



SURGE ENERGY INC. ANNOUNCES SECOND QUARTER FINANCIAL & OPERATING RESULTS

CALGARY, ALBERTA (July 29, 2021) Surge Energy Inc. (“**Surge**” or the “**Company**”) (TSX: SGY) is pleased to announce its financial and operating results for the quarter ended June 30, 2021.

MESSAGE TO SHAREHOLDERS

Improving Macro Environment for Oil

Demand for crude oil continues to recover from the dramatic plunge caused by the COVID-19 pandemic in 2020. The recovery, combined with historical reductions in capital spending on world-wide oil projects, has resulted in a very tight physical market for oil, and a large, ongoing, structural deficit for crude oil supply. This tight physical oil market is evidenced by a number of large weekly draws on US crude oil inventories in Q2/21, erasing much of the crude oil inventory accumulations that occurred during the COVID-19 pandemic in 2020.

As world oil demand continues to return to pre-COVID-19 levels, oil prices have recovered quickly and continued to improve throughout the second quarter of 2021, with WTI averaging US\$66.07 per bbl during the period. Oil prices are currently trading over US\$73 per bbl. Furthermore, Canadian crude oil differentials continue to trade well below their long-term historical averages, resulting in a very positive pricing environment for Canadian oil weighted producers.

SGY – Positioning For The Turn In Oil Prices

Surge’s primary corporate goal is to be the best positioned, top performing, intermediate public oil company in Canada in 2022 and beyond. As such, Surge’s management team spent the past nine months strategically positioning the Company for success in an increasingly positive macro environment for crude oil. Key actions executed by Management include:

- Successful receipt of \$40 million in 2nd lien financing, led by BDC (November, 2020);
- Credit commitment from EDC into Surge's existing 1st lien credit facility for \$50.6 million (November, 2020);
- Alberta Site Rehabilitation Program grants of \$14 million (ongoing);
- Completion of a highly accretive, debt-adjusted, asset sale for gross proceeds of \$106 million (closed March 25, 2021);
- Completion of an upsized bought deal flow-through financing for gross proceeds of \$23 million (closed May 13, 2021);
- Entered into an Arrangement Agreement on June 22, 2021 to acquire Astra Oil Corp. (“Astra”) – a privately held light oil producer with high operating netback¹ assets focused in SE Saskatchewan, producing 4,100 boepd (90% liquids), for total consideration of approximately \$160 million. The Company anticipates that this strategic acquisition will close on or about August 18, 2021; and
- In conjunction with the Astra acquisition, Surge negotiated a new, \$215 million, single-tranche first lien revolving credit facility (“RBL”) with the next bank review scheduled to be on or before November 30, 2021. Maturity of Surge’s RBL will be extended from July 1, 2022 to November 30, 2022.

The culmination of the above strategic transactions has quickly and efficiently repositioned the Company’s balance sheet, reducing net debt¹ by nearly \$90 million in just 6 months’ time. Surge recently announced preliminary 2022 guidance, and Management is now forecasting a further reduction in net debt by way of significant free cash flow¹ generation at strip pricing through the back

¹ This is a non-GAAP financial measure which is defined in the Non-GAAP Financial Measures section of this document.



half of 2021, and throughout 2022.

Based on the above, with oil prices currently trading over US\$73 per bbl, the Company now anticipates Surge's exit 2022 net debt to annualized Q4/22 adjusted funds flow² will be 0.8x at US\$70 per bbl, and 0.6x at US\$75 WTI per bbl pricing. Additionally, at these price levels, Surge now anticipates generating \$110 to \$140 million in free cash flow in 2022 alone.

Q2 2021 FINANCIAL & OPERATING HIGHLIGHTS

In the second quarter of 2021, petroleum and natural gas revenue per boe increased by 200 percent, from \$19.58 per boe in Q2/20, to \$58.74 per boe in Q2/21, and increased by nearly 10 percent from the \$54.07 per boe realized in Q1/21.

The Company closed an oversubscribed bought deal public offering of flow-through common shares during the quarter for gross proceeds of \$23 million, extending the first lien credit facilities to July 1, 2022, and further reducing net debt. Proceeds from the flow-through share offering are being used to execute a disciplined 2H/21 drilling program, directing development capital predominately to the Company's low risk, large OOIP, high operating netback Sparky core area.

While Surge's realized commodity pricing benefitted from the improving commodity price environment during the quarter, the Company's cash flow from operating activities and adjusted funds flow were materially impacted by realized losses on required commodity contracts. In the second quarter of 2021 Surge generated \$8.3 million of cash flow from operating activities, and \$13.6 million of adjusted funds flow, after realized hedging losses of \$20.9 million.

