

Management

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EPG Commentary by Dan Steffens

Surge Energy (SGY.TO / ZPTAF) is a Canadian upstream company in our High Yield Income Portfolio. 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.

SGY.TO is up ~47% year-to-date

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 4.95% at the current share price. Based on my forecast, the company should reach its Phase 3 debt target within the next few months. 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.

Recent Highlights



On June 1st, Surge released a revised 2026 capital and operating budget, notably:

- Increasing 2026 exit production guidance by 1,000 boepd to 24,000 boepd (89% liquids);
- Expanding its capital program to \$175 million, an increase of \$25 million to be allocated as follows:
 - \$16 million to additional drilling in the Sparky and SE Saskatchewan core areas; and
 - \$9 million to the expansion of waterflood projects in the Sparky core area; and
- Forecasting Free Cash Flow ("FCF")¹ of \$145 million (at US\$80 WTI) to be delivered to shareholders by way of:
 - An attractive (5.2% yield²) annual base dividend of \$51 million (\$0.52 per share, per annum);
 - Normal Course Issuer Bid ("NCIB") share buybacks of \$30-\$40 million;
 - Production per share growth of 4%; and
 - Further net debt¹ reduction.

My Fair Value Estimate for SGY.TO is \$21.50Cdn/share

Compares to First Call's consensus price target of \$13.36Cdn

Disclosure: I have a long position in ZPTAF. I do not intend on buying or selling any shales 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 ZPTAF) 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 \$125Cdn million; \$200 million if WTI averages \$85US/bbl this year.*
- **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



High Quality Conventional Assets

- Light/medium oil asset base
- Large OOIIP (>3.0 billion barrels)
- High operating netbacks¹ (>\$42.50/boe)
- Low recoveries (6.5%)
- Low decline (25%)
- 16-year drilling inventory

+



Disciplined Capital Allocation

- Drilling capital is focused on two of the top crude oil plays in Canada (Sparky and SE Saskatchewan)²
- Returning free cash flow¹ to shareholders through a sustainable base dividend and NCIB share repurchases

+



Proven Management and Board

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

=



Maximize Free Cash Flow and Shareholder Returns

- Focus on enhanced free cash flow and financial flexibility
- A shareholder returns-based model with an increasing, compounding dividend
- \$1.2 billion in tax pools allows for maximum distribution of free cash flow on a tax-efficient basis³

¹ Represents an operating netback on an unhedged basis and based on the following pricing assumptions: US\$/bbl WTI, US\$12.00 WCS differential, US\$4.00 EDM differential, \$0.715 CAD/USD FX, and \$2.95 AECO Non-GAAP or other financial measure. See the Non-GAAP & Other Financial Measures Advisory at the back of this presentation for further details.

² Source: Peters & Co. (January 2026 North American Crude Oil and Natural Gas Plays).

³ This represents a 4-year tax horizon at US\$60 WTI pricing.

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

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Company Reserves

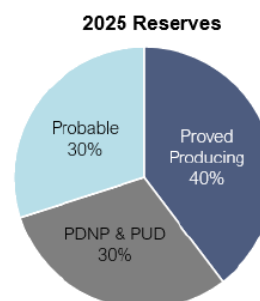
2025 Reserves and Net Asset Value

Dec. 31, 2025 GLJ Reserves

Gross Reserves ¹	Oil Equivalent Total Reserves (Mboe)	Oil & Liquids (%)	BTax NPV10 (\$MM) ^{2,3}
Proved Developed Producing (PDP)	37,961	90%	\$613
Total Proved (1P) (282 net locations)	67,068	90%	\$974
Total Proved Plus Probable (2P) (361 net locations)	95,706	90%	\$1,512

Dec. 31, 2025 Net Asset Value on YE2025 GLJ Reserves

	Total Proved (1P)	Proved + Probable (2P)
BTax NPV10 (\$MM)	\$974	\$1,512
Net Debt (\$MM)	(\$221)	(\$221)
Total Net Assets (\$MM)	\$754	\$1,292
Basic Shares Outstanding (MM)	98.9	98.9
Estimated NAV per Basic Share	\$7.62/share	\$13.06/share



¹ Amounts might not add due to rounding.

² Before Tax Net Present Value of Future net Revenue discounted at 10%.

³ Total ADR (Abandonment, Decommissioning, Reclamation) costs for active and inactive wells, facilities and pipelines are included in the reserves report, as it is best practice as stated in the COGE Handbook.

Please see 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.

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;

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- 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;
- 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 Message to Shareholders *< Realized oil price s/b \$20/bbl higher YOY in 2026*

Surge is a publicly traded intermediate oil company with a highly focused, conventional, light and medium gravity crude oil asset and opportunity base, with an internally estimated drilling inventory that supports more than 12 years of development drilling, together with waterflood upside. The focus of Surge's Management and Board of Directors is to maximize shareholder returns from the Company's strong FCF base, through a combination of:

1. A sustainable base dividend;
2. Strategic share buybacks;
3. Debt reduction;
4. Organic production per share growth; and
5. Accretive acquisitions.

