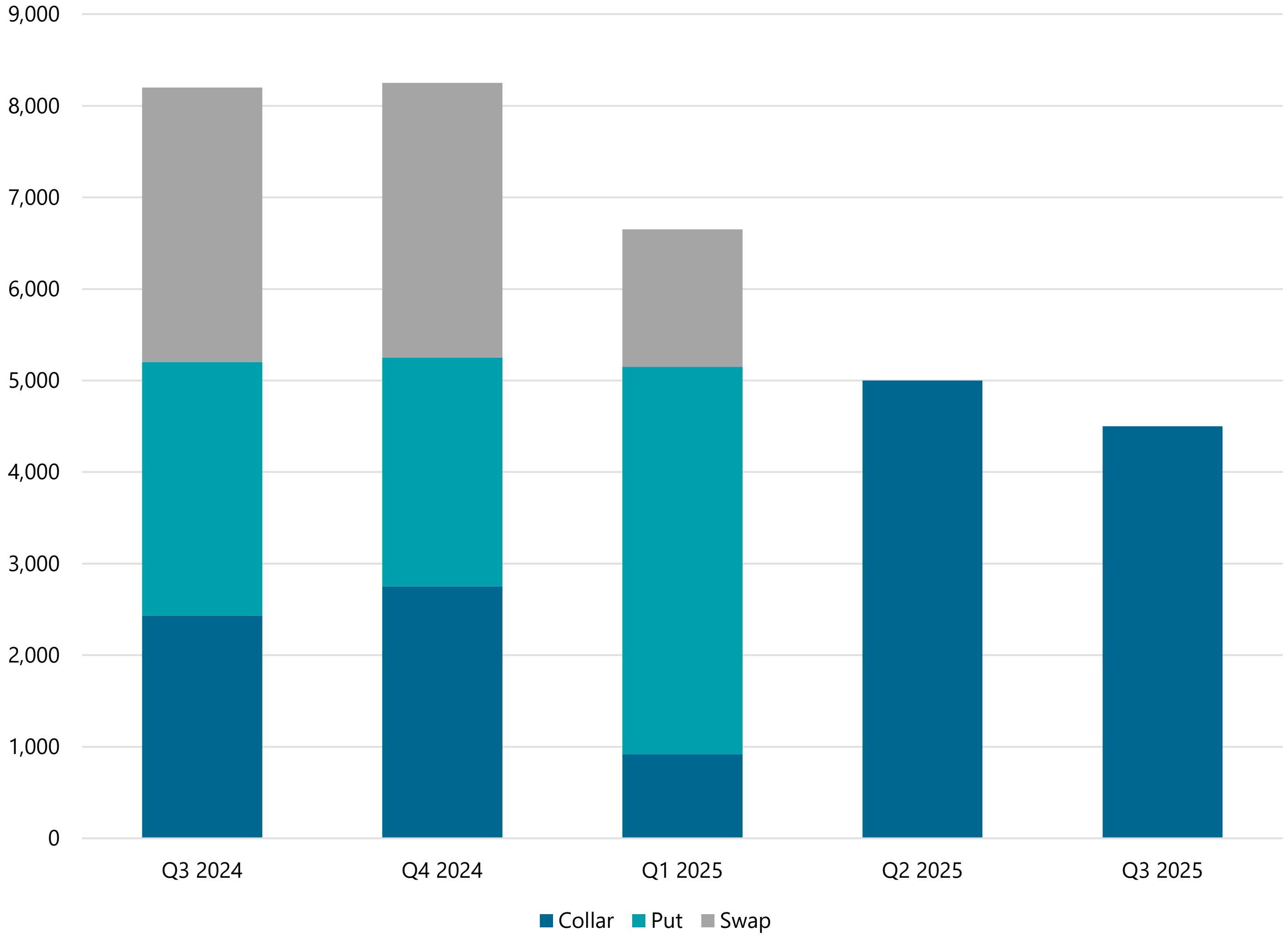
WTI Hedging Summary



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
Q3 2024	3,000	$ 79.87	2,766	$61.69	2,433	$61.71	$91.71
Q4 2024	3,000	$ 79.42	2,500	$65.00	2,750	$65.00	$100.00
Q1 2025	1,500	$ 78.61	4,204	$65.00	947	$65.00	$82.73
Q2 2025	-	$ -	-	$ -	5,000	$67.50	$92.57
Q3 2025	-	$ -	-	$ -	4,500	$70.00	$80.00

