

Management

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EPG Commentary by Dan Steffens

Surge Energy (SGY.TO / SGYEF) is a Canadian upstream company in our High Yield Income Portfolio. **It is the top performing stock in the portfolio, up ~59% YTD.** Production grew 20.5% year over year in 2022 and another 14.9% in 2023. Since 2023, the company has focused on using free cash flow to strengthen its balance sheet. On June 1, 2026, Surge announced an expanded 2026 drilling program that is expected to support higher production heading into 2027.

In August 2024, Surge completed Phase Two of its debt reduction plan and raised its monthly dividend to \$0.043333 per share (\$0.52 annually). The annualized yield is approximately 4.7% at the current share price. The company has reached its Phase 3 debt target. In the second half of 2026, excess free cash flow after dividends is expected to be directed toward share repurchases if the stock continues to trade below management's estimate of net asset value per share. I expect Surge to raise the dividend in 2027.

Q2/26 Highlights



During the second quarter of 2026, Surge:

- Achieved **average production** of 23,376 boepd (89% liquids) in 1H/26, exceeding its initial 2026 average production guidance of 23,000 boepd, and delivered average production of 22,865 (89% liquids) in Q2/26;
- Generated **adjusted funds flow ("AFF")**¹ of \$91.5 million in Q2/26, an increase of 26% over Q2/25 AFF of \$72.8 million;
- Generated **free cash flow ("FCF")**¹ of \$58.7 million in Q2/26, representing 64% of Q2/26 AFF;
- Delivered **total shareholder returns** of \$44.6 million (49% of AFF) in Q2/26 by way of:
 - An attractive (4.4% yield²) annual cash dividend (\$12.9 million returned to shareholders in Q2/26);
 - Net debt¹ reduction of \$16.7 million, with Q2/26 annualized AFF representing 0.54x net debt; and
 - Normal Course Issuer Bid ("NCIB") share buybacks (\$15.0 million returned to shareholders in Q2/26);
- Completed the **strategic acquisition** of the Hansman Lake gas plant in Surge's Sparky core area, which is expected to increase Surge's FCF by ~\$4.6 million annually beginning in Q3/26; and
- Closed a 2-year **extension of its undrawn first-lien credit facilities**, providing up to \$250 million in total available credit facilities.

My Fair Value Estimate for SGY.TO is \$16.50Cdn/share

Compares to First Call's consensus price target of \$13.78Cdn

Disclosure: I have a long position in SGYEF. I do not intend on buying or selling any shares in the next 72 hours. I wrote this profile myself, and it expresses my own opinions. I am not receiving compensation for it from the company. I have no business relationship with any company whose stock is mentioned in this article.

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Company Overview

Surge Energy Inc. (SGY and SGYEF) is an independent oil and gas company based in Calgary, Alberta and operating in Alberta, Saskatchewan, and Manitoba. The Common Shares are listed on the TSX under the symbol "SGY." Surge Energy is an oil focused energy company with a sustainable strategy to enhance returns and free cash flow. Their simple, repeatable business strategy is based on developing high-quality, conventional oil reservoirs using proven technology to enhance recovery through waterflood.

The Surge strategy is based on three core pillars:

- **Disciplined Capital Allocation** – The Company undertakes low cost, high impact projects that support long-term sustainability
- **Financial Flexibility** – By focusing on high return strategic opportunities, the Company seeks to maximize free cash flow and enhance liquidity *< 2026 free cash flow should exceed \$160Cdn million.*
- **Responsible ESG Principles** – Surge deploys ongoing abandonment programs to reduce corporate decommissioning liability

The Surge Value Proposition

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



Based on strip prices for WTI: SGY.TO currently trades below PV10 Net Asset Value based on 2P Reserves

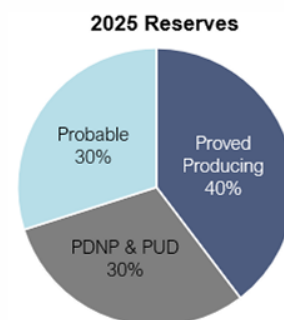
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2025 Reserves and Net Asset Value



Dec. 31, 2025 GLJ Reserves @ US\$75 WTI flat pricing

Gross Reserves ¹	Oil Equivalent Total Reserves (Mboe)	Oil & Liquids (%)	BTax NPV10 (\$MM) ^{2,3}
Proved Developed Producing (PDP)	40,374	90%	\$846
Total Proved (1P) (282 net locations)	69,758	90%	\$1,315
Total Proved Plus Probable (2P) (361 net locations)	99,827	90%	\$1,912



Dec. 31, 2025 Net Asset Value on YE2025 GLJ Reserves @ US\$75 WTI flat pricing

	Total Proved (1P)	Proved + Probable (2P)
BTax NPV10 (\$MM)	\$1,315	\$1,912
Net Debt (\$MM)	(\$221)	(\$221)
Total Net Assets (\$MM)	\$1,094	\$1,691
Basic Shares Outstanding (MM)	98.9	98.9
Estimated NAV per Basic Share	\$11.04/share	\$17.10/share

Building on the successful 2025 drilling program in the Sparky and SE Saskatchewan core areas, Surge continued to delineate and improve the Company's reserve base through in-fill drilling, pool extensions, incremental waterflood bookings, and new exploration/appraisal drilling throughout the year. **Surge delivered its lowest finding & development costs (F&D) in three years, despite a significant decrease in the WTI price used in the Reserves Report.**

With Surge's December 31, 2025 Reserve Report, the Company delivered the following:

- Reported the Company's strongest F&D costs, including changes in FDC in the past three years:
 - \$14.87/boe for TPP reserves;
 - \$19.11/boe for Total Proved ("TP") reserves; and
 - \$19.77/boe for Proved Developed Producing ("PDP") reserves.
- Generated the following F&D recycle ratios based on a 2025 operating netback of \$36.23/boe (before realized gains on commodity and FX contracts), illustrating the strength of the Company's drilling and waterflood activity in 2025:
 - TPP recycle ratio of 2.4x;
 - TP recycle ratio of 1.9x; and
 - PDP recycle ratio of 1.8x.
- Increased TPP reserves by 6 percent or 5.5 million boe, from 90.2 million boe at December 31, 2024 to 95.7 million boe as at December 31, 2025;
- Organically achieved a 136 percent TPP reserves replacement ratio² (excluding acquisitions and divestitures), a 102 percent TP reserves² replacement ratio and a 94 percent PDP replacement ratio;