On February 28, 2026, the US and Israel launched coordinated attacks on Iran, targeting infrastructure and key leaders. Iran has since retaliated by closing the Strait of Hormuz – a strategic, narrow waterway, which approximately 20 percent of the world's daily crude oil production is transported through. As a result of this conflict, world crude oil prices have continued to fluctuate, increasing dramatically from US\$62 WTI per barrel on February 17, 2026, to spot prices of US\$95 WTI today (May 6).

The conflict between the United States and Iran continues in the Middle East, restricting oil flows through the Strait of Hormuz and contributing to significant drawdowns in global crude inventories. These macro events, combined with the ongoing Russia/Ukraine conflict, are driving a "higher for longer" crude oil price scenario than many market participants were projecting.

As a result of Surge's significant financial exposure to rising crude oil prices, together with the Company's strong balance sheet, the Company is generating much higher free cash flow in 2026 as compared to Management's budgeted crude oil price assumption of US\$65 WTI per barrel. Further, based on Surge's independent reserve report for the year ended December 31, 2025, prepared by GLJ Ltd. ("GLJ"), the Company's net asset value ("NAV"), when run at US\$75 WTI flat pricing, is \$11.04 per share for total proved reserves, and \$17.10 per share for proven and probable reserves. On this basis, Management is currently allocating up to \$5 million per month towards share buybacks under the Company's existing Normal Course Issuer Bid ("NCIB").

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In addition, given the significant increase in forward crude oil prices, together with Surge's deep (>12 year) inventory of more than 900 internally identified drilling locations, Surge's Board of Directors and Management have now approved an expansion of the Company's 2026 capital program to add incremental production per share growth in the second half of the year. This expansion of Surge's 2H/26 capital program is comprised of additional drilling in the Sparky and SE Saskatchewan core areas, together with additional waterflood capital, as compared to the current 2026 budget.

Accordingly, Management forecasts that the Company's 2026 exit production guidance will increase by over four percent, to 24,000 boepd (89 percent liquids), an increase of 1,000 boepd as compared to the Company's previous 2026 production guidance of 23,000 boepd (88 percent liquids). *< Surge's actual production has consistently exceeded their guidance since I have been following the company.*

In this regard, Surge's Board of Directors has approved an increase to the Company's 2026 capital program, from \$150 million to \$175 million. This \$25 million increase in the 2026 capital budget will be allocated as follows:

- Additional drilling capital of \$16 million:
 - The Company plans to drill an additional 8 gross (8.0 net) wells, comprised of four single leg frac'd and two open hole multi-lateral ("OHML") wells in the Sparky core area, and two OHML wells in the SE Saskatchewan core area; and
 - Acceleration of \$9 million in additional waterflood projects.

The 1,000 boepd increase to Surge's 2026 production guidance, from the previously budgeted 23,000 boepd, provides incremental production efficiencies on the expanded second half 2026 capital program of approximately \$16,000 per flowing boe, based on the \$16 million of incremental drilling capital. **With internally estimated six month well payouts associated with the 8.0 gross (8.0 net) incremental drills in the second half of 2026, the Company expects that this drilling program will pay out by year-end 2026, based on current strip WTI crude oil prices, while providing incremental FCF to Surge in 2027 and beyond.**

The \$9 million expansion in waterflood capital represents a 75 percent increase in the Company's 2026 waterflood capital (from the initial budget of \$12 million) to \$21 million. Incremental waterflood capital will be allocated to the further expansion of Surge's proven horizontal frac'd waterflood program in the Provost region of the Sparky core area. Additionally, the Company is increasing the number of dedicated injectors drilled in Surge's OHML waterflood pilot at its Hope Valley Sparky discovery from five to 10.

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:

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 June 1, 2026

Corporate Guidance for 2026

Key Guidance & Assumptions	US\$65 WTI ¹	US\$80 WTI ²
	Original Guidance ⁷	Revised Guidance ⁷
2026 Adjusted Funds Flow ³	\$265 MM	\$335 MM
2026 Cash Flow From Operating Activities ⁴	\$245 MM	\$320 MM
2026 Free Cash Flow ³	\$95 MM	\$145 MM
2026 Free Cash Flow Margin ³	36%	43%

Market Snapshot

Basic Shares Outstanding ⁵	98.8 MM
Average Daily Volume	1.152 MM shares
Market Capitalization ⁵ / Net Debt ³ / Enterprise Value ⁵	\$988 MM / \$213 MM / \$1.20 B

24,000 BOEPD

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

\$175 MILLION

Sustainably-Oriented
2026 Capital Budget (est.)