These required fix priced oil hedge positions were primarily entered into during the volatile price environment in 2020, and Surge projects that the cash flow impact from these hedge positions will continue to moderate over the remainder of 2021 as the remaining fixed crude oil hedges expire over the next 2 fiscal quarters.

Production in Q2/21 averaged 15,132 boe per day, down from Q1/21 production levels of 16,582 boe per day. This decrease was primarily a result due to the 2,700 boe per day of production that was sold for gross proceeds of \$106 million on March 25, 2021. This decrease in production has now been fully offset by the Company's successful 28 (net) well 1H/21 drilling program, which added approximately 2,675 boe per day in Q2/21 for a total "all-in" onstream cost of \$35 million (\$13,080 per flowing boe).

Production in Q2/21 was impacted by approximately 650 boepd of third-party outages and plant turnarounds.

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



FINANCIAL AND OPERATING HIGHLIGHTS <i>(\$000s except per share amounts)</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	% Change	2021	2020	% Change
Financial highlights						
Oil sales	76,411	28,432	169 %	146,367	89,643	63 %
NGL sales	1,827	644	184 %	3,775	1,707	121 %
Natural gas sales	2,646	1,429	85 %	11,436	2,861	300 %
Total oil, natural gas, and NGL revenue	80,884	30,505	165 %	161,578	94,211	72 %
Cash flow from operating activities	8,254	2,970	178 %	23,804	46,108	(48)%
Per share - basic (\$)	0.02	0.01	100 %	0.07	0.14	(50)%
Adjusted funds flow ¹	13,557	8,854	53 %	29,314	38,882	(25)%
Per share - basic (\$) ¹	0.04	0.03	33 %	0.08	0.12	(33)%
Net income (loss) ²	307,113	(61,159)	nm ³	297,128	(676,386)	nm
Per share basic (\$)	0.85	(0.18)	nm	0.85	(2.03)	nm
Total exploration and development expenditures	15,500	3,516	341 %	47,398	36,020	32 %
Total acquisitions & dispositions	-	(5,276)	nm	(102,591)	(5,276)	nm
Total capital expenditures	15,500	(1,760)	(981)%	(55,193)	30,744	(280)%
Net debt ¹ , end of period	292,806	376,907	(22)%	292,806	376,907	(22)%
Operating highlights						
Production:						
Oil (bbls per day)	12,202	13,813	(12)%	12,809	15,352	(17)%
NGLs (bbls per day)	521	528	(1)%	552	546	1 %
Natural gas (mcf per day)	14,456	16,664	(13)%	14,956	17,036	(12)%
Total (boe per day) (6:1)	15,132	17,118	(12)%	15,854	18,737	(15)%
Average realized price (excluding hedges):						
Oil (\$ per bbl)	68.81	22.62	204 %	63.13	32.08	97 %
NGL (\$ per bbl)	38.53	13.41	187 %	37.79	17.19	120 %
Natural gas (\$ per mcf)	2.01	0.94	114 %	4.22	0.92	359 %
Netback (\$ per boe)						
Petroleum and natural gas revenue	58.74	19.58	200 %	56.31	27.63	104 %
Realized gain (loss) on commodity and FX contracts	(15.19)	9.93	(253)%	(13.15)	8.50	(255)%
Royalties	(8.04)	(2.06)	290 %	(6.81)	(3.44)	98 %
Net operating expenses ¹	(17.87)	(14.50)	23 %	(17.98)	(14.39)	25 %
Transportation expenses	(0.94)	(1.70)	(45)%	(0.99)	(1.67)	(41)%
Operating netback ¹	16.70	11.25	48 %	17.38	16.63	5 %
G&A expense	(2.21)	(1.99)	11 %	(2.09)	(1.91)	9 %
Interest expense	(4.65)	(3.57)	30 %	(5.07)	(3.31)	53 %
Adjusted funds flow ¹	9.84	5.69	73 %	10.22	11.41	(10)%
Common shares outstanding, end of period	379,594	335,069	13 %	379,594	335,069	13 %
Weighted average basic shares outstanding	360,780	335,069	8 %	350,340	333,628	5 %
Stock option dilution	11,458	-	- %	9,166	-	- %
Weighted average diluted shares outstanding	372,238	335,069	11 %	359,506	333,628	8 %

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² For the quarter ended June 30, 2021, the Company realized net income of \$307.1 million, including a non-cash asset impairment charge reversal of \$323.6 million recognized in the period primarily due to an increase in the Sproule engineering price forecasts. The impairment charge reversal does not impact the Company's cash flow from operating activities or adjusted funds flow.