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- Reported a NAV per basic share, inclusive of net debt, of \$13.06 per share TPP, \$7.62 per share TP, and \$3.97 per share PDP; *< Based on much lower oil prices than we have today.*
- 392 gross (360.6 net) booked TPP drilling locations and 309 gross (282.3 net) TP drilling locations⁴; over 90 percent of these booked drilling locations are located in the Company's Sparky and SE Saskatchewan core areas;
- Liquids weighting of 90 percent (oil and natural gas liquids) in all reserve categories; and
- Reported a strong reserve life index of 11.4 years on TPP reserves and 8.0 years on TP reserves.

The Company's reserves were independently evaluated by GLJ in accordance with NI 51-101, effective December 31, 2025. Surge's Annual Information Form (the "AIF") for the year ended December 31, 2025 contains Surge's reserves data and other oil and natural gas information as mandated by NI 51-101.

Surge's Q2/2026 Message to Shareholders *< Realized oil price s/b \$15/bbl higher YOY in 2026*

Strong drilling results in the Company's Sparky and SE Saskatchewan core areas during 1H/26 continued to drive production outperformance, as compared to Surge's initial 2026 budget guidance press released on November 5, 2025. In 1H/26, Surge's production averaged 23,376 boepd (89 percent liquids), ahead of the Company's initial 23,000 boepd average production guidance for 2026.

In Q2/26, the spring break-up quarter, Surge's production averaged 22,865 boepd (89 percent liquids). During the quarter, the Company experienced normal spring break-up operations, including limited drilling (based on road bans), planned turnarounds, and wet spring weather conditions. Additionally, in Q2/26, Surge experienced an unplanned third-party gas plant outage for approximately five weeks in its Sparky core area, which impacted production volumes for the quarter by approximately 400 boepd. The third-party gas plant operator rectified this outage in mid-June, and all impacted production volumes are now back on stream.

With three rigs now operational, Surge remains on track to meet or exceed both the Company's upwardly revised average (23,375 boepd) and exit rate (24,000 boepd) production targets as announced on June 1, 2026.

During Q2/26, Surge generated adjusted funds flow ("AFF") of \$91.5 million (\$0.92 per share), and cash flow from operating activities of \$95.3 million (\$0.95 per share). This represents an increase of 26 percent in AFF, as compared to Q2/25 AFF of \$72.8 million, and a 69 percent increase in cash flow from operating activities, as compared to \$56.3 million in Q2/25.

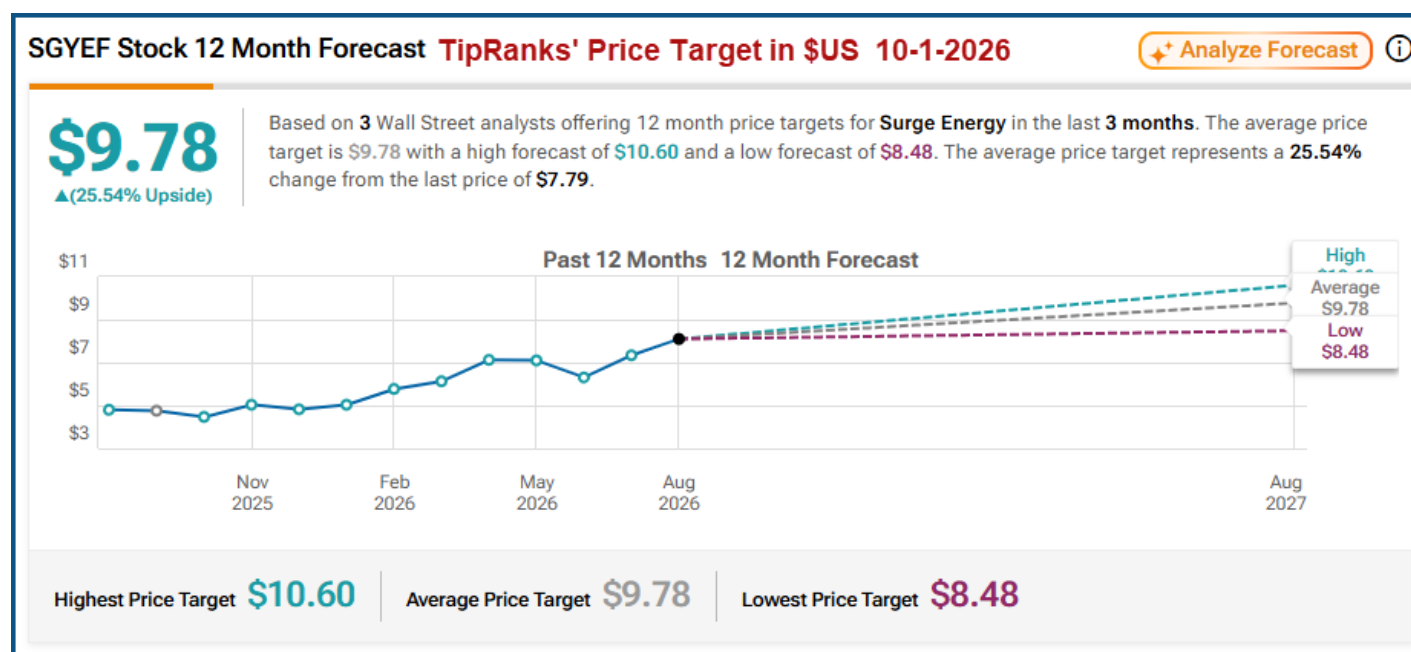
During Q2/26, the Company spent \$32.8 million on property, plant, and equipment expenditures. On this basis, Surge generated \$58.7 million in free cash flow ("FCF") in the second quarter, representing 64 percent of Q2/26 AFF.

