

**FINANCIAL AND OPERATING SUMMARY**

(\$'000s except per share amounts)

	Three Months Ended			Years Ended December 31,		
	Dec 31, 2025	Sep 30, 2025	% Change	2025	2024	% Change
<b>Financial highlights</b>						
Oil sales	121,211	140,788	(14)%	556,350	635,618	(12)%
NGL sales	2,493	2,238	11 %	8,042	14,218	(43)%
Natural gas sales	2,677	275	nm <sup>(1)</sup>	7,227	6,867	5 %
Total petroleum and natural gas revenue	126,381	143,301	(12)%	571,619	656,703	(13)%
Cash flow from operating activities	59,697	66,392	(10)%	265,903	278,647	(5)%
Per share - basic (\$)	0.60	0.67	(10)%	2.68	2.76	(3)%
Per share - diluted (\$)	0.59	0.66	(11)%	2.64	2.72	(3)%
Adjusted funds flow <sup>(2)</sup>	56,242	70,050	(20)%	279,155	294,123	(5)%
Per share - basic (\$) <sup>(2)</sup>	0.57	0.71	(20)%	2.81	2.92	(4)%
Per share - diluted (\$) <sup>(2)</sup>	0.55	0.69	(20)%	2.77	2.87	(3)%
Net income (loss)	(7,093)	7,199	nm	40,259	(53,716)	nm
Per share - basic (\$)	(0.07)	0.07	nm	0.41	(0.53)	nm
Per share - diluted (\$) <sup>(3)</sup>	(0.07)	0.07	nm	0.40	(0.53)	nm
Expenditures on property, plant and equipment	41,672	32,805	27 %	159,706	195,103	(18)%
Net acquisitions and dispositions	—	5,677	(100)%	5,661	(42,389)	nm
Net capital expenditures	41,672	38,482	8 %	165,367	152,714	8 %
Net debt <sup>(2)</sup> , end of period	220,569	217,393	1 %	220,569	247,126	(11)%
<b>Operating highlights</b>						
Production:						
Oil (bbls per day)	19,746	20,223	(2)%	20,241	20,228	— %
NGLs (bbls per day)	673	606	11 %	522	818	(36)%
Natural gas (mcf per day)	16,599	16,759	(1)%	16,366	18,672	(12)%
Total (boe per day) (6:1)	23,186	23,622	(2)%	23,491	24,158	(3)%
Average realized price (excluding hedges):						
Oil (\$ per bbl)	66.72	75.67	(12)%	75.30	85.85	(12)%
NGL (\$ per bbl)	40.29	40.15	— %	42.25	47.49	(11)%
Natural gas (\$ per mcf)	1.75	0.18	nm	1.21	1.00	21 %
<b>Netback (\$ per boe)</b>						
Petroleum and natural gas revenue	59.25	65.94	(10)%	66.67	74.27	(10)%
Realized gain (loss) on commodity and FX contracts	1.36	1.70	(20)%	1.64	(0.40)	nm
Royalties	(9.82)	(11.60)	(15)%	(11.52)	(13.56)	(15)%
Net operating expenses <sup>(2)</sup>	(18.09)	(17.69)	2 %	(17.91)	(20.02)	(11)%
Transportation expenses	(1.05)	(0.94)	12 %	(1.04)	(1.29)	(19)%
Operating netback <sup>(2)</sup>	31.65	37.41	(15)%	37.84	39.00	(3)%
G&A expense	(2.60)	(2.46)	6 %	(2.58)	(2.34)	10 %
Interest expense	(2.68)	(2.72)	(1)%	(2.72)	(3.40)	(20)%
Adjusted funds flow <sup>(2)</sup>	26.37	32.23	(18)%	32.54	33.26	(2)%
Common shares outstanding, end of period	98,877	98,984	— %	98,877	100,382	(1)%
Weighted average basic shares outstanding	98,947	99,055	— %	99,321	100,832	(1)%
Stock-based compensation dilution <sup>(3)</sup>	2,594	2,105	23 %	1,590	1,568	1 %
Weighted average diluted shares outstanding	101,541	101,160	— %	100,911	102,400	(1)%

(1) The Company views this change calculation as not meaningful, or "nm".

(2) This is a non-GAAP and other financial measure which is defined in the Non-GAAP and Other Financial Measures section of this document.

(3) Dilution is not reflected in the calculation of net loss for the three months ended December 31, 2025 and year ended December 31, 2024.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of the financial position and results of operations of Surge Energy Inc. ("Surge" or the "Company"), is for the three months and years ended December 31, 2025 and 2024. For a full understanding of the financial position and results of operations of the Company, this MD&A should be read in conjunction with the documents filed on SEDAR+, including historical financial statements, MD&A and the Annual Information Form dated March 4, 2026 for the year ended December 31, 2025 ("AIF"). These documents are available at [www.sedarplus.ca](http://www.sedarplus.ca).

Surge's management is responsible for the integrity of the information contained in this report and for the consistency between the MD&A and financial statements. In the preparation of the financial statements, estimates are necessary to make a determination of future values for certain assets and liabilities. Management believes these estimates have been based on careful judgments and have been properly presented. The financial statements have been prepared using policies and procedures established by management and fairly reflect Surge's financial position and results of operations. The Company's financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board.

This MD&A contains references to the following financial measures that do not have a standardized meaning as prescribed under IFRS ("non-GAAP and other specified financial measures"): "adjusted funds flow", "adjusted funds flow per share", "net debt", "net operating expenses", "net operating expenses per boe", "operating netback", "operating netback per boe", and "adjusted funds flow per boe". Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for a full discussion on management's use of non-GAAP and other specified financial measures, including, where applicable, reconciliations to the most directly comparable IFRS measure.

Surge's board of directors (the "Board") and Audit Committee have reviewed and approved the financial statements and MD&A. This MD&A is dated March 4, 2026.

### Evolving Demand for Energy

#### (a) Changing Regulation

Emissions, carbon and other regulations impacting climate and climate related matters are dynamic and constantly evolving. With respect to environmental, social and governance ("ESG") and climate reporting, the International Sustainability Standards Board ("ISSB") has issued an IFRS Sustainability Disclosure Standard with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. The Canadian Securities Administrators ("CSA") previously began developing proposed National Instrument 51-107 - *Disclosure of Climate-related Matters*, intended to introduce climate-related disclosure requirements for reporting issuers in Canada with limited exceptions. In April 2025, the CSA paused its work on this instrument, stating its intention to revisit the project in the future. The cost to comply with any standards, should they be implemented or adopted, and others that may be developed or evolve over time, has not yet been quantified by the Company.

#### (b) Impairment and Impairment Reversal

The Company has considered the impact of the evolving worldwide demand for energy and global advancement of alternative sources of energy that are not sourced from fossil fuels in its assessment of impairment and impairment reversal on its property, plant and equipment ("PP&E"), both as a possible indication of impairment and as part of the estimates and judgments involved in testing for impairment and impairment reversal. The estimated recoverable amount of the Company's PP&E was based on proved and probable oil and gas reserves, the life of which is generally less than 20 years. The ultimate period in which global energy markets can transition from carbon based sources to alternative energy is highly uncertain, however, the majority of the cash flows associated with proved and probable oil and gas reserves per the 2025 reserve report should be realized prior to the elimination of carbon based energy.

A specific adjustment to the recoverable amount of PP&E to account for the risk of the evolving demand for energy was not considered necessary, however, the recoverable amount/fair value is based on an estimated period of cash flows that indirectly reflects changing energy demands and the discount rate applied in the impairment test incorporates the current cost of capital in the energy industry which indirectly reflects current market trends and uncertainty around the evolving demand for energy and climate change.

The carrying amount of the net assets of the Company was compared to the Company’s market capitalization. As such, climate risk, to the extent it has been factored into the trading price of the Company’s common shares by the market, was also considered in the impairment assessment of the recoverable amount. The ultimate period in which global energy markets can transition from carbon based sources to alternative energy is highly uncertain.

**(c) Reserves**

The Company engages a third party external reserve engineer to prepare the reserve report. The reserve report includes anticipated impacts from emissions related taxes and carbon pricing. Most notably, the reserve report includes the estimated carbon charge related to the Company’s operations based on current legislated rates.

**DESCRIPTION OF BUSINESS**

Surge is a company existing under the laws of Alberta and is based in Calgary. The Company is engaged in the exploration, development and production of oil and gas from properties in western Canada. The Company’s common shares are traded on the Toronto Stock Exchange (“TSX”) under the symbol SGY.

**CASH FLOW FROM OPERATING ACTIVITIES AND ADJUSTED FUNDS FLOW**

(\$000s except per share and per boe)	Three Months Ended			Years Ended Dec 31,	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	2025	2024
Cash flow from operating activities	<b>59,697</b>	66,392	64,838	<b>265,903</b>	278,647
Per share - basic (\$)	<b>0.60</b>	0.67	0.64	<b>2.68</b>	2.76
Per share - diluted (\$)	<b>0.59</b>	0.66	0.64	<b>2.64</b>	2.72
\$ per boe	<b>27.99</b>	30.55	28.98	<b>31.01</b>	31.51
Adjusted funds flow	<b>56,242</b>	70,050	76,121	<b>279,155</b>	294,123
Per share - basic (\$)	<b>0.57</b>	0.71	0.75	<b>2.81</b>	2.92
Per share - diluted (\$)	<b>0.55</b>	0.69	0.75	<b>2.77</b>	2.87
\$ per boe	<b>26.37</b>	32.23	34.02	<b>32.54</b>	33.26

Cash flow from operating activities for the fourth quarter of 2025 decreased 10 percent when compared to the immediately preceding quarter and decreased 8 percent when compared to the same period of the prior year. This is primarily due to the timing of collection, payment or incurrence of cash flows related to accounts receivable and accounts payable between the periods and a lower crude oil price environment.