Natural Gas Derivative Contracts

	Swaps		Collars		
Period	Vol.	Avg. Price	Vol.	Average Bought Put	Average Sold Call
Q3 2024	-	$ -	5,000	$ 2.54	$ 5.28
Q4 2024	1,326	$ 4.09	3,674	$ 2.88	$ 5.70
Q1 2025	2,000	$ 4.09	3,000	$ 3.19	$ 6.06
Q2 2025	1,700	$ 3.00	3,300	$ 2.67	$ 3.36
Q3 2025	1,700	$ 3.00	3,300	$ 2.67	$ 3.36
Q4 2025	573	$ 3.00	1,112	$ 2.67	$ 3.36

WCS and MSW Derivative Contracts

	WCS: Swaps		WCS: Collars			MSW: Swaps	
Period	Volumes	Avg. Price	Volumes	Average Bought Put	Average Sold Call	Volumes	Avg. Price
Q3 2024	3,700	-$ 13.19	1,000	-$ 11.00	-$ 17.80	4,000	-$ 3.00
Q4 2024	2,000	-$ 13.55	1,000	-$ 11.00	-$ 17.80	4,000	-$ 3.00
2025	1,500	-$ 13.95	-	$ -	$ -	-	$ -

Power Hedges

	Swaps	
Period	MW (24 x7)	Avg. Price
2024	10.5	$72.99
2025	10.5	$68.19
2026	10.5	$72.22
2027	3.5	$75.39

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

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 focus and defined operating strategy; the Company's forecast that it will have $48 million of excess FCF (after the payment of the dividend) to allocate annually; the estimated use of the Company's excess FCF to fund share buybacks and continued net debt reduction; management's expectations and beliefs regarding the impact of crude oil prices and WCS differentials on its guidance in respect of cash flow from operating activities and forecasted FCF; Surge's expectations regarding crude oil prices and WCS differentials; management's belief that the Company is positioned to maximize operational runtime during the second half of 2024; Surge's identification of potential drilling locations, including in Hope Valley; the Company's ability to de-risk future drilling locations in Hope Valley; Surge's ability to continue to deliver attractive shareholder returns in 2024 and beyond; Surge's estimates regarding its 2024 exit production, annual corporate production decline, 2024 cash flow from operating activities, 2024 FCF, amount of its annual base dividend, drilling locations and the duration of its inventory, its tax pools and the estimated tax horizon pools are expected to provide; declaration of the Company's monthly dividend and the timing and amount thereof; Surge's ability to reach its Phase 3 "terminal" net debt target and management's subsequent consideration of an annual production per share growth target; management's assessment of share buybacks and/or special dividends to further enhance shareholder returns; the anticipated timing of the completion of new wells and the onset of production therefrom; the Company's drilling plans for the remainder of 2024; the Company's ability to complete share buybacks including under the Company's NCIB; and Surge's belief that it is well positioned to continue to deliver shareholder returns.

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; current WTI per barrel oil pricing; 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 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 risks are set out in more detail in Surge's AIF dated March 6, 2024 and in Surge's MD&A for the period ended December 31, 2023, 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 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. All oil and gas metrics/terms used in this document are defined below:

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. “Internally estimated” means an estimate that is derived by Surge’s internal QRE’s and prepared in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*. All internal estimates contained in this presentation have been prepared effective as of January 1, 2024.

As of May 29, 2024, Surge’s internally estimated OOIP of the Hope Valley area is approximately 175 million barrels of oil, with a negligeable total estimated recovery factor to date.

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 QRE’s) 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 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.

The previously announced non-core asset dispositions will result in the removal of 145 gross (142.6 net) drilling locations, 68 gross (65.6 net) of which were booked; the associated Proved locations were 60 gross (57.6 net).

Assuming a January 1, 2024 reference date (and net of the May 29, 2024 non-core dispositions, announced May 30, 2024), the Company will have over >1,000 gross (>900 net) drilling locations identified herein; of these, >530 gross (>490 net) are unbooked locations. Of the 424 net booked locations identified herein, 339 net are Proved locations and 85 net are Probable locations based on Sproule's 2023 year-end reserves and excluding the sold non-core properties. Assuming an average number of net wells drilled per year of 75, Surge's >900 net locations provide 12 years of drilling.