With the Company's longer-term primary corporate goals of maximizing FCF, enhancing shareholder returns, and reducing net debt, Surge's Board and Management allocated Q2/26 FCF to the following initiatives:

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- \$12.9 million to the Company's monthly cash dividend (\$0.52 per share, per annum);
- \$15.0 million towards share buybacks under Surge's Normal Course Issuer Bid ("NCIB"), repurchasing 1,564,300 shares;
- \$16.7 million reduction in net debt, reducing net debt by 8 percent during the quarter, from \$213.3 million as at March 31, 2026, to \$196.6 million as at June 30, 2026; and

\$10.8 million of FCF was allocated to the strategic acquisition of the Hansman Lake gas plant, centrally located in the Sparky core area, which was previously leased by the Company. The Hansman Lake plant has 14 mmcf/d of capacity and controls a significant portion of the gas produced by both Surge and third parties in the Provost/Cadogan area. This acquisition of a 100 percent owned and operated gas plant in this core operating area is expected to increase Surge's FCF by an estimated \$4.6 million annually, beginning in Q3/26.



Revised 2026 Budget Capital and Operating Estimates

Using realized 2026 WTI pricing through May, combined with forward strip pricing for the remainder of the year, WTI prices in 2026 are currently forecasted to average approximately US\$85. On this basis, Surge has provided revised 2026 guidance, inclusive of the 1,000 boepd growth wedge, using an average crude oil price of US\$80 WTI price for 2026. The following chart shows the Company's revised 2026 capital and operating estimates, as compared to the initial 2026 budget:

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2026 CAPITAL AND OPERATING ESTIMATES	ORIGINAL GUIDANCE @ US \$65 WTI ^a	REVISED GUIDANCE @ US \$80 WTI ^b
Exit 2026 production	23,000 boepd (88% liquids)	24,000 boepd (89% liquids)
Average 2026 production	23,000 boepd (88% liquids)	23,375 boepd (89% liquids)
2026(e) Exploration and development expenditures	\$150 million	\$175 million
2026(e) Adjusted Funds Flow ^c	\$265 million	\$335 million
<i>Per share</i>	<i>\$2.68 per share</i>	<i>\$3.39 per share</i>
2026(e) Cash flow from operating activities ^d	\$245 million	\$320 million
<i>Per share</i>	<i>\$2.47 per share</i>	<i>\$3.24 per share</i>
2026(e) Free cash flow ^c	\$95 million	\$145 million
<i>Per share</i>	<i>\$0.96 per share</i>	<i>\$1.47 per share</i>
2026(e) Base dividend	\$51.5 million	\$51.5 million
<i>Per share</i>	<i>\$0.52 per share</i>	<i>\$0.52 per share</i>
2026(e) Royalties as a % of petroleum and natural gas revenue	17.5 - 18.0%	19.0 %
2026(e) Net operating expenses ^c	\$18.00 - \$18.50 per boe	\$18.00 - \$18.50 per boe
2026(e) Transportation expenses	\$1.15 - \$1.35 per boe	\$1.15 - \$1.35 per boe
2026(e) General & administrative expenses	\$2.50 - \$2.70 per boe	\$2.50 - \$2.70 per boe
2026(e) Interest expenses	\$2.50 - \$2.75 per boe	\$2.50 - \$2.75 per boe
\$1.2 billion in tax pools (providing an estimated 4-year tax horizon at US \$80 WTI)		

a - Pricing Assumptions: US\$65 WTI, US\$12.00 WCS differential, US\$4.00 EDM differential, \$0.715 CAD/USD FX and \$2.95 AECO. Per share amounts calculated using 99.0 million common shares outstanding as at September 30, 2025.

b - Pricing Assumptions: US\$80 WTI, US\$14.00 WCS differential, US\$1.50 EDM differential, \$0.73 CAD/USD FX and \$2.25 AECO. Per share amounts calculated using 98.8 million common shares outstanding as at March 31, 2026.

c - This is a non-GAAP and other financial measure. See the Non-GAAP and Other Financial Measures advisory herein. "GAAP" is defined as generally accepted accounting principles.

d - Includes current hedge positions and assumes a nil change in non-cash working capital.

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2026 Guidance as of August 31, 2026

Corporate Guidance for 2026

Key Guidance & Assumptions^{1,6}

	\$80 WTI
2026 Adjusted Funds Flow ²	\$335 MM
2026 Cash Flow From Operating Activities ³	\$320 MM
2026 Free Cash Flow ²	\$145 MM
2026 Free Cash Flow Margin ²	43%
2026 Exit Production (est.)	24,000 boepd
2026 Capital Budget (est.)	\$175 million

Market Snapshot

Basic Shares Outstanding ⁴	98.8 MM
Average Daily Volume	0.9 MM shares
Market Capitalization ⁵ / Net Debt ² / Enterprise Value ⁵	\$1.16 B / \$197 MM / \$1.36 B

24,000 BOEPD

2026 Exit Production (est.)
(89% liquids)

\$175 MILLION

Sustainably-Oriented
2026 Capital Budget (est.)

\$0.52

Annual Per Share
Dividend

\$1.2B

Tax Pools

¹ Pricing Assumptions: US\$80 WTI, US\$14.00 WCS differential, US\$1.50 EDM differential, \$0.73 CAD/USD FX and \$2.25 AECO.

² Non-GAAP or other financial measure. See the Non-GAAP & Other Financial Measures Advisory at the back of this presentation for further details.



As a result of continued successful drilling and waterflood results in Surge's two core areas, on June 1, 2026 the Company upwardly revised its 2026 capital budget and production guidance. **Surge's 2026 exit production guidance increased from 23,000 boepd to 24,000 boepd, and 2026 average production guidance increased from 23,000 boepd to 23,375 boepd.**

Budgeted capital expenditures for 2026 are now estimated to be \$175 million, as compared to Surge's original capital guidance of \$150 million, with \$16 million of the incremental capital being allocated to additional drilling, and the remaining \$9 million being directed towards accelerating Surge's waterflood programs, primarily focused in the Sparky core area.