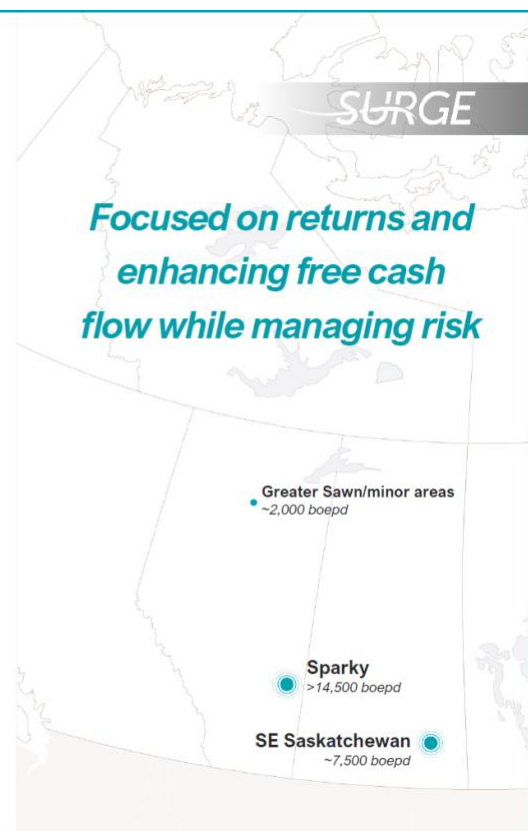
\$0.52

Annual Per Share
Dividend

\$1.2B

Tax Pools

¹ Pricing Assumptions: US\$65 WTI, US\$12.00 WCS differential, US\$4.00 EDM differential, \$0.715 CAD/USD FX and \$2.95 AECO.
² Pricing Assumptions: US\$80 WTI, US\$14.00 WCS differential, US\$1.50 EDM differential, \$0.73 CAD/USD FX and \$2.25 AECO.
³ Non-GAAP or other financial measure. See the Non-GAAP & Other Financial Measures Advisory at the back of this presentation for further details.
⁴ Assumes no change in non-cash working capital.
⁵ As at March 31, 2026.
⁶ Market Capitalization and Enterprise Value are based on a \$10.00 share price as at June 1, 2026, and net debt of \$213.3 MM.
⁷ Every US\$1 increase in WTI pricing adds \$8 million to Surge's cash flow (unhedged).



Surge's premium, conventional crude oil asset base is now more than 92 percent focused in two of the top five crude oil plays in Canada based on per well payout economics in its Sparky (>14,000 boepd; 90 percent medium gravity oil and liquids) and SE Saskatchewan (~7,500 boepd; 90 percent light oil and liquids) core areas.

In light of ongoing geopolitical uncertainty, pursuant to the Company's ongoing, systematic hedging program, Surge has been strategically locking in crude oil hedge positions for the balance of 2026 and early 2027 at progressively higher crude oil prices, in order to protect the Company's 2026 capital program and dividend.

Surge will continue to deliver attractive shareholder returns in 2026 and beyond based on the key corporate fundamentals set forth below:

- Estimated 2026 average production of 23,000 boepd (88 percent liquids);
- Estimated 2026 AFF of \$315 million (\$3.19 per share);
- Estimated 2026 cash flow from operating activities of \$295 million⁵ (\$2.98 per share);
- A \$51.5 million annual base cash dividend (\$0.52 per share annual dividend, paid monthly), which represents approximately 16 percent of the Company's forecasted 2026 AFF of \$315 million;

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- An independently engineered total proved and probable NAV per share of \$17.10, based on a US\$75 WTI flat price forecast;
- An undrawn \$250 million first lien credit facility as at March 31, 2026;
- An internally estimated 25 percent annual corporate decline;
- More than 900 (net) internally estimated drilling locations, providing a 12 year drilling inventory; and
- \$1.2 billion in tax pools (representing an estimated 4 year tax horizon).

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

- Exceeded budgeted 2026 production estimates, producing an average of 23,893 boepd in Q1/26, compared to budgeted average production of 23,000 boepd;
- Generated \$70.9 million of AFF (\$0.72 per share basic) and cash flow from operating activities of \$60.0 million, with WTI crude oil prices averaging US\$72.17 per barrel during the quarter;
- Generated \$26.3 million of FCF in Q1/26 (\$0.27 per share basic);
- Delivered total shareholder returns from Q1/25 through Q1/26 of \$88.2 million (32% of AFF over the period), comprised of:
 - \$51.5 million of cash dividends through the Company's \$0.52 per share annual dividend (paid monthly);
 - \$32.7 million of net debt reduction; and
 - \$4.0 million of share repurchases under the Company's NCIB.
- Distributed cash dividends to shareholders in the amount of \$12.9 million in Q1/26, representing 18 percent of Q1/26 AFF of \$70.9 million;
- Reduced net debt by \$32.7 million from \$246.0 million as at March 31, 2025, to \$213.3 million as at March 31, 2026, a decrease of 13 percent;
- Annualized Q1/26 AFF represented 0.75 times net debt as at March 31, 2026; and
- Maintained an undrawn \$250 million first lien credit facility.

Strong drilling and waterflood results in the Company's Sparky and SE Saskatchewan core areas continue to drive production outperformance, as compared to Surge's budget guidance press released on November 5, 2025. In Q1/26, production averaged 23,893 boepd (89 percent liquids), well above the Company's budgeted average 2026 production estimate of 23,000 boepd.

During the first quarter of 2026, Surge generated adjusted funds flow ("AFF") of \$70.9 million (\$0.72 per share), and cash flow from operating activities of \$60.0 million, with WTI crude oil prices averaging US\$72.17 per barrel in the quarter.