Cash flow from operating activities for the year ended December 31, 2025 decreased 5 percent when compared to the same period of the prior year, primarily due to a decrease in petroleum and natural gas revenue resulting from a lower crude oil price environment, partially offset by lower royalty, operating and transportation expenses.

Adjusted funds flow for the fourth quarter of 2025 decreased 20 percent when compared to the immediately preceding quarter and decreased 26 percent when compared to the same period of the prior year. This is primarily due to a decrease in petroleum and natural gas revenue as a result of a 10 percent and 19 percent decrease in average realized crude oil prices.

Adjusted funds flow for the year ended December 31, 2025 decreased 5 percent when compared to the same period of the prior year. This is primarily due to lower realized commodity pricing and lower production volumes following the disposals of certain non-core assets in Central Alberta, Southwest Saskatchewan, and Northwest Alberta in 2024.

See the following Operations section for additional information regarding the cash flow and operating results of the Company for the three months and year ended December 31, 2025 and see the Non-GAAP and Other Financial Measures section of this MD&A for further information regarding adjusted funds flow.

## OPERATIONS

### Drilling

	Drilling		Working interest (%)
	Gross	Net	
Q1 2025	24.0	21.0	88 %
Q2 2025	5.0	5.0	100 %
Q3 2025	13.0	10.8	83 %
Q4 2025	16.0	12.0	75 %
<b>Total</b>	<b>58.0</b>	<b>48.8</b>	<b>84 %</b>

During the three months ended December 31, 2025, the Company drilled 7 gross (7.0 net) wells in Alberta and 9 gross (5.0 net) wells in Saskatchewan.

### Production

	Three Months Ended			Years Ended Dec 31,	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	2025	2024
Oil (bbls per day)	19,746	20,223	20,675	20,241	20,228
NGL (bbls per day)	673	606	777	522	818
Oil and NGL (bbls per day)	20,419	20,829	21,452	20,763	21,046
Natural gas (mcf per day)	16,599	16,759	17,199	16,366	18,672
Total (boe per day) (6:1)	23,186	23,622	24,319	23,491	24,158
% Oil and NGL	88 %	88 %	88 %	88 %	87 %

Surge averaged production of 23,186 boe per day in the fourth quarter of 2025 (88 percent oil and natural gas liquids ("NGLs")), comparable to the average production rate in the immediately preceding quarter and decreased by 5 percent when compared to the same period of the prior year. The decrease in production, when compared to the fourth quarter of 2024, is mainly due to the disposal of certain non-core assets in Northwest Alberta in the fourth quarter of 2024.

During the year ended December 31, 2025, Surge achieved production of 23,491 boe per day (88 percent oil and NGLs), more than 400 boe per day ahead of the Company's revised budgeted average 2025 production level of 23,000 boe per day, as disclosed in the July 28, 2025 press release. This outperformance is primarily due to better than anticipated drilling results in the Company's core assets in Southeast Alberta ("Sparky") and Southeast Saskatchewan. During the year ended December 31, 2025, the Company's average production decreased slightly compared to the same period of the prior year, mainly due to the disposals of certain non-core natural gas weighted assets in 2024.

For further context, these disposals accounted for production of 1,174 boe per day in the fourth quarter of 2024 and 1,885 boe per day during the year ended December 31, 2024.

Of the wells drilled during the fourth quarter, 12 gross (8.0 net) of the 16 gross (12.0 net) were on stream as at December 31, 2025. All of the remaining, 4 gross (4.0 net) wells from the fourth quarter drilling program are expected to be on stream in the first quarter of 2026.

**Petroleum and Natural Gas Revenue, Realized Prices and Benchmark Pricing**

(\$000s except per amount)	Three Months Ended			Years Ended Dec 31,	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	2025	2024
<b>Petroleum and Natural Gas Revenue</b>					
Oil	<b>121,211</b>	140,788	158,405	<b>556,350</b>	635,618
NGL	<b>2,493</b>	2,238	3,378	<b>8,042</b>	14,218
Oil and NGL	<b>123,704</b>	143,026	161,783	<b>564,392</b>	649,836
Natural gas	<b>2,677</b>	275	1,389	<b>7,227</b>	6,867
Total petroleum and natural gas revenue	<b>126,381</b>	143,301	163,172	<b>571,619</b>	656,703
<b>Realized Prices</b>					
Oil (\$ per bbl)	<b>66.72</b>	75.67	83.28	<b>75.30</b>	85.85
NGL (\$ per bbl)	<b>40.29</b>	40.15	47.26	<b>42.25</b>	47.49
Oil and NGL (\$ per bbl)	<b>65.85</b>	74.64	81.97	<b>74.47</b>	84.36
Natural gas (\$ per mcf)	<b>1.75</b>	0.18	0.88	<b>1.21</b>	1.00
Total petroleum and natural gas revenue before realized commodity and FX contracts (\$ per boe)	<b>59.25</b>	65.94	72.93	<b>66.67</b>	74.27
<b>Benchmark Prices</b>					
WTI (US\$ per bbl)	<b>59.13</b>	64.81	70.27	<b>64.77</b>	75.72
CAD/USD exchange rate	<b>1.39</b>	1.38	1.40	<b>1.40</b>	1.37
WTI (C\$ per bbl)	<b>82.49</b>	89.44	98.38	<b>90.60</b>	103.74
Edmonton Light Sweet (C\$ per bbl)	<b>76.54</b>	86.42	94.88	<b>85.59</b>	97.58
WCS (C\$ per bbl)	<b>66.88</b>	75.16	81.03	<b>75.05</b>	83.63
AECO Daily Index (C\$ per mcf)	<b>2.23</b>	0.63	1.48	<b>1.68</b>	1.46

Total petroleum and natural gas revenue for the fourth quarter of 2025 decreased by 12 percent when compared to the immediately preceding quarter, primarily due to an 8 percent decrease in WTI (C\$ per bbl) and a widening of both the WCS and Edmonton light sweet differentials during the period.

Total petroleum and natural gas revenue for the fourth quarter of 2025 decreased 23 percent, when compared to the same period of the prior year, primarily due to a 16 percent decrease in WTI (C\$ per bbl) and a widening of Edmonton light sweet differentials during the period.

Total petroleum and natural gas revenue for the year ended December 31, 2025 decreased 13 percent when compared to the same period of the prior year. The decrease correlates to a 13 percent decrease in WTI (C\$ per bbl), partially offset by tighter differentials during the first half of 2025.

## ROYALTIES

(\$000s except per boe)	Three Months Ended			Years Ended Dec 31,	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	2025	2024
Royalties	<b>20,953</b>	25,212	29,693	<b>98,761</b>	119,919
% of petroleum and natural gas revenue	<b>16.6 %</b>	17.6 %	18.2 %	<b>17.3 %</b>	18.3 %
\$ per boe	<b>9.82</b>	11.60	13.27	<b>11.52</b>	13.56

As royalties are sensitive to both commodity prices and production levels, the corporate royalty rates will fluctuate with commodity prices, well production rates, production decline of existing wells, and performance and geographic location of new wells drilled.

Royalties as a percentage of revenue for the fourth quarter of 2025 decreased from 17.6 percent to 16.6 percent when compared to the immediately preceding quarter, primarily due to a lower crude oil pricing environment.

Royalties as a percentage of revenue for the three months and year ended December 31, 2025 decreased from 18.2 percent to 16.6 percent and 18.3 percent to 17.3 percent respectively, when compared to the same periods of the prior year, primarily due to a lower crude oil pricing environment and lower production due to the disposal of certain non-core assets in Central Alberta, Southwest Saskatchewan, and Northwest Alberta in 2024.

## NET OPERATING EXPENSES

(\$000s except per boe)	Three Months Ended			Years Ended Dec 31,	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	2025	2024
Operating expenses	<b>40,476</b>	40,340	44,563	<b>161,385</b>	185,638
Less processing income	<b>(1,899)</b>	(1,905)	(1,780)	<b>(7,866)</b>	(8,592)
Net operating expenses	<b>38,577</b>	38,435	42,783	<b>153,519</b>	177,046
\$ per boe	<b>18.09</b>	17.69	19.12	<b>17.91</b>	20.02

Total net operating expenses for the fourth quarter of 2025 were comparable to the immediately preceding quarter.

Total net operating expenses for the three months and year ended December 31, 2025 decreased 10 percent and 13 percent when compared to the same periods of the prior year, primarily due to lower power costs and the disposal of certain non-core assets in Central Alberta, Southwest Saskatchewan, and Northwest Alberta in 2024, which carried higher operating costs on a per boe basis relative to the Company's corporate averages on its retained assets.

## TRANSPORTATION EXPENSES

(\$000s except per boe)	Three Months Ended			Years Ended Dec 31,	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	2025	2024
Transportation expenses	<b>2,239</b>	2,045	3,101	<b>8,897</b>	11,429
\$ per boe	<b>1.05</b>	0.94	1.39	<b>1.04</b>	1.29

Transportation expenses for the fourth quarter of 2025 increased 9 percent when compared to the immediately preceding quarter, primarily due to higher trucking costs for new drills in the Company's Sparky area that are not yet pipeline connected.