Second Quarter 2026 Financial and Operational Highlights (in \$Canadian dollars)

- Higher than initially budgeted average 1H/26 daily production of 23,376 boepd (89 percent liquids);
- Generated \$91.5 million (\$0.92 per share) of AFF in Q2/26, and cash flow from operating activities of \$95.3 million (\$0.95 per share);
- Decreased net operating expenses by 6 percent, from \$18.70 per boe in Q1/26 to \$17.49 per boe in Q2/26;
- Distributed \$12.9 million to shareholders by way of the Company's \$0.52 per share per annum base dividend (paid monthly);

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- Decreased net debt by \$16.7 million, from \$213.3 million as at March 31, 2026 to \$196.6 million as at June 30, 2026;
- On an annualized basis, Q2/26 AFF represented 0.54 times exit Q2/26 net debt of \$196.6 million;
- Returned an additional \$15.0 million to shareholders by way of the Company's ongoing NCIB program;
- Executed the strategic acquisition of Surge's key Hansman Lake gas plant, centrally located in the Company's Sparky core area; and
- Closed a 2-year extension of its first-lien credit facilities, consisting of an undrawn \$225 million revolving credit facility as well as an uncommitted accordion feature which allows for a \$25 million expansion, providing up to \$250 million in total available credit facilities.

Strong drilling results in the Company's Sparky and SE Saskatchewan core areas during 1H/26 continued to drive production outperformance, as compared to Surge's initial 2026 budget guidance press released on November 5, 2025. In 1H/26, Surge's production averaged 23,376 boepd (89 percent liquids), ahead of the Company's initial 23,000 boepd average production guidance for 2026.

In Q2/26, the spring break-up quarter, Surge's production averaged 22,865 boepd (89 percent liquids). During the quarter, the Company experienced normal spring break-up operations, including limited drilling (based on road bans), planned turnarounds, and wet spring weather conditions. Additionally, in Q2/26, Surge experienced an unplanned third-party gas plant outage for approximately five weeks in its Sparky core area, which impacted production volumes for the quarter by approximately 400 boepd. The third-party gas plant operator rectified this outage in mid-June, and all impacted production volumes are now back on stream.

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During Q2/26, Surge generated adjusted funds flow ("AFF")¹ of \$91.5 million (\$0.92 per share), and cash flow from operating activities of \$95.3 million (\$0.95 per share). This represents an increase of 26 percent in AFF, as compared to Q2/25 AFF of \$72.8 million, and a 69 percent increase in cash flow from operating activities, as compared to \$56.3 million in Q2/25.

During Q2/26, the Company spent \$32.8 million on property, plant, and equipment expenditures. On this basis, Surge generated \$58.7 million in free cash flow ("FCF")¹ in the second quarter, representing 64 percent of Q2/26 AFF.

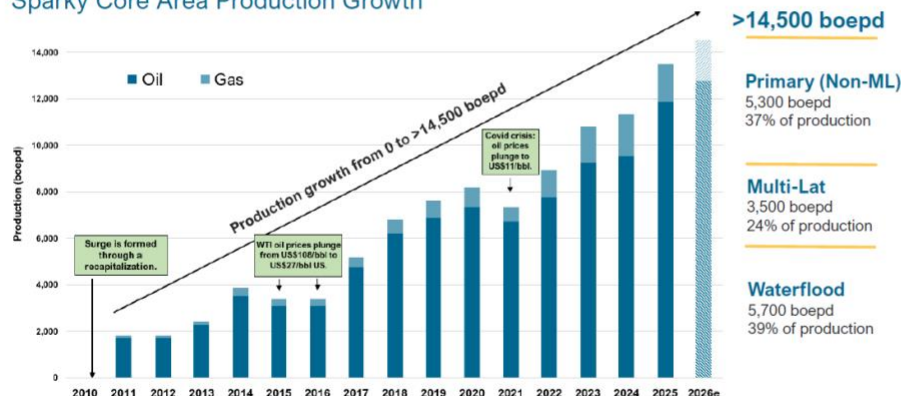
*Surge offers exposure to **three of the top five** conventional oil growth plays in Canada*

Sparky

Long-Term Growth Potential

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

Sparky Core Area Production Growth



>1.5 billion bbls

OOIP net to SGY (internally estimated)

>500 net

>160 Multi-Lateral Locations

* Internally estimated as of January 1, 2026

>14,500 boepd

Production (87% liquids)

>16 year

Drilling Inventory (based on 2026 drill pace)

41 net wells

To be drilled in 2026

16 multi-lateral, 14 single-leg producers, and 11 dedicated water injectors 14

- Production has grown by 675% from 1,800 boepd in 2011 to >14,500 boepd today
- Low-cost horizontal drilling (DCE¹ of \$2.0-\$2.5MM per well)
- Focus on lighter WCS oil gravity (16-28° API) = higher operating netbacks²
- Proven waterflood potential (Wainwright pool at >30% recovery factor)

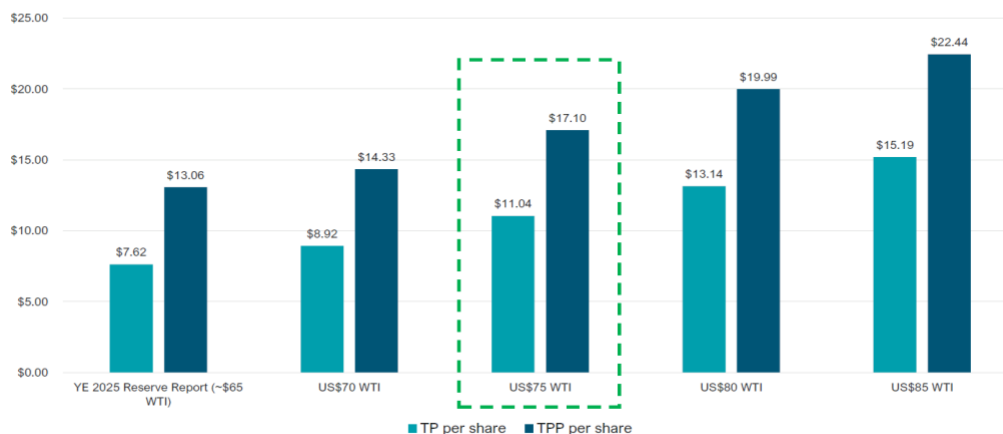
¹ Drilled, Cased & Equipped

² Non-GAAP or other financial measure. See the Non-GAAP & Other Financial Measures Advisory at the back of this presentation for further details.