In Q1/26, the Company allocated \$44.6 million of capital to property, plant, and equipment expenditures, an 18 percent reduction as compared to the \$54.4 million spent in Q1/25. This reduction in capital expenditures in Q1/26 as compared to Q1/25, highlights Surge's capital efficiencies and continued production outperformance. On this

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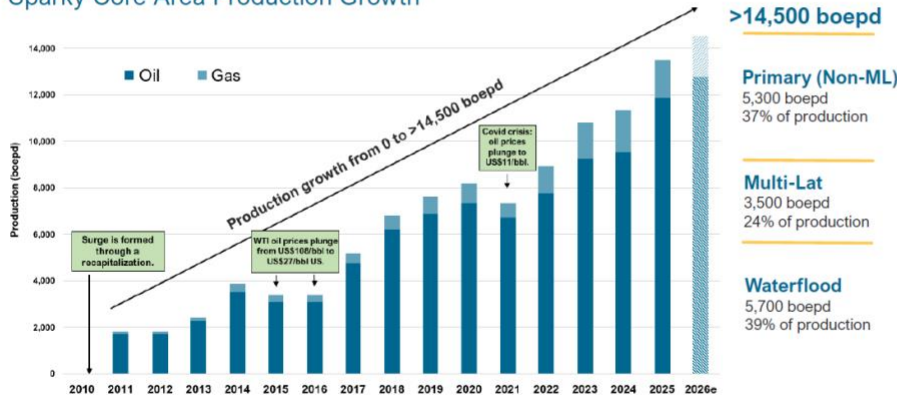
basis, free cash flow (“FCF”) generated by Surge in Q1/26 was \$26.3 million, which represents 37 percent of AFF generated in the quarter.

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

First Quarter 2026 Operations Update

Surge's Q1/26 production averaged 23,893 boepd (89 percent liquids), well ahead of the Company's budgeted average 2026 production estimate of 23,000 boepd. This continued quarterly production outperformance is due to better than anticipated drilling and waterflood results in Surge's two core areas, highlighted by the ongoing drilling results at the Company's large Sparky discovery at Hope Valley.

Surge's Q1/26 capital program was initiated with two rigs drilling in the Sparky core area and one rig drilling in the SE Saskatchewan core area. The Company's Q1/26 drilling program consisted of 18 gross (16.3 net) wells. In the Sparky core area, 11 gross (11.0 net) wells were drilled, including two dedicated injector drills at Hope Valley. In the SE Saskatchewan core area, 7 gross (5.3 net) wells were drilled.