Transportation expenses for the three months and year ended December 31, 2025 decreased 28 percent and 22 percent respectively, as compared to the same periods of the prior year, primarily due to the disposals of certain non-core assets in Central Alberta, Southwest Saskatchewan, and Northwest Alberta in 2024, which were more reliant on trucking oil production than the Company's core operating areas, in addition to a strategic effort to pipeline connect wells drilled in Southeast Saskatchewan during 2025.

### GENERAL AND ADMINISTRATIVE (G&A) EXPENSES

(\$000s except per boe)	Three Months Ended			Years Ended Dec 31,	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	2025	2024
G&A expenses	<b>7,451</b>	7,068	7,051	<b>29,165</b>	27,975
Recoveries and capitalized amounts	<b>(1,903)</b>	(1,724)	(1,835)	<b>(7,078)</b>	(7,322)
Net G&A expenses	<b>5,548</b>	5,344	5,216	<b>22,087</b>	20,653
\$ per boe	<b>2.60</b>	2.46	2.33	<b>2.58</b>	2.34

Total net G&A expenses for the fourth quarter of 2025 increased 4 percent when compared to the immediately preceding quarter, primarily attributable to higher third-party service provider fees in the period.

Total net G&A expenses for the three months and year ended December 31, 2025 increased 6 percent and 7 percent respectively, when compared to the same periods of the prior year. The net increase is primarily a result of expenditures on the Company's head office lease commencing in 2025.

### TRANSACTION AND OTHER COSTS (INCOME)

(\$000s except per boe)	Three Months Ended			Years Ended Dec 31,	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	2025	2024
Transaction and other costs (income)	<b>(394)</b>	198	630	<b>(45)</b>	7,762
\$ per boe	<b>(0.18)</b>	0.09	0.28	<b>(0.01)</b>	0.88

The Company earned other income in the fourth quarter of 2025 compared to incurring transaction and other costs in the immediately preceding quarter, primarily due to other income received from licensing agreements during the period.

The Company earned other income during the three months and year ended December 31, 2025 compared to transaction and other costs in the same periods of the prior year, primarily due to other income received from licensing agreements and carbon credit sales during the period.

**FINANCE EXPENSES**

(\$000s except per boe)	Three Months Ended			Years Ended Dec 31,	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	2025	2024
Interest on bank debt and term debt	491	653	764	2,397	20,133
Interest on senior unsecured notes	3,750	3,761	3,751	15,008	4,778
Interest on convertible debentures	1,027	1,026	1,026	4,106	4,084
Interest on lease and other obligations	449	476	453	1,778	1,929
Realized gain on interest contracts	—	—	—	—	(884)
<b>Total interest expense</b>	<b>5,717</b>	<b>5,916</b>	<b>5,994</b>	<b>23,289</b>	<b>30,040</b>
<b>\$ per boe</b>	<b>2.68</b>	<b>2.72</b>	<b>2.68</b>	<b>2.72</b>	<b>3.40</b>
Accretion expense	3,562	3,459	2,698	13,529	14,214
Other finance expenses	—	—	—	4,139	—
<b>Total finance expense</b>	<b>9,279</b>	<b>9,375</b>	<b>8,692</b>	<b>40,957</b>	<b>44,254</b>
<b>\$ per boe</b>	<b>4.35</b>	<b>4.31</b>	<b>3.88</b>	<b>4.78</b>	<b>5.01</b>
<b>Average principal amount</b>					
Bank debt	—	—	—	—	21,378
Senior unsecured notes <sup>(1)</sup>	175,000	175,000	175,000	175,000	175,000
Term debt	6,434	6,434	8,498	6,434	81,252
Convertible debentures	48,300	48,300	48,300	48,300	48,300
<b>Average total principal amount of debt outstanding</b>	<b>229,734</b>	<b>229,734</b>	<b>231,798</b>	<b>229,734</b>	<b>325,930</b>

(1) The senior unsecured notes were entered into on September 5, 2024. Prior period amounts were not included in the calculation of the average principal amount, as the results were not meaningful.

Total interest expense for the fourth quarter of 2025 was comparable to the immediately preceding quarter.

Total interest expense for the fourth quarter and year ended December 31, 2025 decreased 5 percent and 22 percent when compared to the same periods of 2024 due to lower outstanding net debt between the periods as a result of net debt reductions throughout 2024 and 2025.

Total finance expense includes accretion, representing the change in the time value of the decommissioning obligations, term debt, convertible debentures ("Debentures") and senior unsecured notes ("Notes") as well as unrealized gains and losses on financial interest contracts and other finance expenses.

Accretion expense for the three months ended December 31, 2025 was comparable to the immediately preceding quarter and increased 32 percent compared to the same period of the prior year, primarily due to an increase in the discount rate used in the fourth quarter of 2025.

Accretion expense for the year ended December 31, 2025 decreased 5 percent compared to the same period of the prior year, primarily due to the early repayment of the non-revolving second-lien term facility during 2024, offset by a full year of accretion in 2025 on the Notes that were issued in the third quarter of 2024.

For the year ended December 31, 2025, the Company had a \$4.1 million finance expense relating to the modification and extension of an other obligation.

## NETBACKS

(\$ per boe, except production)	Three Months Ended			Years Ended Dec 31,	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	2025	2024
Average production (boe per day)	<b>23,186</b>	23,622	24,319	<b>23,491</b>	24,158
Petroleum and natural gas revenue	<b>59.25</b>	65.94	72.93	<b>66.67</b>	74.27
Realized gain (loss) on commodity and FX contracts	<b>1.36</b>	1.70	(0.12)	<b>1.64</b>	(0.40)
Royalties	<b>(9.82)</b>	(11.60)	(13.27)	<b>(11.52)</b>	(13.56)
Net operating expenses	<b>(18.09)</b>	(17.69)	(19.12)	<b>(17.91)</b>	(20.02)
Transportation expenses	<b>(1.05)</b>	(0.94)	(1.39)	<b>(1.04)</b>	(1.29)
<b>Operating netback</b>	<b>31.65</b>	37.41	39.03	<b>37.84</b>	39.00
G&A expense	<b>(2.60)</b>	(2.46)	(2.33)	<b>(2.58)</b>	(2.34)
Interest expense	<b>(2.68)</b>	(2.72)	(2.68)	<b>(2.72)</b>	(3.40)
<b>Adjusted funds flow</b>	<b>26.37</b>	32.23	34.02	<b>32.54</b>	33.26

Operating netback for the three months ended December 31, 2025 decreased 15 percent when compared to the immediately preceding quarter, primarily due to lower realized commodity pricing.

Operating netback for the three months ended December 31, 2025 decreased 19 percent when compared to the same period of the prior year, primarily due to lower realized commodity pricing, partially offset by lower royalties, net operating and transportation expenses.

Operating netback for the year ended December 31, 2025 was comparable to the same period of the prior year despite lower realized commodity pricing, as a result of a decrease in royalties, net operating expenses and transportation expenses.

Please refer to the respective sections of the MD&A for a detailed explanation of the changes to the netback as compared to prior periods.

## STOCK-BASED COMPENSATION

(\$000s except per boe)	Three Months Ended			Years Ended Dec 31,	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	2025	2024
Stock-based compensation	<b>2,780</b>	2,692	3,964	<b>13,030</b>	13,104
Capitalized stock-based compensation	<b>(929)</b>	(903)	(1,302)	<b>(4,241)</b>	(4,098)
Net stock-based compensation	<b>1,851</b>	1,789	2,662	<b>8,789</b>	9,006
\$ per boe	<b>0.87</b>	0.82	1.19	<b>1.03</b>	1.02

Net stock-based compensation expense for the fourth quarter of 2025 was comparable to the immediately preceding quarter.

Net stock-based compensation expense for the fourth quarter of 2025 decreased 30 percent when compared to the same period of the prior year, primarily due to expensing awards during the period that were issued at a lower initial grant price than prior years.

Net stock-based compensation expense for the year ended December 31, 2025 was comparable to the prior year.

## DEPLETION AND DEPRECIATION

(\$000s except per boe)	Three Months Ended			Years Ended Dec 31,	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	2025	2024
Depletion and depreciation expense	<b>42,092</b>	45,992	50,026	<b>185,754</b>	188,480
\$ per boe	<b>19.73</b>	21.16	22.36	<b>21.66</b>	21.32

Depletion and depreciation are calculated based on total capital expenditures (including acquisitions and dispositions), production rates and proved and probable oil and gas reserves. Deducted from the Company's fourth quarter of 2025 depletion and depreciation calculation are costs associated with salvage values of \$56.2 million. Future development costs for proved and probable oil and gas reserves of \$754.7 million have been included in the depletion calculation.

Depletion and depreciation expense for the three months ended December 31, 2025 decreased 8 percent when compared to the immediately preceding quarter. This is primarily due to lower production as a percentage of depletable reserves resulting in a lower depletion rate in the period.

Depletion and depreciation expense for the three months ended December 31, 2025 decreased 16 percent when compared to the same period of the prior year. This is primarily due to lower production, as a result of the disposal of certain non-core assets in Northwest Alberta in the fourth quarter of 2024. Additionally, the Company recorded a \$0.4 million recovery in the period compared to a \$3.5 million depletion expense in the fourth quarter of 2024, related to changes in the discounted carrying value of estimated decommissioning obligations in respect of properties that had a nil carrying value ascribed.

Depletion and depreciation expense for the year ended December 31, 2025 is comparable to the same period of the prior year.