³ The Company views this change calculation as not meaningful, or "nm".

OUTLOOK – A TOP PERFORMER IN 2022

Surge Management remain very excited regarding the Company’s cash flow “torque” to rising crude oil prices in 2022. As the Company’s required fixed price crude oil hedges continue to expire over the course of 2H/21, Surge anticipates generating very attractive netbacks and cash flows in 2022 at current commodity prices.

Surge’s exciting, \$160 million acquisition of Astra is expected to close on or about August 18, 2021, and is consistent with Surge's defined business model of acquiring high quality, operated, light and medium gravity, conventional crude oil reservoirs with large OOIP³ and low recovery factors.

Upon closing, the combined Surge/Astra will be a well-positioned, 20,200 boepd (85 percent liquids) intermediate producer with over 850 internally estimated net development drilling locations⁴, providing a lower risk 13 year development drilling inventory. As previously announced on June 22, 2021, in conjunction with the acquisition of Astra, the Company has reached an agreement in principle with its lending syndicate to extend the maturity of its RBL to November 30, 2022 upon close of the transaction.

Surge’s 2H/21 drilling program is now well underway and will focus on the Company’s premier Sparky assets, building on the momentum achieved during the successful first half 2021 drilling program in that core area. The Company’s management team is now working to finalize details of a second half development program for the high operating netback SE Saskatchewan light oil assets acquired with the acquisition of Astra.

Surge also remains focused on its ongoing ESG initiatives, and anticipates the completion of a 45-kilometer gas gathering infrastructure system to conserve gas at critical facilities in the newly-acquired SE Saskatchewan core area in the third quarter of 2021. This project is anticipated to reduce greenhouse gas emissions by over 95 percent from several operating fields when completed.

The Company (after giving effect to the Astra acquisition) is currently on track to exceed on Managements upwardly revised exit 2021 production guidance of 20,200 boe per day.

UPDATE ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS (“ESG”)

Surge continues to strive to be a leader in reducing the impact of its operations on the environment and is pleased to report that it has abandoned 379 wells between October 1, 2020 and June 30, 2021. This represents over 30 percent of the Company’s previously inactive, unabandoned wells.

The reduction in the Company’s environmental footprint has been funded through a combination of Surge’s ongoing internal abandonment program and approximately \$14 million in total grant funding under the Alberta Government’s Site Rehabilitation Program (“SRP”). During the second quarter of 2021, Surge spent a total of \$1.1 million of its own funds and \$0.5 million of SRP grants, for a combined \$1.6 million directed towards abandonment activities. Year-to-date, Surge has now spent a total of \$3.5 million on abandonment activities.

Surge anticipates spending a further \$6.5 to \$8.5 million on abandonment activities in the second half of 2021, through a combination of its internal abandonment program and the SRP abandonment program, which will continue to significantly reduce the Company’s decommissioning liability.

³ See the Oil and Gas Advisories section of this document for further information.

⁴ See the Drilling Inventory section of this document for further information.

Surge will also be participating in a significant emissions reduction project in conjunction with the Astra acquisition, whereby the Company will complete a 45km pipeline project to conserve natural gas from a number of operated fields in SE Saskatchewan. The project will cost approximately \$12 million and is partially funded by the Natural Resources Canada Emissions Reduction fund, and will reduce flared gas volumes in the area by approximately 95 percent. This project is expected to be completed in Q4/21.

In addition, Surge is proceeding with a gas conservation project at its operated Shaunavon asset in SW Saskatchewan that will tie in approximately 90 percent of the gas volumes currently being flared from that asset. This project is also expected to be completed in Q4/21.

Surge strives to be a leader in reducing the impact of its operations on the environment and is committed to producing energy in a safe, responsible, and sustainable manner.

FORWARD LOOKING STATEMENTS:

This press release contains forward-looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. More particularly, this press release contains statements with respect to management’s expectations regarding commodity prices; Surge’s declared focus and primary goals; the acquisition of all of the outstanding shares of Astra and the anticipated benefits and timing thereof; management’s expectations regarding the reduction of net debt and free cash flow generation; guidance regarding exit 2021 production and exit 2022 net debt; Surge’s hedging program; Surge’s planned drilling program; Surge’s drilling inventory and locations; management’s expectations and plans with respect to the development of its assets and the timing thereof; netbacks; production levels; amendments to Surge’s credit facilities; and Surge’s ongoing ESG initiatives, including abandonment activities and Surge’s participation in emissions reduction and gas conservation programs.