Sparky

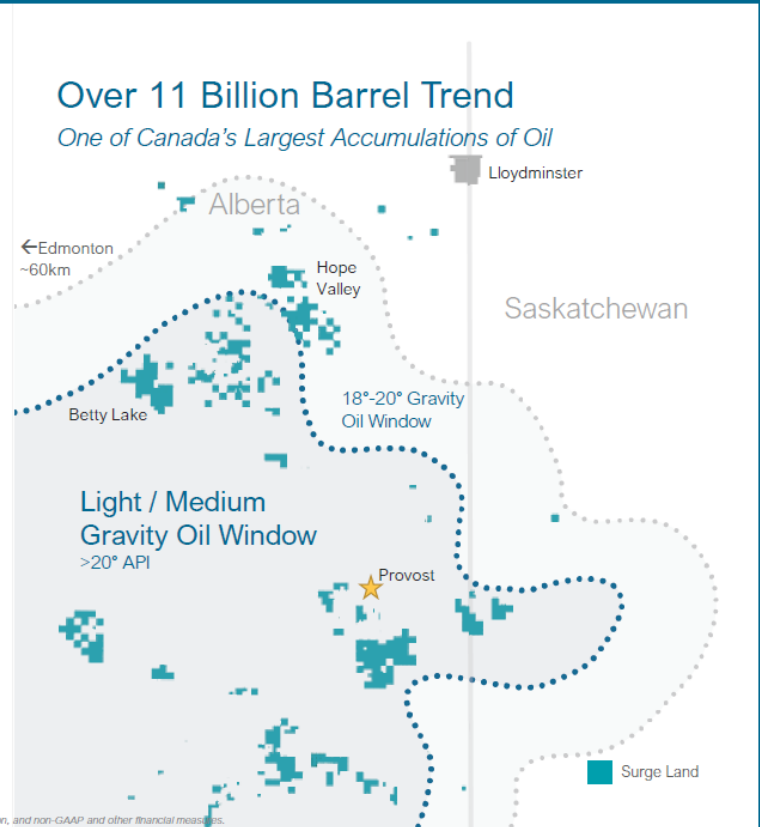
A One-of-a-Kind Position

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

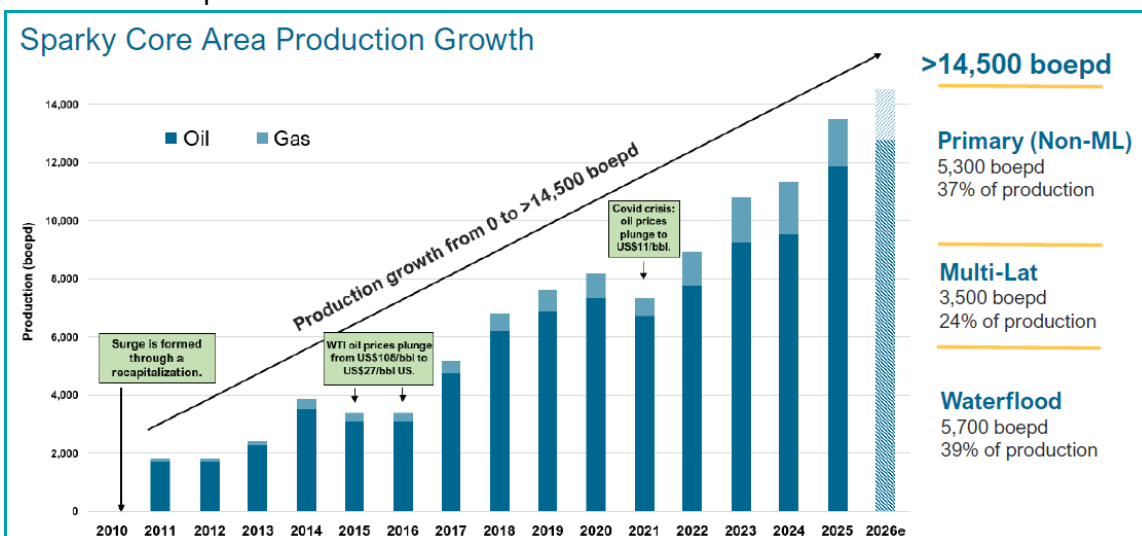
First Production	May 1922
Original Oil in Place	>11 Bbbls
Cumulative Production	~1.4 Bbbls
Recovery Factor to date	~13%
Producing Wells	~24,600
Hz Wells	~1,700
Multi-Frac Hz Wells	~485
Surge Drilled Multi-Frac Hz	>265
Multi-Leg Hz Wells	~650
Multi-Leg Hz Wells 4+ Legs	~530
Surge Drilled Multi-Leg Hz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



Sparky (Mannville)

The development and delineation of Surge's large Hope Valley discovery continued in Q1/26 with the drilling of 4 gross (4.0 net) producing wells and two dedicated injectors. The Company began injection at its first horizontal open hole multi-lateral waterflood pilot in December of 2025.



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Subsequent to initiating the waterflood pilot at Hope Valley, the Company drilled two additional dedicated OHML injectors in early Q1/26 at the north end of Hope Valley. Additionally, Surge is currently drilling five dedicated injectors and five OHML producing wells at the center portion of the 37 section Hope Valley pool. On this basis, the Company will have an expanded waterflood pilot of eight dedicated injectors in the greater Hope Valley area. Management anticipates having a further update on its OHML waterflood pilot at Hope Valley in 2H/26.

At Provost/Cadogan, Surge continues to deliver better than type-curve Sparky wells using single leg multi-frac technology, utilizing additional frac stages combined with high volume lift.

Core Area Focused

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

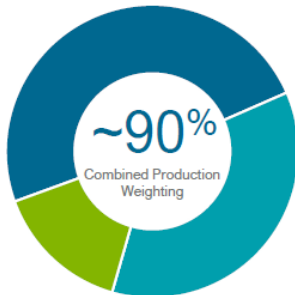
Sparky

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.

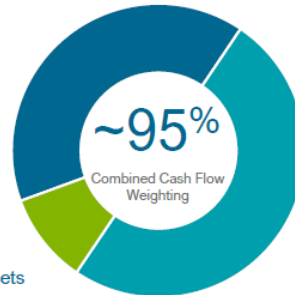
Production Weighting by Area



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

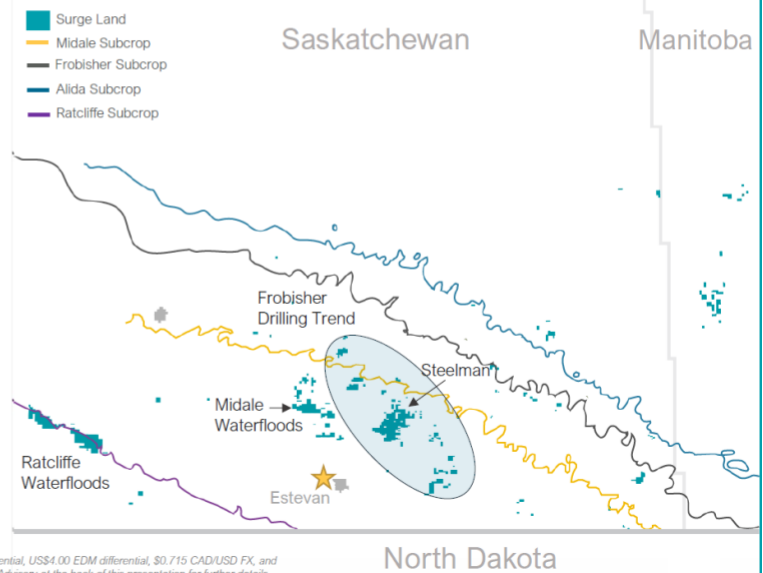
- Organic growth opportunities
- Strategic acquisitions or tuck-in consolidation opportunities
- Cost-efficient drilling
- Extremely quick turnaround from spud to on production (under two weeks)
- High operating netback¹ (>\$50 at \$75 WTI)
- Mix of low decline waterfloods & highly economic drilling
- Assets have low liabilities; minimal inactive ARO
- Year-round access

Data sourced from Canadian Discovery and Geoscout.

¹ Represents an operating netback on an unhedged basis and based on the following pricing assumptions: US\$75 WTI, US\$12.00 WCS differential, US\$4.00 EDM differential, \$0.715 CAD/USD FX, and \$2.95 AECO. Non-GAAP or other financial measure. Non-GAAP or other financial measure. See the Non-GAAP & Other Financial Measures Advisory at the back of this presentation for further details.