## IMPAIRMENT

(\$000s except per boe)	Three Months Ended			Years Ended Dec 31,	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	2025	2024
Impairment of property, plant and equipment <sup>(1)</sup>	<b>18,419</b>	—	—	<b>18,419</b>	96,495
\$ per boe	<b>8.64</b>	—	—	<b>2.15</b>	10.91

(1) The year ended December 31, 2024 amount includes an impairment charge of \$43.8 million on the Company's Northwest Alberta CGU which was disposed of in Q4 2024 (please refer to the Capital Expenditures section of this MD&A).

The Company identified four CGUs as of December 31, 2025, based on the lowest level at which properties generate cash inflows while applying judgment to consider factors such as shared infrastructure, geographic proximity, petroleum type and similar exposures to market risk and materiality. The Company's CGUs at December 31, 2025 were geographically labeled North Central Alberta, Central Alberta, Southeast Alberta and Southeast Saskatchewan.

At December 31, 2025, indicators of impairment for the Company's North Central Alberta CGU were identified due to a lower commodity price environment. As a result, an impairment test was performed. The recoverable value was estimated at fair value less costs of disposal based on before tax discounted cash flows from proved and probable oil and gas reserves, based on the underlying composition of reserve categories (level 3 inputs).

At December 31, 2025, it was determined that the carrying value exceeded the estimated recoverable amount and a \$18.4 million impairment was recognized. The before tax discount rate applied in the calculation was 20 percent.

The results of the Company's impairment tests are sensitive to changes in any of the key significant assumptions including forecasted oil and gas commodity prices, forecasted production volumes, forecasted operating costs, royalty costs and future development costs which impact the estimate of cash flows from proved and probable oil and gas reserves, in addition to the discount rate, of which changes could decrease or increase the estimated recoverable amounts of CGUs and result in additional impairment charges or in the recovery of previously recorded impairment charges.

## NET INCOME (LOSS)

(\$000s except per share)	Three Months Ended			Years Ended Dec 31,	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	2025	2024
Net income (loss)	<b>(7,093)</b>	7,199	(2,656)	<b>40,259</b>	(53,716)
Per share - basic (\$)	<b>(0.07)</b>	0.07	(0.03)	<b>0.41</b>	(0.53)
Per share - diluted (\$) <sup>(1)</sup>	<b>(0.07)</b>	0.07	(0.03)	<b>0.40</b>	(0.53)

(1) Dilution is not reflected in the calculation of net loss for the three months ended December 31, 2025 and December 31, 2024 and the twelve months ended December 31, 2024.

Please refer to the financial statements and other applicable sections of this MD&A for further information regarding the changes in net income (loss) over the period.

The Company realized a net loss for the three months ended December 31, 2025 as compared to net income in the immediately preceding quarter, primarily due to a \$18.4 million impairment recognized during the fourth quarter of 2025. The Company realized net income for the twelve months ended December 31, 2025 as compared to a net loss for the same period, primarily due to a \$96.5 million impairment recognized in the second quarter of 2024.

## INCOME TAXES

The estimated tax pools in place at December 31, 2025 are as follows:

(\$000s)	Total
Canadian oil and gas property expenses	267,973
Canadian development expenses	193,458
Canadian exploration expenses	55,743
Undepreciated capital cost	140,150
Non-capital losses	506,587
Other	6,845
	<b>1,170,756</b>

## CAPITAL EXPENDITURES

### Capital Expenditure Summary

(\$000s)	Q1 2025	Q2 2025	Q3 2025	Q4 2025	2025 YTD	2024 YTD	% Change
Land	1,547	6,156	169	721	8,593	7,410	16 %
Seismic	393	181	143	2,411	3,128	4,545	(31)%
Drilling and completions	41,696	14,524	23,515	26,002	105,737	126,251	(16)%
Facilities, equipment and pipelines	8,810	7,676	7,063	9,997	33,546	47,796	(30)%
Other	1,953	2,293	1,915	2,541	8,702	9,101	(4)%
Expenditures on property, plant and equipment	54,399	30,830	32,805	41,672	159,706	195,103	(18)%
Expenditures on acquisitions	100	—	5,677	—	5,777	3,535	63 %
Cash from dispositions	(56)	(60)	—	—	(116)	(45,924)	(100)%
Net acquisitions & dispositions	44	(60)	5,677	—	5,661	(42,389)	nm <sup>(1)</sup>
Net capital expenditures	54,443	30,770	38,482	41,672	165,367	152,714	8 %

(1) The Company views this change calculation as not meaningful, or "nm".

During the three months and year ended December 31, 2025, Surge invested a total of \$41.7 million and \$159.7 million on capital projects, excluding acquisitions and dispositions.

During the fourth quarter of 2025, Surge invested \$26.0 million to drill and complete 7 gross (7.0 net) wells in Alberta and 9 gross (5.0 net) wells in Saskatchewan. Of this amount, \$20.0 million was spent on drilling; \$1.5 million on completions; and \$4.5 million on workovers. Production from 4 gross (4.0 net) wells from the fourth quarter drilling program are expected to be brought on stream in the first quarter of 2026. The Company invested \$10.0 million to equip and tie-in wells drilled in the fourth quarter of 2025 and complete scheduled facility turnarounds on operated facilities. Of this amount, \$7.2 million was spent on facilities and \$2.8 million was spent on equipping and tying-in wells and pipeline connections. An additional \$5.7 million was spent on land, seismic and other capital items during the fourth quarter of 2025.

During the year ended December 31, 2025, Surge invested \$105.7 million to drill and complete 30 gross (30.0 net) wells in Alberta and 28 gross (18.8 net) wells in Saskatchewan. Of this amount, \$73.7 million was spent on drilling; \$21.0 million on completions; and \$11.0 million on workovers. The Company invested \$33.6 million to equip and tie-in wells drilled in the year and complete scheduled facility turnarounds on operated facilities. Of this amount, \$22.0 million was spent on facilities and \$11.6 million was spent on equipment and pipelines. An additional \$20.4 million was spent on land, seismic and other capital items during the year ended December 31, 2025.

## SELECTED ANNUAL INFORMATION AND SUMMARY OF QUARTERLY RESULTS

### Share Capital and Option Activity

	Q4 2025	Q3 2025	Q2 2025	Q1 2025
Weighted common shares	98,947,140	99,054,424	99,319,449	99,979,139
Dilutive instruments (treasury method)	2,594,198	2,105,261	854,203	1,263,426
Weighted average diluted shares outstanding	101,541,338	101,159,685	100,173,652	101,242,565

  

	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Weighted common shares	101,141,510	101,066,498	100,581,954	100,529,046
Dilutive instruments (treasury method)	744,949	1,471,234	2,154,779	1,646,316
Weighted average diluted shares outstanding	101,886,459	102,537,732	102,736,733	102,175,362

On March 4, 2026, Surge had 98,840,957 common shares, 2,809,280 PSAs, and 2,071,277 RSAs outstanding.

**Quarterly Financial Information**

(\$000s except per share and per boe)	Q4 2025	Q3 2025	Q2 2025	Q1 2025
Petroleum and natural gas revenue	<b>126,381</b>	143,301	141,215	160,722
Net income (loss)	<b>(7,093)</b>	7,199	31,907	8,246
Net income (loss) per share (\$):				
Basic	<b>(0.07)</b>	0.07	0.32	0.08
Diluted <sup>(1)</sup>	<b>(0.07)</b>	0.07	0.32	0.08
Cash flow from operating activities	<b>59,697</b>	66,392	56,344	83,470
Cash flow from operating activities per share (\$):				
Basic	<b>0.60</b>	0.67	0.57	0.83
Diluted	<b>0.59</b>	0.66	0.56	0.82
Adjusted funds flow	<b>56,242</b>	70,050	72,756	80,107
Adjusted funds flow per share (\$):				
Basic	<b>0.57</b>	0.71	0.73	0.80
Diluted	<b>0.55</b>	0.69	0.73	0.79
Average daily sales				
Oil (bbls/d)	<b>19,746</b>	20,223	20,332	20,673
NGL (bbls/d)	<b>673</b>	606	554	248
Natural gas (mcf/d)	<b>16,599</b>	16,759	16,217	15,877
Barrels of oil equivalent (boe per day) (6:1)	<b>23,186</b>	23,622	23,589	23,567
Average sales price				
Natural gas (\$/mcf)	<b>1.75</b>	0.18	1.28	1.67
Oil (\$/bbl)	<b>66.72</b>	75.67	74.12	84.49
NGL (\$/bbl)	<b>40.29</b>	40.15	43.29	50.53
Barrels of oil equivalent (\$/boe)	<b>59.25</b>	65.94	65.79	75.77

(1) Dilution is not reflected in the calculation of net loss for the three months ended December 31, 2025.

**Quarterly Financial Information**

(\$000s except per share and per boe)	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Petroleum and natural gas revenue	163,172	162,191	173,173	158,167
Net income (loss)	(2,656)	17,263	(64,693)	(3,630)
Net income (loss) per share (\$):				
Basic	(0.03)	0.17	(0.64)	(0.04)
Diluted <sup>(1)</sup>	(0.03)	0.17	(0.64)	(0.04)
Cash flow from operating activities	64,838	73,420	73,604	66,785
Cash flow from operating activities per share (\$):				
Basic	0.64	0.73	0.73	0.66
Diluted	0.64	0.72	0.72	0.65
Adjusted funds flow	76,121	72,710	82,805	62,487
Adjusted funds flow per share (\$):				
Basic	0.75	0.72	0.82	0.62
Diluted	0.75	0.71	0.81	0.61
Average daily sales				
Oil (bbls/d)	20,675	19,988	19,628	20,620
NGL (bbls/d)	777	779	856	860
Natural gas (mcf/d)	17,199	18,168	18,805	20,539
Barrels of oil equivalent (boe per day) (6:1)	24,319	23,795	23,618	24,903
Average sales price				
Natural gas (\$/mcf)	0.88	0.24	0.92	1.88
Oil (\$/bbl)	83.28	86.17	94.07	80.32
NGL (\$/bbl)	47.26	46.50	45.85	50.25
Barrels of oil equivalent (\$/boe)	72.93	74.09	80.57	69.79

(1) Dilution is not reflected in the calculation of net loss for the three months ended December 31, 2024, June 30, 2024 and March 31, 2024.