The forward-looking statements are based on certain key expectations and assumptions made by Surge, including expectations and assumptions the performance of existing wells and success obtained in drilling new wells; anticipated expenses, cash flow and capital expenditures; the application of regulatory and royalty regimes; prevailing commodity prices and economic conditions; development and completion activities; the performance of new wells; the successful implementation of waterflood programs; the availability of and performance of facilities and pipelines; the geological characteristics of Surge’s properties; the successful application of drilling, completion and seismic technology; the determination of decommissioning liabilities; prevailing weather conditions; exchange rates; licensing requirements; the impact of completed facilities on operating costs; the availability and costs of capital, labour and services; and the creditworthiness of industry partners.

Although Surge believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Surge can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the condition of the global economy, including trade, public health (including the impact of COVID-19) and other geopolitical risks; risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks); commodity price and exchange rate

fluctuations and constraint in the availability of services, adverse weather or break-up conditions; uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures; and failure to obtain the continued support of the lenders under Surge's bank line. Certain of these risks are set out in more detail in Surge's AIF dated March 9, 2021 and in Surge's MD&A for the period ended December 31, 2020, both of which have been filed on SEDAR and can be accessed at www.sedar.com.

The forward-looking statements contained in this press release 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.

Oil and Gas Advisories

The term "boe" means barrel of oil equivalent on the basis of 1 boe to 6,000 cubic feet of natural gas. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 1 boe for 6,000 cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. "Boe/d" and "boepd" mean barrel of oil equivalent per day. Bbl means barrel of oil and "bopd" means barrels of oil per day. NGLs means natural gas liquids.

This press release contains certain oil and gas metrics and defined terms which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar metrics/terms presented by other issuers and may differ by definition and application. All oil and gas metrics/terms used in this document are defined below:

Original Oil in Place ("OOIP") means Discovered Petroleum Initially In Place ("DPIIP"). DPIIP is derived by Surge's internal Qualified Reserve Evaluators ("QRE") and prepared in accordance with National Instrument 51-101 and the Canadian Oil and Gas Evaluations Handbook ("COGEH"). DPIIP, as defined in COGEH, is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of DPIIP includes production, reserves and Resources Other Than Reserves (ROTR). OOIP/DPIIP and potential recovery rate estimates are based on current recovery technologies. There is significant uncertainty as to the ultimate recoverability and commercial viability of any of the resource associated with OOIP/DPIIP, and as such a recovery project cannot be defined for a volume of OOIP/DPIIP at this time. "Internally estimated" means an estimate that is derived by Surge's internal QRE's and prepared in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*. All internal estimates contained in this new release have been prepared effective as of Jan 1, 2021.

Drilling Inventory

This press release discloses drilling locations in two categories: (i) booked locations; and (ii) unbooked locations. Booked locations are proved locations and probable locations derived from an external evaluation using standard practices as prescribed in the Canadian Oil and Gas Evaluations Handbook and account for drilling locations that have associated proved and/or probable reserves, as applicable.

Unbooked locations are internal estimates based on prospective acreage and assumptions as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Unbooked locations have been identified by Surge's internal certified Engineers and Geologists (who are also Qualified Reserve Evaluators) as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which the Company actually drills wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, the majority of other unbooked drilling locations are farther away from existing wells where



management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Net of Surge March 25, 2021 disposition, the pro forma Company (Surge + Astra) will have over >925 gross (>850 net) drilling locations identified herein, of these >450 gross (>400 net) are unbooked locations. Of the 461 net booked locations identified herein, 347 net are Proved locations and 114 net are Probable locations based on Sproule's 2020YE reserves. Assuming an average number of net wells drilled per year of 65, Surge's >925 net locations provide 13 years of drilling.

Surge's internally developed type curves (for both Surge and Astra) were constructed using a representative, factual and balanced analog data set, as of Jan 1, 2021 for Surge type curves and April 15, 2021 for Astra type curves. All locations were risked appropriately, and EUR's were measured against OOIP estimates to ensure a reasonable recovery factor was being achieved based on the respective spacing assumption. Other assumptions, such as capital, operating expenses, wellhead offsets, land encumbrances, working interests and NGL yields were all reviewed, updated and accounted for on a well by well basis by Surge's Qualified Reserve Evaluators. All type curves fully comply with Part 5.8 of the Companion Policy 51 – 101CP.