Production/Support Mix

	Production (boed)	% 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	



SE Saskatchewan (Frobisher)

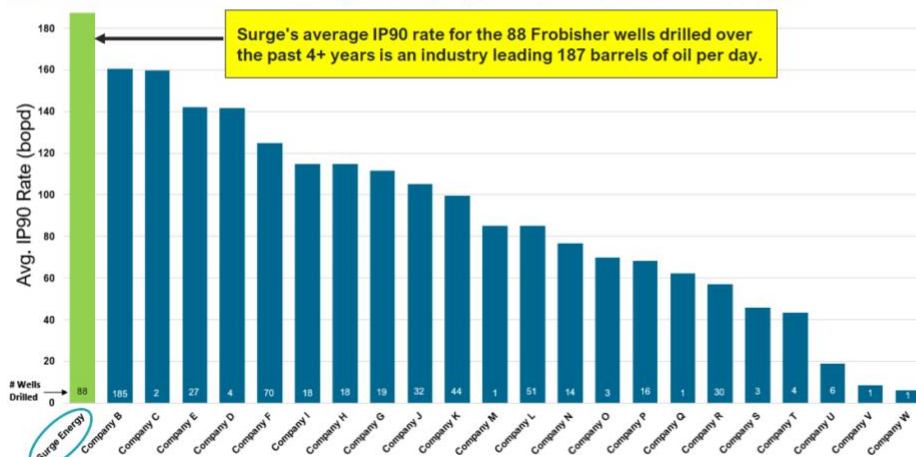
In SE Saskatchewan, Surge continued its momentum on this operated light oil asset, with Q1/26 drilling focused on multi-lateral wells targeting the Frobisher horizon at Steelman, drilling 6 gross (5.0 net) wells in this area during the first quarter. Surge's Frobisher drilling program continues to deliver strong production results for the Company in the SE Saskatchewan core area. Based on public data, Surge has delivered an average IP90 production rate of 187 bopd for the 88 Frobisher wells the Company has drilled since January 2022 (>4 years), as per the following chart:

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 of 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.

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.

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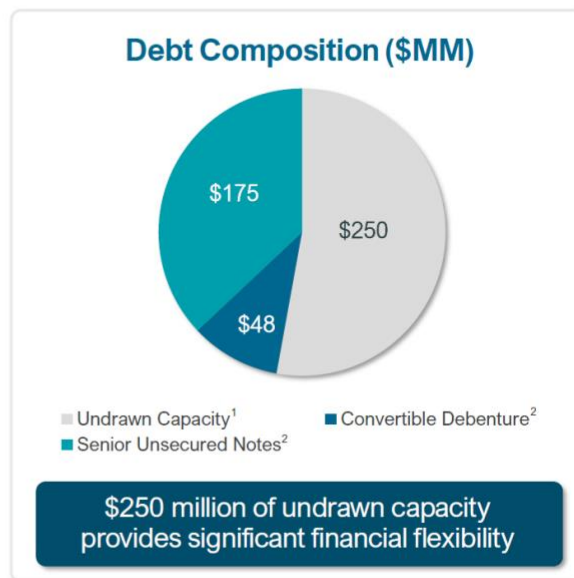
Significant Liquidity

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.



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

Dividend are paid monthly

On May 15, 2026, Surge confirmed that a cash dividend to be paid on June 15, 2026, in respect of May 2026 production, for the shareholders of record on May 31, 2026, will be \$0.043333 per share.

Liquidity and Capital Resources

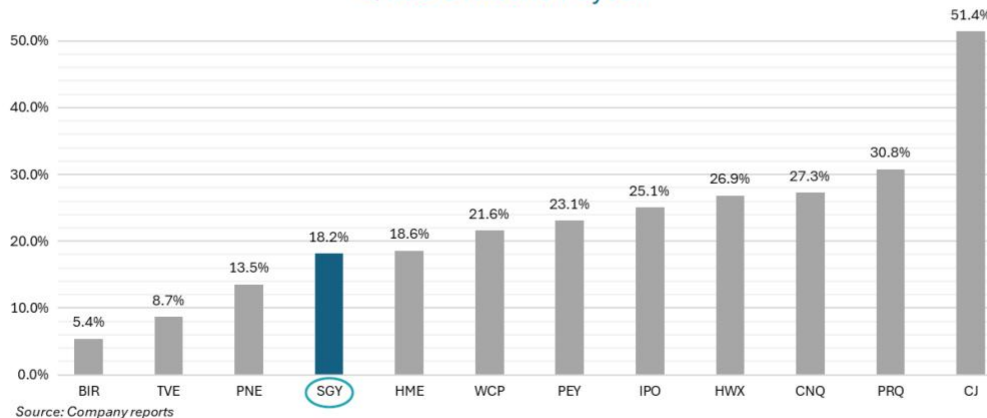
On March 31, 2026, Surge had nil drawn on its \$250.0 million credit facilities, \$175.0 million principal amount of Notes outstanding, excluding unamortized issue costs of \$3.0 million, \$48.3 million principal amount of Debentures outstanding, and total net debt of \$213.3 million. Total net debt was comparable to the immediately preceding quarter and decreased 13 percent as compared to the same period of the prior year.