**Annual Financial Information**

(\$000s except per share)	Years Ended December 31,		
	2025	2024	2023
Total petroleum and natural gas revenue	<b>571,619</b>	656,703	670,375
Net income (loss)	<b>40,259</b>	(53,716)	15,751
Net income (loss) per share (\$):			
Basic	<b>0.41</b>	(0.53)	0.16
Diluted <sup>(1)</sup>	<b>0.40</b>	(0.53)	0.16
Total assets	<b>1,324,508</b>	1,366,149	1,480,763
Total long-term financial liabilities <sup>(2)</sup>	<b>226,659</b>	227,316	261,790
Dividends declared	<b>51,587</b>	50,357	47,459
Dividends declared per share (\$)	<b>0.52</b>	0.50	0.48

(1) Dilution is not reflected in the calculation of net loss for the twelve months ended December 31, 2024.

(2) Total of non-current liabilities excluding decommissioning obligations.

The fluctuations in Surge’s revenue and net income (loss) from quarter to quarter are primarily caused by changes in production volumes, changes in realized commodity prices and the related impact on royalties, realized and unrealized gains or losses on derivative instruments, and changes in impairment charges and non-cash items.

Surge has experienced organic production growth over the past two years as a result of its capital expenditure programs. This growth has been slightly offset by dispositions of certain non-core assets in Central Alberta, Southwest Saskatchewan, and Northwest Alberta in 2024, which removed approximately 2,400 boe per day from production. As a result, the Company has seen a decrease from 24,903 boe per day in the first quarter of 2024 to 23,186 boe per day in the fourth quarter of 2025. These fluctuations in production volumes and in realized commodity prices have impacted the Company’s petroleum and natural gas revenues, cash flow from operating activities and adjusted funds flow. Net income (loss) has fluctuated due to impairments and changes in adjusted funds flow and unrealized risk management gains and losses which fluctuate with the changes in forward benchmark commodity prices and exchange rates.

## LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2025, Surge had nil drawn on its credit facilities, \$175.0 million principal amount of Notes outstanding, excluding unamortized issue costs of \$3.3 million, \$48.3 million principal amount of Debentures outstanding, and total net debt of \$220.6 million. Total net debt as at December 31, 2025 was comparable to net debt as at September 30, 2025 and decreased 11 percent as compared to net debt as at December 31, 2024. As at December 31, 2025, Surge had approximately \$246.6 million of borrowing capacity in relation to the \$250 million Facilities (as defined herein) and had \$3.4 million of outstanding letters of credit (December 31, 2024 - \$2.6 million), which are included within the \$50 million operating loan facility. The following tables sets forth the capitalization of Surge:

### Capitalization

(\$000s except share amounts)	Outstanding as at December 31, 2025
Common shares outstanding	98,877,257
<b>Shareholder Equity</b>	
Share capital	1,741,038
Debentures - equity	6,375
<b>Debt</b>	
Bank debt	
Total commitment	250,000
Amount drawn	—
Senior unsecured notes	
Total principal	175,000
Unamortized issue costs	(3,255)
Total, net of unamortized issue costs	171,745
Term debt	5,993
Debentures - liability	41,170

### Shareholder Returns

For the year ended December 31, 2025, the Company returned a total of \$60.4 million to shareholders through the Company’s normal course issuer bid ("NCIB") program and dividends paid.

The NCIB allows for the repurchase for cancellation of up to a maximum of 9,597,280 common shares of the Company. During the year ended December 31, 2025, the Company repurchased for cancellation 1,504,700 common shares under its NCIB at a weighted average price of \$5.79 per share and a total cost of \$8.7 million. This represents approximately 1.5 percent of the Company's common shares outstanding as of December 31, 2025.

In addition, the Company paid \$51.7 million in dividends for the year ended December 31, 2025 (\$0.52 per share annualized).

#### Convertible Debentures

	Number of convertible debentures	Liability Component (\$000s)	Equity Component (\$000s)
Balance at December 31, 2024	48,300	39,401	6,375
Accretion of discount	—	1,769	—
<b>Balance at December 31, 2025</b>	<b>48,300</b>	<b>41,170</b>	<b>6,375</b>

Surge monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives. Currently, Surge anticipates that the future capital requirements will be funded through a combination of internal cash flow, divestitures, and debt and/or equity financing. There can be no guarantees that the Facilities will be extended or that alternative forms of debt and equity financing will be available on terms acceptable to the Company to meet its capital requirements.

#### Net Debt

(\$000s)	As at December 31, 2025
Cash	18,654
Accounts receivable	45,813
Prepaid expenses and deposits	3,176
Accounts payable and accrued liabilities	(65,018)
Dividends payable	(4,286)
Senior unsecured notes	(171,745)
Term debt	(5,993)
Convertible debentures	(41,170)
<b>Total</b>	<b>(220,569)</b>

#### Bank Debt

As at December 31, 2025, the Company had a total commitment of \$250 million, being the aggregate of a committed revolving first-lien term facility of \$200 million and an operating loan facility of \$50 million (the "Facilities"), with a syndicate of banks. A review and redetermination of the borrowing base is scheduled to occur semi-annually on or before May 31 and November 30 of each year. The Facilities are available on a revolving basis until May 31, 2026. On May 31, 2026, at the Company's discretion, the Facilities are available on a non-revolving basis for a one-year period, at the end of which time the Facilities would be due and payable. Alternatively, the Facilities may be extended for a further 364-day period at the request of the Company and subject to the approval of the syndicate. As the available lending limits of the Facilities are based on the syndicate's interpretation of the Company's reserves, commodity prices and decommissioning obligations, there can be no assurance that the amount of the available Facilities will not decrease at the next scheduled review. In the current pricing environment, there is an increased risk that the lenders may decrease the amount available under the Facilities and the decreases could be material. Interest rates vary depending on the ratio of Senior Debt to EBITDA (as defined in the lending agreement). As at December 31, 2025, the Company had an effective interest rate of prime plus 1.75 percent on the Facilities (December 31, 2024 - prime plus 1.75 percent).

The Facilities are secured by a general assignment of book debts, debentures of \$0.8 billion with a floating charge over all assets of the Company with a negative pledge and undertaking to provide fixed charges on the major producing petroleum and natural gas properties at the request of the bank.

### Senior Unsecured Notes

As at December 31, 2025, the Company had \$175.0 million of Notes outstanding. The Notes bear interest at a fixed rate of 8.500% per annum, payable semi-annually, with a due date of September 5, 2029, and rank equally with all other present unsecured and subordinated debt of the Company. The Notes were priced at 100% of par to yield 8.500% per annum.

The Notes are non-callable by the Company prior to September 5, 2026. On or after September 5, 2026, the Company may redeem all or part of the Notes at the redemption prices set forth below, plus any accrued and unpaid interest, for the twelve month period beginning on:

- i. September 5, 2026: 104.250%
- ii. September 5, 2027: 102.125%
- iii. September 5, 2028 and thereafter: 100.000%

### Emissions Reduction Fund

During the year ended December 31, 2021, the Company assumed two five-year, interest free term loans with the Federal Government of Canada via the Emissions Reduction Fund (“ERF”) administered by the Department of Natural Resources.

As at December 31, 2025, the ERF has provided Surge with \$10.9 million (December 31, 2024 - \$10.9 million) for the Company’s planned gas emission reduction program which will see the Company build infrastructure to eliminate greenhouse gas emissions in specific operating areas. A portion of the financial assistance received is non-repayable while the repayable portion of the loan repayments began on March 31, 2025, when 10.0 percent of the repayable portion was repaid, followed by 33.3 percent payable on March 31, 2026 and the remaining 56.7 percent payable on March 31, 2027. The Company accounts for the non-repayable portion and benefit of the interest-free period of the financial assistance as a government grant.

As at December 31, 2025, the Company had a \$6.0 million (December 31, 2024 - \$6.2 million) loan repayable relating to the ERF, which is included as term debt within the financial statements. As a result of 33.3 percent of the repayable portion falling due on March 31, 2026, \$2.4 million (December 31, 2024 - \$0.7 million) of the loan repayable has been reflected as current term debt.

As at December 31, 2025, the Company has repaid \$2.4 million (December 31, 2024 - \$1.7 million) of the ERF loans.

A summary of outstanding debt is as follows:

(\$000s)	Senior unsecured notes	Term debt	Total
Balance at December 31, 2024	170,872	6,224	177,096
Repayment	—	(715)	(715)
Accretion	873	484	1,357
<b>Balance at December 31, 2025</b>	<b>171,745</b>	<b>5,993</b>	<b>177,738</b>
<b>Current liabilities</b>	<b>—</b>	<b>2,381</b>	<b>2,381</b>
<b>Non-current liabilities</b>	<b>171,745</b>	<b>3,612</b>	<b>175,357</b>

At December 31, 2025, the Company's contractual payments (excluding interest payments), mature as follows:

(\$000s)	
2026	2,381
2027	4,053
2028 <sup>(1)</sup>	48,300
Thereafter	175,000
	<b>229,734</b>

(1) Inclusive of convertible debentures disclosed in note 9 of the financial statements.