NAV Sensitivity to Rising Oil Prices

89% liquids-weighted portfolio positions Surge for significant oil price upside

YE2025 NAV Per Share Sensitivity To Oil Prices



* Based on the year-end 2025 independent GLJ Reserve Report

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Second Quarter 2026 Operations Update

Surge's Q2/26 drilling program consisted of 12 gross (11.5 net) wells drilled during the quarter, comprised of the following:

- 4 gross (4.0 net) producing wells drilled in Sparky;
- 5 gross (5.0 net) dedicated injectors drilled in Sparky; and
- 3 gross (2.5 net) producing wells drilled in SE Saskatchewan.

Due to wet spring weather, only 4 of the producing wells were brought on production late in Q2/26, with the remaining wells being brought on production in Q3/26.

Sparky

A One-of-a-Kind Position

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

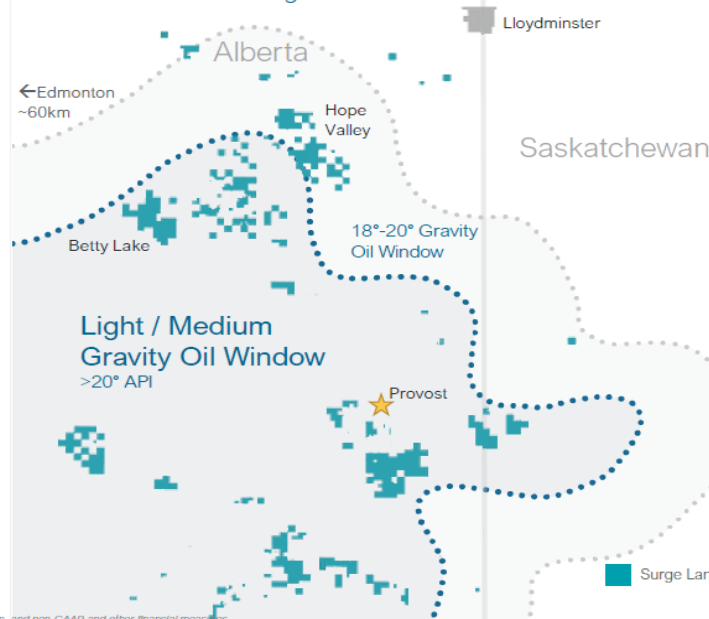
Sparky Formation Facts

First Production	May 1922
Original Oil in Place	>11 Bbbls
Cumulative Production	~1.4 Bbbls
Recovery Factor to date	~13%
Producing Wells	~24,600
Hz Wells	~1,700
Multi-Frac Hz Wells	~485
Surge Drilled Multi-Frac Hz	>265
Multi-Leg Hz Wells	~650
Multi-Leg Hz Wells 4+ Legs	~530
Surge Drilled Multi-Leg Hz	38

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

Over 11 Billion Barrel Trend

One of Canada's Largest Accumulations of Oil



Sparky (Mannville)

Oil extraction lowers reservoir pressure, accelerating production declines and limiting recovery of the original oil in place ("OOIP"). Injecting—or reinjecting—water into a conventional oil pool helps maintain pressure, slow declines, and improve recovery.

Beyond delivering top-tier drilling economics, Surge's conventional reservoirs in the Sparky and SE Saskatchewan core areas are well suited to waterflooding, which supports stable oil production, higher recovery factors, and long-

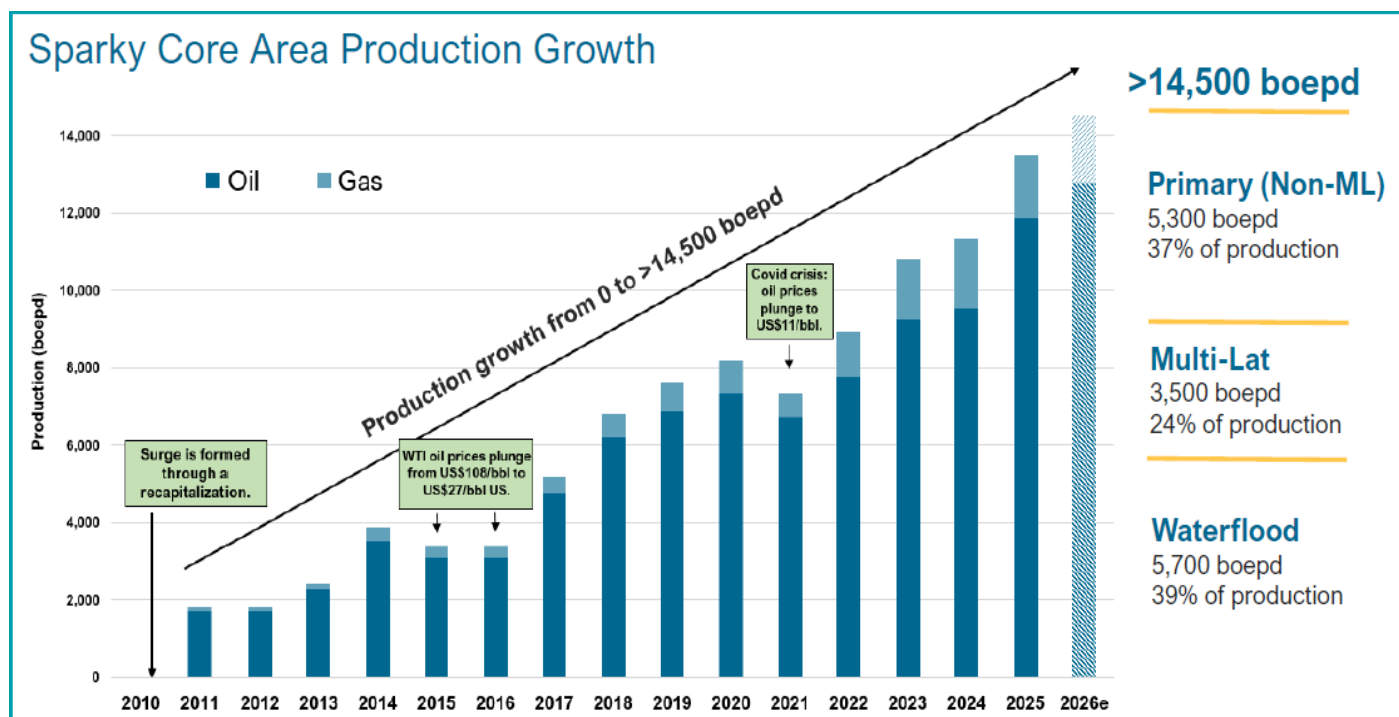
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term incremental value. Surge has expanded its waterflood capital program from \$2 million in 2024 to \$8 million in 2025 and an initial \$12 million budget for 2026. On June 1, 2026, the company added \$9 million, bringing the 2026 program to \$21 million and reinforcing the importance of enhanced oil recovery across its asset base.