At March 31, 2026, Surge had approximately \$246.6 million of borrowing capacity in relation to the \$250.0 million Facilities and had \$3.4 million of outstanding letters of credit (December 31, 2025 - \$3.4 million), which are included within the \$50.0 million operating loan facility.

Attractive Dividend: Low Payout Ratio

Surge's \$0.52 per share annual base cash dividend is accompanied by a low dividend payout ratio of 16% of forecasted 2026 cash flow

Q1/26 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 16% of forecasted 2026 AFF¹.

¹ Non-GAAP or other financial measure. See the Non-GAAP & Other Financial Measures Advisory at the back of this presentation for further details.

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 May 6, 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

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
Q2 2026	8,500	\$65.47	1,000	\$62.50	\$75.00	\$101.76	5,000	-\$13.26	1,341	-\$2.83
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	2,500	\$71.21	-	\$-	\$-	\$-	-	\$-	-	\$-
Q3 2027	1,000	\$71.30	-	\$-	\$-	\$-	-	\$-	-	\$-
Q4 2027	1,000	\$71.30	-	\$-	\$-	\$-	-	\$-	-	\$-

Natural Gas Derivative Contracts

Swaps		
Period	Volumes	Average Price
Q2 2026	6,000	\$3.01
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	Apr 2026 – Jun 2026	\$5,000,000	\$1.3850	\$1.4610	-
Average Rate Collar	Apr 2026 – Dec 2026	\$5,000,000	\$1.3800	\$1.4450	-
Average Rate Swap	Apr 2026 – Dec 2026	\$3,000,000	-	-	\$1.3775
Average Rate Swap	Jan 2027 – Dec 2026	\$5,000,000	-	-	\$1.3685

Power Hedges

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

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

Analyst Coverage

Financial Institution	Analyst	Email Address	SGY 12-Month Target Price
Acumen Capital Partners	Trevor Reynolds	treynolds@acumencapital.com	\$10.00
ATB Cormark Capital Markets	Amir Arif	aarif@atb.com	\$9.75
BMO Capital Markets	Jeremy McCrea	jeremy.mccrea@bmo.com	\$10.00
Canaccord Genuity	Mike Mueller	mmueller@cgf.com	\$8.75
National Bank Financial	Dan Payne	dan.payne@nbc.ca	\$8.75
Peters & Co.	Christian Comeau	ccomeau@petersco.com	\$10.50
Raymond James	Luke Davis	luke.davis@raymondjames.ca	\$9.00
Roth Capital Partners	Jamie Somerville	jsomerville@rothcanada.ca	\$9.00
Schachter Energy Report	Josef Schachter	josef@schachterenergyreport.ca	\$14.00
Velocity Trade Capital	Mark Heim	mark.heim@velocitytradecapital.com	\$10.50
Average:			\$10.03

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Net Income and Cash Flow Forecast Model