### OFF-BALANCE-SHEET TRANSACTIONS

Surge does not have any off-balance-sheet transactions that have been excluded from the financial statements other than commitments disclosed in note 18 of the financial statements.

### CONTRACTUAL OBLIGATIONS

The Company is contractually obligated under its debt agreements as outlined under liquidity and capital resources.

As at December 31, 2025, Surge had future minimum payments relating to variable office rent payments and firm transport commitments, except lease payments included in "Leases and Other Obligations", totaling \$21.8 million, as summarized below:

(\$000s)	
Less than 1 year	5,123
1 - 3 years	8,229
3 - 5 years	5,879
5+ years	2,580
<b>Total commitments</b>	<b>21,811</b>

**LEASES AND OTHER OBLIGATIONS**

(\$000s)	Years ended December 31,	
	2025	2024
Lease liability and other obligations	22,979	15,626
Deferred revenue	2,000	—
<b>Total lease and other obligations</b>	<b>24,979</b>	<b>15,626</b>
<b>Current portion</b>	<b>14,847</b>	<b>4,092</b>
<b>Long term portion</b>	<b>10,132</b>	<b>11,534</b>

The Company has recognized the following lease and other obligations:

(\$000s)	Total
Lease and other obligations at December 31, 2023	22,806
Dispositions	(3,578)
Additions	1,246
Interest expense	1,929
Principal payments	(6,777)
Lease and other obligations at December 31, 2024 <sup>(1)</sup>	15,626
Additions	12,545
Interest expense	1,778
Principal payments	(6,970)
<b>Lease and other obligations at December 31, 2025 <sup>(1)</sup></b>	<b>22,979</b>
<b>Current portion <sup>(1)</sup></b>	<b>14,314</b>
<b>Long term portion</b>	<b>8,665</b>

(1) Inclusive of an other obligation of \$12.9 million (December 31, 2024 - \$4.0 million).

The Company has recognized the following right-of-use assets, included in note 5 of the financial statements:

(\$000s)	Total
Right-of-use assets at December 31, 2023	15,239
Dispositions	(1,914)
Additions	1,246
Impairment allocation	(2,867)
Depreciation	(3,434)
Right-of-use assets at December 31, 2024	8,270
Additions	399
Depreciation	(1,598)
<b>Right-of-use assets at December 31, 2025</b>	<b>7,071</b>

Future minimum payments relating to lease and other obligations at December 31, 2025 are as follows:

(\$000s)	
Less than 1 year	15,930
1 - 3 years	3,897
3+ years	5,898
<b>Lease and other obligation payments</b>	<b>25,725</b>

Deferred revenue represents advanced payments received by the Company in consideration for the future handling and processing of natural gas at one of its operated facilities. Deferred revenue is recognized over the course of the natural gas handling agreements.

(\$000s)	Total
Deferred revenue at December 31, 2024	—
Additions	2,000
<b>Deferred revenue at December 31, 2025</b>	<b>2,000</b>
<b>Current portion</b>	<b>533</b>
<b>Long term portion</b>	<b>1,467</b>

## FINANCIAL INSTRUMENTS

As a means of managing commodity price, interest rate, and foreign exchange volatility, the Company enters into various derivative financial instrument agreements and physical contracts. The fair value of forward contracts and swaps is determined by discounting the difference between the contracted prices and published forward price curves as at the statement of financial position date, using the remaining amounts and a risk-free interest rate (based on published government rates). The fair value of options and costless collars is based on option models that use published information with respect to volatility, prices and interest rates. Surge’s financial derivative contracts are classified as level two in the fair value hierarchy.

The following table summarizes the Company’s financial derivatives as at March 4, 2026 by period and by product.

### West Texas Intermediate (WTI) Crude Oil Derivative Contracts

Period	Swaps	
	Volumes (bbls/d)	Average Price (CAD/bbl) <sup>(1)</sup>
Qtr. 1 2026	5,344	\$90.74
Qtr. 2 2026	8,500	\$89.79
Qtr. 3 2026	6,500	\$90.14
Qtr. 4 2026	5,000	\$90.91

(1) The implied CAD Average Price per bbl was calculated using the December 31, 2025 exchange rate of USD \$1.00 = CAD \$1.3715.

### Western Canadian Select (WCS) Differential Derivative Contracts

Period	Swaps	
	Volumes (bbls/d)	Average Price (CAD/bbl) <sup>(1)</sup>
Qtr. 1 2026	4,000	\$(18.10)
Qtr. 2 2026	5,000	\$(18.18)
Qtr. 3 2026	5,000	\$(18.18)
Qtr. 4 2026	3,000	\$(18.61)

(1) The implied CAD Average Price per bbl was calculated using the December 31, 2025 exchange rate of USD \$1.00 = CAD \$1.3715.

### Natural Gas Derivative Contracts

Period	AECO Swaps	
	Volumes (GJ/d)	Average Price (CAD/GJ) <sup>(1)</sup>
Qtr. 1 2026	8,000	\$3.49
Qtr. 2 2026	6,000	\$3.01
Qtr. 3 2026	6,000	\$3.01
Qtr. 4 2026	6,000	\$3.01
Qtr. 1 2027	3,000	\$3.01
Qtr. 2 2027	3,000	\$3.01
Qtr. 3 2027	3,000	\$3.01
Qtr. 4 2027	1,011	\$3.01

(1) The implied CAD Average Price per GJ, was calculated using the December 31, 2025 exchange rate of USD \$1.00 = CAD \$1.3715.

### Foreign Currency Exchange Derivative Contracts

Type	Term	Notional Amount (USD)	Floor	Ceiling	Forward Rate
Average Rate Collar	Jan 2026 - Jun 2026	\$5,000,000	1.3850	1.4610	—
Average Rate Collar	Jan 2026 - Dec 2026	\$5,000,000	1.3800	1.4450	—
Average Rate Swap	Jan 2026 - Dec 2026	\$3,000,000	—	—	1.3775

## CONTROLS AND PROCEDURES

### Disclosure Controls and Procedures

Disclosure controls and procedures (“DC&P”), as defined in National Instrument 52-109 - *Certification of Disclosure in Issuers’ Annual and Interim Filings* (“NI 52-109”), are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company’s management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

As of the year ended December 31, 2025, an evaluation of the effectiveness of the Company’s disclosure controls and procedures, as defined under NI 52-109, was performed by the Company’s management with the oversight of the President & Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, the Company’s President & Chief Executive Officer and Chief Financial Officer have concluded that the Company’s DC&P are effective as of December 31, 2025.

Further, there were no changes in the Company’s DC&P during the fourth quarter and year ended December 31, 2025 that materially affected, or are reasonably likely to materially affect, the Company’s DC&P.

### Internal Controls over Financial Reporting

Internal control over financial reporting (“ICFR”), as defined in NI 52-109, includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of the Company;

2. are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made in accordance with authorizations of management and directors of Surge; and
3. are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

The President & Chief Executive Officer and Chief Financial Officer are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's President & Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's President & Chief Executive Officer and Chief Financial Officer by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

The Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework provides the basis for management's design of internal controls over financial reporting. Management and the Board work to mitigate the risk of a material misstatement in financial reporting; however, a control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met and it should not be expected that the disclosure and internal control procedures will prevent all errors or fraud.

Management, with the oversight of the President & Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial reporting, as defined under NI 52-109 as at December 31, 2025. In making its evaluation, management used the COSO framework. Based on this evaluation, the Company's President & Chief Executive Officer and Chief Financial Officer have concluded that the Company's ICFR was effective as of December 31, 2025.

Further, there were no changes in the Company's ICFR during the fourth quarter and year ended December 31, 2025 that materially affected, or are reasonably likely to materially affect, the Company's ICFR.

#### Future Accounting Pronouncements

In May 2024, the IASB issued amendments to IFRS 9 *Presentation and Disclosure in Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* relating to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. The amendments will be effective on January 1, 2026, and the Company is currently evaluating the impact on its financial statements.

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18"), which will replace IAS 1 and includes requirements for all entities applying IFRS for the presentation and disclosure of information in the financial statements. IFRS 18 will introduce new totals, subtotals, and categories for income and expenses in the Statement of Income (Loss) and Comprehensive Income (Loss), as well as requiring disclosure about management-defined performance measures and additional requirements regarding the aggregation and disaggregation of certain information. IFRS 18 will be effective on January 1, 2027, with earlier adoption permitted, and it must be adopted on a retrospective basis. The Company is currently evaluating the impact on its financial statements.

#### CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates. Due to the timing of when activities occur compared to the reporting of those activities, management must estimate and accrue operating results and capital spending. Changes in these judgments and estimates could have a material impact on our financial results and financial condition.

## Reserves

Estimation of recoverable quantities of proved and probable oil and gas reserves include estimates and assumptions regarding forecasted oil and gas commodity prices, exchange rates, discount rates, forecasted production volumes, forecasted operating costs, royalty costs and future development costs for future cash flows as well as the interpretation of complex geological and geophysical models and data.

Changes in reported reserves can affect the impairment of assets, the decommissioning obligations and the amounts reported for depletion, depreciation and amortization of PP&E. These reserve estimates are undertaken by independent third party reserve evaluators, who work with information provided by the Company to establish reserve determinations in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101").