Non-GAAP Financial Measures

Certain secondary financial measures in this press release – namely, "adjusted funds flow", "adjusted funds flow per share", "free cash flow", "net debt", "net operating expenses", "operating netback", and "adjusted funds flow per boe" are not prescribed by GAAP. These non-GAAP 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 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 financial measures used in this document are defined below:

Adjusted Funds Flow & Adjusted Funds Flow per Share

The Company adjusts cash flow from operating activities in calculating adjusted funds flow for changes in non-cash working capital, decommissioning expenditures, and cash settled transaction and other costs. Management believes the timing of collection, payment or incurrence of these items involves a high degree of discretion and as such may not be useful for evaluating Surge's cash flows.

Changes in non-cash working capital are a result of the timing of cash flows related to accounts receivable and accounts payable, which management believes reduces comparability between periods. Management views decommissioning expenditures predominately as a discretionary allocation of capital, with flexibility to determine the size and timing of decommissioning programs to achieve greater capital efficiencies and as such, costs may vary between periods. Transaction and other costs represent expenditures associated with acquisitions and employee severance costs, which management believes do not reflect the ongoing cash flows of the business, and as such reduces comparability. Each of these expenditures, due to their nature, are not considered principal business activities and vary between periods, which management believes reduces comparability.

Adjusted funds flow per share is calculated using the same weighted average basic and diluted shares used in calculating income per share.

The following table reconciles cash flow from operating activities to adjusted funds flow and adjusted funds flow per share for the three and six months ended June 30, 2021:

(\$000s except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Cash flow from operating activities	8,254	2,970	23,804	46,108
Change in non-cash working capital	3,355	5,733	381	(9,015)
Decommissioning expenditures	1,063	151	2,544	1,691
Cash settled transaction and other costs	885	-	2,585	98
Adjusted funds flow	\$ 13,557	\$ 8,854	\$ 29,314	\$ 38,882
Per share - basic	\$ 0.04	\$ 0.03	\$ 0.08	\$ 0.12

Free Cash Flow

Free cash flow is calculated as cash flow from operating activities less exploration and development capital expenditures. Management uses free cash flow to determine the amount of funds available to the Company for future capital allocation decisions.

Net Debt

There is no comparable measure in accordance with IFRS for net debt. Net debt is calculated as bank debt, term debt, plus the liability component of the convertible debentures plus or minus working capital, 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 Jun 30, 2021	As at Mar 31, 2021	As at Jun 30, 2020
Accounts receivable	29,244	30,240	27,503
Prepaid expenses and deposits	4,595	5,921	5,828
Accounts payable and accrued liabilities	(50,641)	(56,354)	(33,782)
Bank debt	(162,318)	(170,650)	(306,549)
Term debt	(41,164)	(40,649)	-
Convertible debentures	(72,522)	(71,842)	(69,907)
Net Debt	(292,806)	(303,334)	(376,907)

Net Operating Expenses

Net operating expenses are determined by deducting processing and other revenue 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.

Operating Netback & Adjusted Funds Flow per boe

Operating netback and adjusted funds flow per boe for the three and six months ended June 30, 2021 are calculated on a per unit basis as follows:

<i>(\$000s)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Petroleum and natural gas revenue	80,884	30,505	161,578	94,211
Processing and other income	1,172	1,112	2,261	2,832
Royalties	(11,073)	(3,215)	(19,550)	(11,720)
Realized gain (loss) on commodity and FX contracts	(20,911)	15,464	(37,733)	28,973
Operating expenses	(25,785)	(23,706)	(53,868)	(51,905)
Transportation expenses	(1,293)	(2,641)	(2,832)	(5,687)
Operating netback	22,994	17,519	49,856	56,704
G&A expense	(3,041)	(3,102)	(5,998)	(6,518)
Interest expense	(6,396)	(5,563)	(14,544)	(11,304)
Adjusted funds flow	13,557	8,854	29,314	38,882
Barrels of oil equivalent (boe)	1,377,078	1,557,700	2,869,475	3,410,114
Operating netback (\$ per boe)	\$ 16.70	\$ 11.25	\$ 17.38	\$ 16.63
Adjusted funds flow (\$ per boe)	\$ 9.84	\$ 5.69	\$ 10.22	\$ 11.41

Additional information relating to non-GAAP measures can be found in the Company's most recent management's discussion and analysis MD&A, which may be accessed through the SEDAR website (www.sedar.com).

FURTHER INFORMATION:

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