By year-end 2026, Surge expects approximately 57 percent of total oil production to be supported by waterflood and natural aquifer drive mechanisms. This activity is intended to improve reservoir performance and ultimate recovery while systematically reducing corporate decline rates over time.

At Hope Valley, development and delineation continued in Q2/26 with five dedicated water injectors drilled in section 19, supplementing two drilled in Q1/26 and the first drilled in December 2025. Surge now has an eight-injector waterflood pilot in the greater Hope Valley area, with four more dedicated injectors planned for 2H/26. The initial pilot well, brought on in December 2025, is showing encouraging early results: production rates are stabilizing and gas-oil ratios are declining, indicating effective reservoir support and improved sweep efficiency.

Surge expects to provide another operational update on its open hole multi-lateral ("OHML") waterflood pilot in Q3/26. The company has also converted seven single-leg horizontal wells to water injection in the Sparky formation at Provost/Cadogan, Sounding Lake, and Betty Lake, with seven additional conversions planned for 2H/26. Surge also operates successful waterfloods at Betty Lake, Sounding Lake, Wainwright, Giltedge, Freda Lake, Neptune, and Bryant. At Provost/Cadogan, the company continues to achieve better-than-type-curve Sparky well results by using single-leg multi-frac drilling with additional frac stages and high-volume lift.



Core Area Focused

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

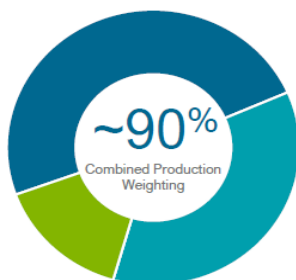
Sparky

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

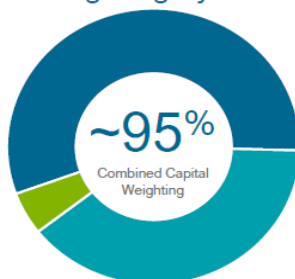
SE Saskatchewan

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

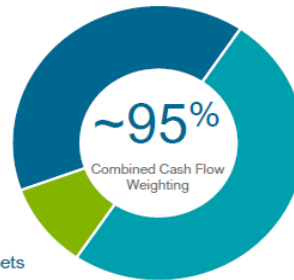
Production Weighting by Area



Capital Weighting by Area



Cash Flow Weighting by Area



● Sparky ● SE Saskatchewan ● Other Surge Assets

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

SE Saskatchewan

A Light Oil Balance

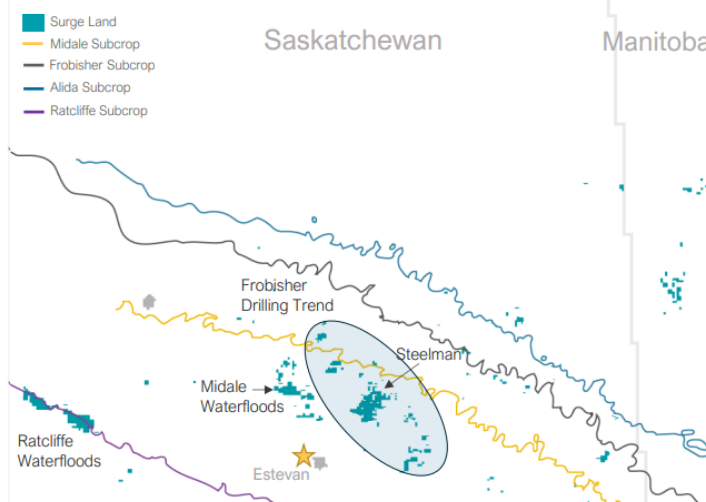
Surge's operational track record of success in SE Saskatchewan makes this an exciting growth area

Area Benefits

- Organic growth opportunities
- Strategic acquisitions or tuck-in consolidation opportunities
- Cost-efficient drilling
- Extremely quick turnaround from spud to on production (under two weeks)
- High operating netback¹ (>\$55 at \$80 WTI)
- Mix of low decline waterfloods & highly economic drilling
- Assets have low liabilities; minimal inactive ARO
- Year-round access

Production/Support Mix

	Production (boepd)	% of Total Production	
Aquifer	4,500	60	High Recovery Factor
Waterflood	2,250	30	Low Decline
Primary	750	10	Small % of Total Prod
Total	7,500	100	



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SE Saskatchewan (Frobisher)

In SE Saskatchewan, Surge continued its momentum on these operated light oil assets with Q2/26 drilling primarily focused on multilateral wells targeting the Frobisher horizon. The Company drilled 3 gross (2.5 net) wells in this area during the second quarter, with 2 gross (2.0 net) wells having been brought on production late in Q2/26.