## Forecasted Oil and Gas Commodity Prices

Management's estimates of forecasted oil and gas commodity prices are critical as these prices are used to determine the carrying amount of PP&E, assess for indicators of impairment and determine the change in fair value of financial contracts. Management's estimates of prices are based on the Three Consultant Average pricing forecast from our independent third party reserve evaluator and the current forward market.

## Business Combinations

Management makes various assumptions in determining the fair values of any acquired company's assets and liabilities in a business combination. The most significant assumptions and judgments made relate to the estimation of the fair value of the oil and gas properties acquired. To determine the fair value of these properties, we estimate (a) proved and probable oil and gas reserves in accordance with NI 51-101 and (b) forecasted oil and gas commodity prices.

## Decommissioning Obligations

Management calculates the Company's decommissioning obligations based on estimated costs to abandon and reclaim its net ownership interest in all wells and facilities and the estimated timing of the costs to be incurred in future periods. The fair value estimate is capitalized to PP&E as part of the cost of the related asset and amortized over its useful life. There are uncertainties related to decommissioning obligations and the impact on the financial statements could be material as the eventual timing and costs for the obligations could differ from our estimates. Factors that could cause our estimates to differ include any changes to laws or regulations, reserve estimates, costs and technology.

## Derivative Financial Instruments

Surge utilizes derivative financial instruments to manage its exposure to market risks relating to commodity prices, foreign currency exchange rates and interest rates. Fair values of derivative contracts fluctuate depending on the underlying estimate of future commodity prices, foreign currency exchange rates, interest rates and counterparty credit risk.

## Stock-based Compensation

Management makes various assumptions in determining the value of stock based compensation. This includes estimating the forfeiture rate, the expected volatility of the underlying security, interest rates and expected life, and the achievement of certain performance conditions as it relates to the performance multiplier.

## Deferred Income Taxes

Management makes various assumptions in determining the deferred income tax provision, including (but not limited to) future tax rates, accessibility of tax pools and future cash flows.

## RISK FACTORS

Additional risk factors can be found under "Risk Factors" in the Company's AIF for the year ended December 31, 2025, which can be found on [www.sedarplus.ca](http://www.sedarplus.ca). Many risks are discussed below and in the AIF, but these risk factors should not be construed as exhaustive. There are numerous factors, both known and unknown, that could cause actual results or events to differ materially from forecast results.

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of Surge depends on its ability to find, acquire, develop, and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves Surge may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in Surge's reserves will depend not only on the Company's ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that further commercial quantities of oil and natural gas will be discovered or acquired by Surge.

Surge's principal risks include finding and developing economic hydrocarbon reserves efficiently and being able to fund its capital program. The Company's need for capital is both short-term and long-term in nature. Short-term working capital will be required to finance accounts receivable, drilling deposits and other similar short-term assets, while the acquisition and development of oil and natural gas properties requires large amounts of long-term capital. Surge anticipates that future capital requirements will be funded through a combination of internal adjusted funds flow, debt and/or equity financing. There is no assurance that debt and equity financing will be available on terms acceptable to the Company to meet its capital requirements. If any components of the Company's business plan are missing, the Company may not be able to execute its entire business plan.

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial, and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material to the Company. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil, or water may give rise to liabilities to governments and third parties and may require Surge's operating entities to incur costs to remedy such discharge. Although Surge believes that it is in material compliance with current applicable environmental regulations, no assurance can be given that environment laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect Surge's financial condition, results of operations or prospects.

Surge's involvement in the exploration for and development of oil and natural gas properties may result in Surge becoming subject to liability for pollution, blowouts, property damage, personal injury or other hazards. Although, prior to drilling, Surge will obtain insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liability. In addition, such risks may not, in all circumstances, be insurable or, in certain circumstances, Surge may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to Surge. The occurrence of a significant event that was not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on Surge's financial position, results of operations or prospects and will reduce income otherwise used to fund operations.

The Company's financial performance and condition are substantially dependent on the prevailing prices of oil and natural gas which are unstable and subject to fluctuation. Fluctuations in oil or natural gas prices could have an adverse effect on the Company's operations and financial condition and the value and amount of its reserves. Prices for crude oil fluctuate in response to global supply of and demand for oil, market performance and uncertainty, transportation and shipping and a variety of other factors which are outside the control of the Company including, but not limited to, the world economy and the Organization of the Petroleum Exporting Countries' ability to adjust supply to world demand, government regulation, continued or escalating geopolitical conflicts (including conflicts in Israel/Palestine, the Middle East, Ukraine and Venezuela) and the availability of alternative fuel sources. Natural gas prices are influenced primarily by factors within North America, including North American supply and demand, economic performance, weather conditions and availability and pricing of alternative fuel sources.

Decreases in oil and natural gas prices typically result in a reduction of the Company's net production revenue and may change the economics of producing from some wells, which could result in a reduction in the volume of the Company's reserves. Any further substantial declines in the prices of crude oil or natural gas could also result in delay or cancellation of existing or future drilling, development or construction programs or the curtailment of production. All of these factors could result in a material decrease in the Company's net production revenue, cash flows and profitability causing a reduction in its oil and gas acquisition and development activities. In addition, bank borrowings available to the Company will in part be determined by the Company's borrowing base. A sustained material decline in prices from historical average prices could further reduce such borrowing base, therefore reducing the bank credit available and could require that a portion of its bank debt be repaid. In the current pricing environment, there is an increased risk that the lenders may decrease the amount available under the Facilities and the decreases could be material to the Company.

Recent developments in U.S.-Canada trade relations, including the threat and, in some cases, the imposition of tariffs on certain Canadian goods, highlight the uncertainty associated with international trade policy. Potential measures could include increased tariffs on Canadian energy exports, restrictions on cross-border supply chains, or additional regulatory barriers to trade. The continuation or implementation of any tariffs, surtaxes or other restrictive trade measures or countermeasures, including the introduction of regulatory barriers to trade, could have a significant impact on the market for crude oil, natural gas and NGLs products, including cost and price volatility, a relative weakening of the Canadian dollar, widening differentials, decreased demand for the Company's products, and increased costs for equipment, infrastructure, and maintenance. Any such measures may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Developments in U.S.-Canada trade relations may also have implications on many of the top and emerging risks to which the Company is exposed. The extent to which the Company's business, financial condition, results of operations and prospects will be affected depends largely on the nature and duration of uncertain and unpredictable events, such as the duration or escalation of the tariffs, the evolution of retaliatory measures, possible fiscal or monetary policy responses, and reactions to ongoing changes by global financial markets.

The Company continues to closely monitor the impacts and potential consequences of the continuation or implementation of any tariffs, surtaxes or other restrictive trade measures or countermeasures on its business, financial condition, results of operations and prospects. These ongoing circumstances may put into perspective many of the top and emerging risks to which the Company is exposed, including credit risk, commodity pricing and market risk, liquidity and funding risk, operational risk, strategic risk and third-party risk. The extent to which the Company's business, financial condition, results of operations and prospects will be affected depends largely on the nature and duration of uncertain and unpredictable events, such as the duration or escalation of any tariffs, the evolution of retaliatory measures, possible fiscal or monetary policy responses, and reactions to ongoing changes by global financial markets.

The Company utilizes financial derivatives contracts to manage market risk. All such transactions are conducted in accordance with the risk management policy that has been approved by the Board.

## BOE PRESENTATION

All amounts are expressed in Canadian dollars unless otherwise noted. Oil, natural gas and natural gas liquids reserves and volumes are converted to a common unit of measure, referred to as a barrel of oil equivalent (boe), on the basis of 6,000 cubic feet of natural gas being equal to one barrel of oil. This conversion ratio is based on an energy equivalency conversion method, primarily applicable at the burner tip and does not necessarily represent a value equivalency at the wellhead. It should be noted that the use of boe might be misleading, particularly if used in isolation.

## FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements. The use of any of the words "anticipate", "continue", "could", "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 MD&A contains statements concerning: changes with respect to emissions, carbon and other regulations impacting climate and climate related matters, including the cost of complying with such regulations; the expectation that a majority of cash flows associated with proved and probable oil and gas reserves per the 2025 reserve

report should be realized prior to the elimination of carbon based energy; the uncertainty with respect to the period in which global energy markets can transition from carbon based sources to alternative energy; expectations with respect to royalty rates and the conditions which may impact them; estimates with respect to the Company's tax pools; anticipated results of the Company's impairment tests; future availability and borrowing capacity under the Company's Facilities and any renewal thereof; ability of the Company to continue to meet its obligations under its Facilities; expectation that certain wells will be brought on stream in the first quarter of 2026 and anticipated timing thereof; fair value of forward contracts, swaps, options and costless collars entered into by the Company; estimations in respect of reserves and decommissioning obligations; the estimated recoverable amount of the Company's PP&E; and the ongoing assessment of management and the Board of market conditions.