Surge Energy Inc. (SGY.TO and ZPTAF)														
Net Income and Cash Flow 2023 - 2027 (last updated 6/5/2026)														
(\$Thousands)														
Canadian Dollars														
	Actual 2023	Actual 2024	Actual Qtr1 2025	Actual Qtr2 2025	Actual Qtr3 2025	Actual Qtr4 2025	Actual Year 2025	Actual Qtr1 2026	Forecast Qtr2 2026	Forecast Qtr3 2026	Forecast Qtr4 2026	Forecast Year 2026	Forecast 2027	
Non-Core Asset Sales closed 12/19/24 lowered prod by ~1,250 Boepd														
REVENUES:														
Oil, NGL and natural gas sales	\$670,375	\$656,703	\$160,722	\$141,215	\$143,301	\$126,381	\$571,619	\$158,011	\$186,540	\$176,603	\$180,526	\$701,680	\$749,217	
Processing and other income	7,780	8,592	2,162	1,900	1,905	1,899	7,866	2,020	1,900	1,900	2,000	7,820	8,400	
Less: Royalties	(119,513)	(119,919)	(28,457)	(24,139)	(25,212)	(20,953)	(98,761)	(27,223)	(33,577)	(33,555)	(34,300)	(128,655)	(142,351)	
Commodity derivatives - cash settlements	(3,164)	(3,493)	1,427	6,066	3,701	2,895	14,089	(5,784)	0	0	0	(5,784)	0	
Commodity derivatives - Non-cash MTM	5,256	(161)	(3,520)	16,936	(9,492)	1,176	5,100	(52,027)	0	0	0	(52,027)	0	
Total Revenues	560,734	541,722	132,334	141,978	114,203	111,398	499,913	74,997	154,863	144,948	148,226	523,034	615,265	
EXPENSES:														
Operating expenses	196,256	185,638	41,996	38,573	40,340	40,476	161,385	42,226	40,632	42,302	42,665	167,824	176,843	
Transportation	13,755	11,429	2,458	2,155	2,045	2,239	8,897	2,410	2,352	2,449	2,470	9,681	10,238	
G&A	19,158	20,653	5,598	5,597	5,344	5,548	22,087	5,742	5,800	5,800	6,200	23,542	25,000	
Transaction and other costs	1,423	7,762	233	(82)	198	(394)	(45)	36	150	150	150	486	800	
Share based compensation	8,773	9,006	2,033	3,116	1,789	1,851	8,789	3,427	2,000	2,000	2,000	9,427	10,000	
DD&A	197,474	188,480	56,013	41,657	45,992	42,092	185,754	44,909	44,909	46,754	47,156	183,728	195,458	
Impairment	59,150	96,495	0	0	0	18,419	18,419	0	0	0	0	0	0	
Financing expense in cash	48,152	44,254	5,695	4,603	5,916	7,075	23,289	5,721	5,600	5,400	5,300	22,021	21,000	
Financing expense non-cash			8,055	4,655	3,459	1,499	17,668	3,708	3,700	3,700	3,700	14,808	14,000	
(Gain) loss on disposal of assets	(4,028)	48,385	(217)	(95)	0	(36)	(348)	(139)	0	0	0	(139)	0	
TOTAL EXPENSES	540,113	612,102	121,864	100,179	105,083	118,769	445,895	108,040	105,142	108,555	109,642	431,379	453,338	
NET INCOME BEFORE TAXES	20,621	(70,380)	10,470	41,799	9,120	(7,371)	54,018	(33,043)	49,721	36,393	38,584	91,655	161,927	
INCOME TAXES														
Current	0	0	0	0	0	0	0	0	0	0	0	0	0	
Deferred	4,870	(16,664)	2,224	9,892	1,921	(278)	13,759	(8,363)	9,892	1,921	9,646	13,096	40,482	
NET INCOME	\$15,751	(\$53,716)	\$8,246	\$31,907	\$7,199	(\$7,093)	\$40,259	(\$24,680)	\$39,829	\$34,472	\$28,938	\$78,559	\$121,445	
Common Stock outstanding (thousands)	100,314	100,382	99,523	99,092	98,984	98,877	99,119	98,841	98,600	98,200	97,800	98,500	97,000	
Earnings per share	\$0.16	(\$0.54)	\$0.08	\$0.32	\$0.07	(\$0.07)	\$0.41	(\$0.25)	\$0.40	\$0.35	\$0.30	\$0.80	\$1.25	
NOTE: Current First Call Estimated EPS														
Adjusted Operating Cash Flow	\$ 275,491	\$ 271,456	\$ 79,874	\$ 74,196	\$ 69,852	\$ 41,171	\$ 265,093	\$ 67,140	\$ 95,329	\$ 75,548	\$ 81,441	\$ 319,457	\$ 317,385	
Cashflow per share (before CapEx)	\$2.75	\$2.70	\$0.80	\$0.75	\$0.71	\$0.42	\$2.67	\$0.68	\$0.97	\$0.77	\$0.83	\$3.25	\$3.27	
PRODUCTION														
Crude Oil (bbls/d)	20,436	20,228	20,673	20,332	20,223	19,746	20,244	20,720	20,328	20,933	21,113	20,773	22,058	
NGLs (bbls/d)	702	818	248	554	606	673	520	622	635	653	659	642	689	
Natural Gas (Mcf/d)	19,800	18,678	15,877	16,217	16,759	16,599	16,363	15,306	15,228	15,682	15,816	15,508	16,524	
boepd	24,438	24,159	23,567	23,589	23,622	23,186	23,491	23,893	23,500	24,200	24,408	24,000	25,500	
PRODUCT PRICES														
Crude Oil	14.9%	-1.1%	Commodity Prices in \$Cdn net of hedges					-2.8%	Commodity Prices in \$Cdn net of hedges					2.2%
NGLs	50.74	47.45	50.53	43.29	40.15	40.29	43.57	48.29	49.00	50.00	51.00	49.57	\$ 50.00	
Natural Gas	2.20	1.32	1.85	1.58	1.41	1.75	1.65	1.27	0.85	1.07	1.75	1.23	\$ 2.00	
Gross Revenue check (prod * ave price)	667,403	653,226	163,149	147,281	147,002	129,276	585,215	152,227	186,540	176,603	180,526	694,545	749,217	
								152,227	124,100	126,800	N/A	705,500	543,370	

< Forecast Revenues include effect of hedges which are broken out below when actuals are reported

< 17.25% of Row 9 ramping up to 19% in 2H 2026

< Non-cash item that has no impact on stock valuation

< \$19.00 / boe

< \$1.10 / boe

< \$21.00/boe

< Free cash flow after dividends will be used to pay off debt and buyback stock in 2026. Increased dividends expected in 2027.

< Large "Tax Pools" eliminate all current taxes

< 25%

2025 EBITDA \$327,271

< Common stock o/s at end of each Qtr

Stock Buyback started in 2H 2024

< First Call's EPS forecasts in Cdn dollars

< 2026 CapEx estimate is \$175Cdn million (June 1)

< Valuation of 6 X 2025 to 2027 CFPS = \$ 18.66 < Cdn

EPG PT in US dollars \$ 13.62 < \$US @73%

Q1 2026 2H 2026 Recent Analysts' PT \$ 12.55 < \$Cdn

Peters PT update 5/20/26 \$ 14.00

< 86.72% < 86.5%

< 02.60% < 02.7%

< 10.68% < 10.8%

< Guidance for 2026 is 24,000 Boepd (June 1)

< YOY production growth

< See impact of hedges below less \$14 Differential

< See impact of hedges below less \$2Cdn differentials

Natural Gas prices should improve in 2026

< First Call's Revenue Estimates in \$Cdn