Surge's Frobisher drilling program continues to deliver strong production results in the Company's SE Saskatchewan core area, with an average IP90 production rate of 187 bopd over the 88 gross wells drilled since January 1, 2022².

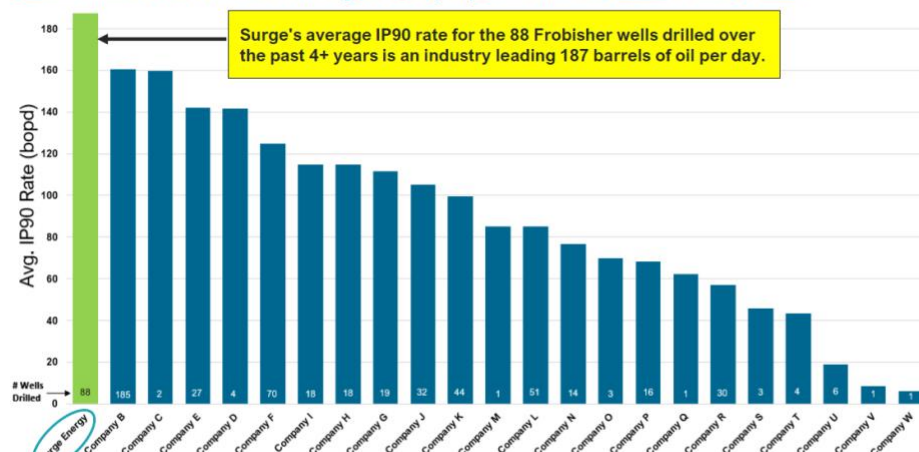
Additionally, Surge's initial well drilled in Q4/25 at Freda Lake (in the Ratcliffe formation) continues to exceed type-curve expectations³, with more than 44,000 barrels of oil produced in the first six months. Surge has now internally identified more than 20 net additional light oil drilling locations at Freda Lake.

SE Saskatchewan

Key Growth Driver

High operating netback¹ light oil production and reserves from low risk, proven conventional reservoirs

SE Saskatchewan Frobisher Average IP90 By Operator (January 2022 – February 2026)



Surge's average IP90 rate for the 88 Frobisher wells drilled over the past 4+ years is an industry leading 187 barrels of oil per day.

>600 million bbls

OOIP net to SGY (internally estimated)

>300 net

SE Saskatchewan drilling locations

* Internally estimated as of Jan 1, 2026

~7,500 boepd

Production (93% liquids)

>12 year

Drilling Inventory (based on 2026 drill pace)

23.5 net wells

To be drilled in 2026
15 multi-lateral and 8.5 single-leg wells

Data based on 3-month average producing day oil rate as per GeoScout public data as at April 20, 2026.
¹ Non-GAAP or other financial measure. See the Non-GAAP & Other Financial Measures Advisory at the back of this presentation for further details.

Appointment of Board Member

Surge is pleased to announce the appointment of Mr. Ryan Gritzfeldt to the Board of Directors, effective March 4, 2026.

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Mr. Gritzfeldt is a Professional Engineer and senior energy executive with over 27 years of experience in the Canadian oil and gas industry. Mr. Gritzfeldt most recently served as Chief Operating Officer of Veren Inc. (formerly Crescent Point Energy) until its combination with Whitecap Resources (WCP.TO) in May 2025. Prior to this role, he held progressively senior leadership positions across the organization including Vice President, Marketing and Innovation, and Vice President, Engineering and Business Development.

Mr. Gritzfeldt received his Bachelor of Applied Science in Industrial Systems Engineering with a Petroleum Systems Option from the University of Regina in 1998. He is a member of both the Association of Professional Engineers and Geoscientists of Alberta and the Association of Professional Engineers and Geoscientists of Saskatchewan and is a Graduate of the Institute of Corporate Directors.

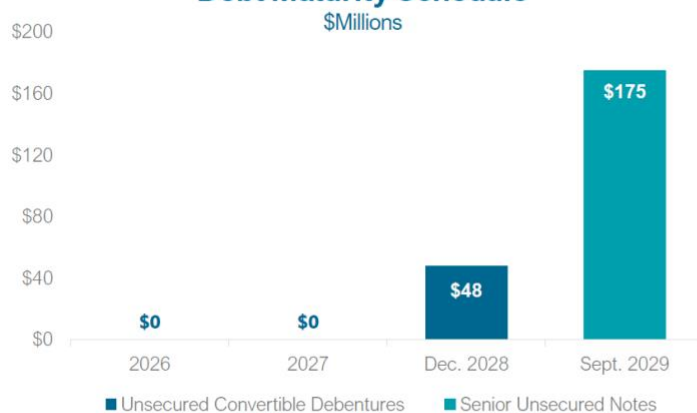
Surge welcomes Mr. Gritzfeldt to its Board of Directors.

Significant Liquidity

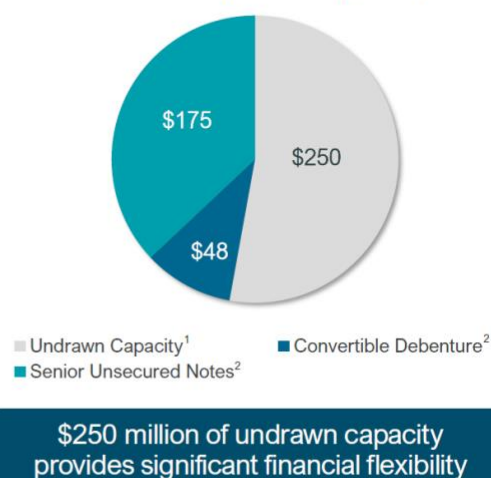
Debt structure supports return of capital framework

Surge's current drawn debt has long-dated maturities, termed out through late 2028 and 2029, with attractive interest rates.