The forward-looking statements are based on certain key expectations and assumptions made by Surge, including: oil and natural gas production levels and the timing of new wells coming on-stream; the success of the Company's operations and exploration and development activities; expectations and assumptions concerning the performance of existing wells and success obtained in drilling new wells; the size of Surge's oil, natural gas and NGL reserves and the recoverability of its reserves; prevailing weather conditions, commodity prices and exchange rates; the availability of labour, services and drilling equipment; the availability of capital to fund planned expenditures; ability of Surge to meet its objectives; anticipated expenses; cash flow and capital expenditures; recoverable and carrying value of certain assets; underlying causes of the fluctuations in Surge's revenue and net income (loss) from quarter to quarter; Surge's ability to fund future capital requirements and the nature and source of such funding; timing and amount of capital expenditures; timing of production curtailments; future operating costs and future cash flow; the Company's future debt levels; general economic and financial market conditions; compliance with and application of regulatory and royalty regimes; prevailing commodity prices and economic conditions; the Company's expectations regarding well production rates, production decline of existing wells and performance and geographic location of new wells drilled; the Company's ability to market production of oil and natural gas successfully to customers; the applicability of technologies for recovery and production of the Company's reserves; the success, nature and timing of waterflood activities; the impact of any new pandemic or epidemic and other international or geopolitical events, including government responses related thereto and their impact on global energy pricing, oil and gas industry exploration and development activity levels and production volumes; the financial assumptions used by Surge's reserve evaluators in assessing potential impairment of Surge assets; Surge's belief that the majority of cash flows associated with its proved and probable oil and gas reserves will be realized prior to the elimination of carbon based energy; the Company's belief in the uncertainty regarding the ultimate period in which global energy markets can transition from carbon based sources to alternative energy; management's expectations as to the cause of fluctuation in corporate royalty rates; management's beliefs regarding the estimates of the future values for certain assets and liabilities of the Company; the Company's estimates with respect to incremental borrowing rates and lease terms; development and completion activities and the costs relating thereto; the performance of new wells and ability of the Company to bring new wells on-stream; the successful implementation of waterflood programs; the availability of and performance of facilities and pipelines; the geological characteristics of Surge's properties and any acquired assets; the successful application of drilling, completion and seismic technology; the determination of decommissioning obligations; the ability to obtain approval from the syndicate to increase or maintain its Facilities; the ability to continue borrowing under the Company's Facilities and the syndicate's interpretation of the Company's obligations thereunder; ability of the Company to meet its obligations under its Facilities; ability of the Company to continue to make repurchases under its NCIB and the timing thereof; ability of the Company to obtain alternative forms of debt and equity financing on terms acceptable to the Company to meet its capital requirements; anticipated timing with respect to the Company's obligations in respect of the Debentures and the Senior Notes; prevailing weather conditions; exchange rates; licensing requirements; the impact of completed facilities on operating costs; that prevailing regulatory, tax and environmental laws and regulations apply or are introduced as expected, and the timing of such introduction; the availability, costs of capital, labour and services, and the creditworthiness of industry partners; and the ability of the Company to secure necessary capital, personnel, equipment and services.

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 (including the Russian invasion of Ukraine, political actions in South America or elsewhere and continued or escalating conflict in the Middle East); risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; changes with respect to foreign and domestic trade policy; the imposition or expansion of tariffs imposed by domestic and foreign governments or the imposition of other restrictive trade measures, retaliatory or countermeasures implemented by such governments, including the introduction of regulatory barriers to trade and the potential effect on the demand and/or market price for Surge's products and/or otherwise adversely affects Surge; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks; uncertainty surrounding the amount that will be available under the Facilities in the future and the ability to obtain approval from the syndicate to increase or maintain its credit facilities; delays or changes in plans with respect to exploration or development projects or capital expenditures; inability to secure labour, services or equipment on a timely basis or on favourable terms; failure to obtain industry partner, regulatory or other third-party consents and approvals, when and if required; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; fluctuations in the cost of borrowing; the marketability of production and demand of Surge's products; the inability to access sufficient capital from internal and external sources; inability of Surge to fund its future capital requirements and business plan; uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures; changes in general economic, market and business conditions; a decrease or elimination of the payment of dividends by the Company as a result of the Board of Directors' determination or restrictions under applicable agreements or corporate laws; unanticipated operating events which can reduce production or cause production to be shut in or delayed; commodity price and exchange rate fluctuations and constraint in the availability of services, adverse weather or break-up conditions; unfavourable weather conditions; a failure of the Company to hire or retain key personnel; incorrect assessments of the value of acquisitions, dispositions and exploration and development programs; geological, technical, drilling, completion and processing problems; results of waterflood responses; the outcome of litigation or regulatory proceedings brought against the Company or other disputes involving the Company; changes in legislation, including changes in tax laws, environmental laws and incentive programs relating to the oil and gas industry; the impact of natural disasters including earthquakes, typhoons, floods and fires; cyber-security issues; failure to realize the anticipated benefits of acquisitions and dispositions; changes in laws and regulations that affect the Company; risks related to decommissioning obligations including as a result of changes to laws or regulations, reserves estimates, costs and technology; failure to obtain the continued support of the lenders under Surge's current Facilities; potential decrease in the available lending limits under Surge's Facilities as a result of the syndicate's interpretation of the Company's reserves, commodity prices and decommissioning obligations; or the inability to obtain consent of lenders to increase or maintain the Facilities. Certain risks are set out in more detail in this MD&A under the heading 'Risk Factors' herein and in Surge's AIF dated March 4, 2026 which has been filed on SEDAR+ and can be accessed at [www.sedarplus.ca](http://www.sedarplus.ca).

The forward-looking statements contained in this MD&A 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.

## NON-GAAP AND OTHER FINANCIAL MEASURES

Certain secondary financial measures in this document - namely, "adjusted funds flow", "adjusted funds flow per share", "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 specified financial measures include capital management measures, 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. 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 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 & Adjusted Funds Flow per Share

Adjusted funds flow is a capital management measure. 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 (income). 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 (income) represent expenditures associated with property acquisitions and dispositions, debt restructuring and employee severance costs, as well as other income, 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 supplementary financial measure, calculated using the same weighted average basic and diluted shares used in calculating income (loss) 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)	Three Months Ended			Years Ended Dec 31,	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	2025	2024
Cash flow from operating activities	<b>59,697</b>	66,392	64,838	<b>265,903</b>	278,647
Change in non-cash working capital	<b>(7,158)</b>	(441)	5,303	—	(7,191)
Decommissioning expenditures	<b>4,463</b>	4,025	5,535	<b>14,099</b>	15,175
Cash settled transaction and other costs (income)	<b>(760)</b>	74	445	<b>(847)</b>	7,492
Adjusted funds flow	<b>56,242</b>	70,050	76,121	<b>279,155</b>	294,123
Per share - basic (\$)	<b>0.57</b>	0.71	0.75	<b>2.81</b>	2.92
Per share - diluted (\$)	<b>0.55</b>	0.69	0.75	<b>2.77</b>	2.87

### Net Debt

Net debt is a capital management measure, calculated as bank debt, senior unsecured notes, term debt plus the liability component of the 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 timing of settlement of these balances.

(\$000s)	As at		
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024
Cash	<b>18,654</b>	20,494	7,594
Accounts receivable	<b>45,813</b>	52,305	58,327
Prepaid expenses and deposits	<b>3,176</b>	4,572	3,233
Accounts payable and accrued liabilities	<b>(65,018)</b>	(72,373)	(95,433)
Dividends payable	<b>(4,286)</b>	(4,289)	(4,350)
Senior unsecured notes	<b>(171,745)</b>	(171,526)	(170,872)
Term debt	<b>(5,993)</b>	(5,872)	(6,224)
Convertible debentures	<b>(41,170)</b>	(40,704)	(39,401)
<b>Total</b>	<b>(220,569)</b>	(217,393)	(247,126)

### Operating Netback & Adjusted Funds Flow per boe

Operating netback is a non-GAAP financial measure, calculated as petroleum and natural gas revenue and processing 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. This metric is used by management to evaluate the Company's ability to generate cash margin on a unit of production basis.

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

(\$000s)	Three Months Ended			Years Ended Dec 31,	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	2025	2024
Petroleum and natural gas revenue	126,381	143,301	163,172	571,619	656,703
Processing income	1,899	1,905	1,780	7,866	8,592
Royalties	(20,953)	(25,212)	(29,693)	(98,761)	(119,919)
Realized gain (loss) on commodity and FX contracts	2,895	3,701	(264)	14,089	(3,493)
Operating expenses	(40,476)	(40,340)	(44,563)	(161,385)	(185,638)
Transportation expenses	(2,239)	(2,045)	(3,101)	(8,897)	(11,429)
Operating netback	67,507	81,310	87,331	324,531	344,816
G&A expense	(5,548)	(5,344)	(5,216)	(22,087)	(20,653)
Interest expense	(5,717)	(5,916)	(5,994)	(23,289)	(30,040)
Adjusted funds flow	56,242	70,050	76,121	279,155	294,123
Barrels of oil equivalent (boe)	2,133,025	2,173,225	2,237,273	8,573,934	8,841,938
<b>Operating netback (\$ per boe)</b>	<b>31.65</b>	37.41	39.03	<b>37.84</b>	39.00
<b>Adjusted funds flow (\$ per boe)</b>	<b>26.37</b>	32.23	34.02	<b>32.54</b>	33.26

### Net Operating Expenses & 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.

Net operating expenses and net operating expenses on a per unit basis are calculated as follows:

(\$000s except per boe)	Three Months Ended			Years Ended Dec 31,	
	Dec 31, 2025	Sep 30, 2025	Dec 31, 2024	2025	2024
Operating expenses	40,476	40,340	44,563	161,385	185,638
Less processing income	(1,899)	(1,905)	(1,780)	(7,866)	(8,592)
Net operating expenses	38,577	38,435	42,783	153,519	177,046
\$ per boe	18.09	17.69	19.12	17.91	20.02