Surge’s internally used type curves were constructed using a representative, factual and balanced analog data set, as of January 1, 2023. All locations were risked appropriately, and EURs were measured against Discovered Petroleum Initially In Place (“DPIIP”) 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 QRE’s. All type curves fully comply with Part 5.8 of the Companion Policy 51 – 101CP.

Assuming a May 29, 2024 reference date, the Company will have over >85 gross (>85 net) Hope Valley area drilling locations identified herein; of these, >75 gross (>75 net) are unbooked locations. Of the 9 net booked locations identified herein, 6 net are Proved locations and 3 net are Probable locations based on Sproule’s 2023 year-end reserves.

Surge’s internal Hope Valley type curve profile of 172 bopd (IP30), 168 bopd (IP90) and 175 mbbl (175 mboe) EUR reserves per well, with assumed $2.8 MM per well capital, has a payout of ~10 months @ US$80/bbl WTI (C$105/bbl LSB) and a ~190% IRR.

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", "free adjusted funds flow", "adjusted funds flow per boe", "free cash flow", "excess free cash flow", "net debt", "net debt to cash flow from operating activities", "all-in payout ratio", "operating netback", and "operating netback 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, and as applicable, reconciliations to the most directly comparable GAAP measure for the period ended June 30, 2024, have been provided to demonstrate the calculation of these measures:

Adjusted Funds Flow and Adjusted Funds Flow Per Share

Adjusted funds flow and free adjusted funds flow are non-GAAP financial measures. The Company adjusts cash flow from operating activities in calculating adjusted funds flow for changes in non-cash working capital, decommissioning expenditures, and cash 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.

Free adjusted funds flow is calculated as cash flow from operating activities adjusted for changes in non-cash working capital, decommissioning expenditures, and cash settled transaction and other costs, less expenditures on property, plant and equipment.

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:

	Three Months Ended June 30,		Six Months Ended June 30,	
($000s except per share)	**2024**	**2023**	**2024**	**2023**
Cash flow from operating activities	73,604	60,608	140,389	115,114
Change in non-cash working capital	6,816	2,522	(2,137)	7,967
Decommissioning expenditures	1,696	1,361	5,624	4,610
Cash settled transaction and other costs	689	149	1,416	280
Adjusted funds flow	82,805	64,640	145,292	127,971
Per share - basic ($)	0.82	0.66	1.44	1.31

Free Cash Flow and Excess Free Cash Flow

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

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. 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 June 30, 2024	As at March 31, 2024	As at June 30, 2023
Accounts receivable	56,960	62,676	50,839
Prepaid expenses and deposits	5,803	5,525	5,814
Accounts payable and accrued liabilities	(90,791)	(98,715)	(76,038)
Dividends payable	(4,018)	(4,023)	(3,933)
Bank debt	(33,010)	(52,501)	(15,675)
Term debt	(131,044)	(170,675)	(239,716)
Convertible debentures	(38,607)	(38,211)	(33,124)
Net Debt	(234,707)	(295,924)	(311,833)

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

SURGE

All-in Payout Ratio

All-in payout ratio is a non-GAAP ratio, calculated as exploration and development expenditures, plus dividends paid, divided by cash flow from operations. This capital management measure is used by management to analyze allocated capital in comparison to the cash being generated by the principal business activities.

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 June 30,		Six Months Ended June 30,	
($000s)	**2024**	**2023**	**2024**	**2023**
Petroleum and natural gas revenue	173,173	155,477	331,340	317,447
Processing and other income	2,254	1,700	4,758	4,234
Royalties	(27,501)	(25,852)	(57,645)	(54,894)
Realized loss on commodity and FX contracts	(3,149)	(1,985)	(3,012)	(3,980)
Operating expenses	(45,896)	(47,774)	(97,833)	(100,666)
Transportation expenses	(2,630)	(3,395)	(5,293)	(7,442)
Operating netback	96,251	78,171	172,315	154,699
G&A expense	(5,157)	(4,791)	(10,283)	(9,401)
Interest expense	(8,289)	(8,740)	(16,740)	(17,327)
Adjusted funds flow	82,805	64,640	145,292	127,971
Barrels of oil equivalent (boe)	2,149,307	2,135,101	4,415,528	4,397,462
Operating netback ($ per boe)	44.77	36.61	39.02	35.18
Adjusted funds flow ($ per boe)	38.51	30.28	32.90	29.10