Debt Maturity Schedule



Debt Composition (\$MM)



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

¹ Historical Working Capital Deficit of \$25-\$30MM
² Represents the estimated balance sheet liability as at December 31, 2025

Liquidity and Capital Resources

At June 30, 2026, Surge had Net Debt of \$196.6M, a quarter over quarter reduction of \$16.7M.

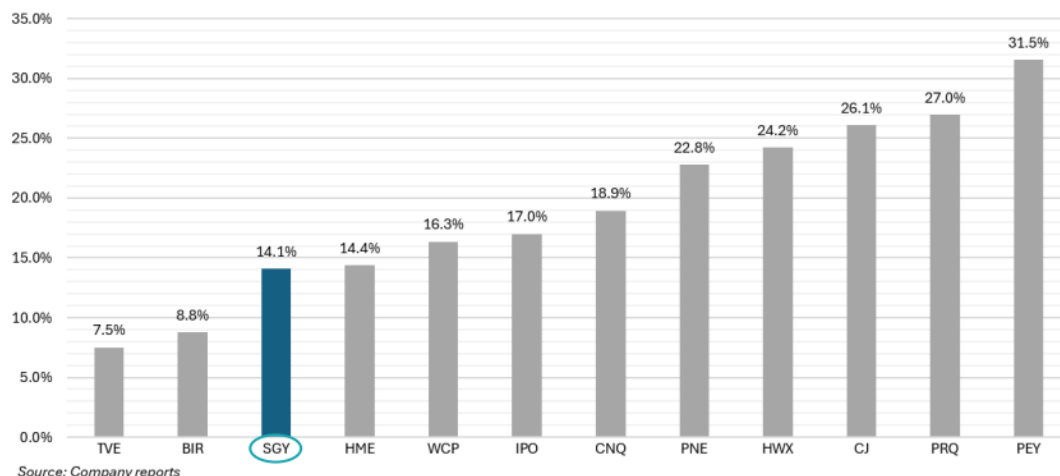
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Attractive Dividend: Low Payout Ratio



Surge's \$0.52 per share annual base cash dividend is accompanied by a low dividend payout ratio of 15% of forecasted 2026 cash flow

Q2/26 Dividend Payout



Surge has increased its base cash dividend **TWICE** over the past four years (23% in total) **AND** maintained a low dividend payout ratio of 15% of forecasted 2026 AFF¹.

Hedging Details (new hedges significantly reduce oil price risk)

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 tables summarize the Company's financial derivatives as at June 30, 2026 by period and by product.

"For the rest of 2026, Surge has about 40% of its oil production hedged at blended prices above \$92 Cdn/bbl. Based on my forecast assumptions, realized oil prices—including hedge settlements and quality differentials—should top \$100.00 Cdn/bbl for the balance of the year. By comparison, Surge realized \$76.75 Cdn/bbl in 2025 and \$78.53 Cdn/bbl in Q1 2026. Surge generated over \$100 million of free cash flow in 2025." – Dan Steffens

Note that the oil hedges shown in the table below are in U.S. dollars.

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Hedging Program

Minimizing the impact of volatility in global markets and crude oil pricing

SURGE

Crude Oil Derivative Contracts

WTI: Swaps			WTI: 3 Way				WCS: Swaps		MSW: Swaps	
Period	Volumes	Avg. Price	Volumes	Avg. Sold Put	Avg. Bought Put	Avg. Sold Call	Volumes	Avg. Price	Volumes	Avg. Price
Q3 2026	7,000	\$66.14	1,000	\$59.00	\$71.50	\$93.97	5,000	-\$13.26	3,000	-\$2.12
Q4 2026	6,000	\$66.88	2,000	\$59.25	\$71.50	\$90.75	3,000	-\$13.57	3,000	-\$2.12
Q1 2027	4,000	\$69.20	500	\$58.00	\$70.00	\$90.02	-	\$ -	-	\$ -
Q2 2027	4,000	\$72.44	-	\$ -	\$ -	\$ -	-	\$ -	-	\$ -
Q3 2027	1,000	\$71.30	-	\$ -	\$ -	\$ -	-	\$ -	-	\$ -
Q4 2027	1,000	\$71.30	-	\$ -	\$ -	\$ -	-	\$ -	-	\$ -

Natural Gas Derivative Contracts

Swaps		
Period	Volumes	Average Price
Q3 2026	6,000	\$3.01
Q4 2026	4,011	\$3.00

Foreign Currency Exchange Derivative Contracts

Type	Term	Notional Amount (USD)	Floor	Ceiling	Forward Rate
Average Rate Collar	Jul 2026 – Dec 2026	\$5,000,000	\$1.3800	\$1.4450	-
Average Rate Swap	Jul 2026 – Dec 2026	\$3,000,000	-	-	\$1.3775
Average Rate Swap	Jan 2027 – Dec 2027	\$5,000,000	-	-	\$1.3685

Power Hedges

Swaps		
Period	MW (24 x7)	Average Price
2026	5.5	\$64.60
2027	5.5	\$65.52

Analysts' Coverage August 2026

Financial Institution	Analyst	Email Address	SGY 12-Month Target Price
Acumen Capital Partners	Trevor Reynolds	treynolds@acumencapital.com	\$13.75
ATB Cormark Capital Markets	Amir Arif	aarif@atb.com	\$13.00
BMO Capital Markets	Jeremy McCrea	jeremy.mccrea@bmo.com	\$12.00
Canaccord Genuity	Mike Mueller	mmueller@cgf.com	\$13.00
National Bank Financial	Dan Payne	dan.payne@nbc.ca	\$13.50
Peters & Co.	Christian Comeau	ccomeau@petersco.com	\$15.50
Raymond James	Luke Davis	luke.davis@raymondjames.ca	\$14.50
Roth Capital Partners	Christopher True	ctrue@rothcanada.ca	\$12.00
Schachter Energy Report	Josef Schachter	josef@schachterenergyreport.ca	\$14.00
Velocity Trade Capital	Mark Heim	mark.heim@velocitytradecapital.com	\$14.50
Average:			\$13.58

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Net Income and Cash Flow Forecast Model

June 5, 2026

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