



SURGE ENERGY INC. ANNOUNCES FIRST QUARTER FINANCIAL RESULTS AND OPERATIONAL UPDATES

CALGARY, ALBERTA (May 6, 2026) – Surge Energy Inc. (“Surge” or the “Company”) (TSX: SGY) is pleased to announce financial and operating results for the quarter ended March 31, 2026, as well as an update on Surge's latest operational achievements.

Select financial and operating information is outlined below and should be read in conjunction with the Company’s unaudited condensed interim financial statements and management’s discussion and analysis for the three months ended March 31, 2026, available at www.sedarplus.ca and on Surge’s website at www.surgeenergy.ca.

Q1/26 HIGHLIGHTS

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”)¹ 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 basis, free cash flow (“FCF”)¹ generated by Surge in Q1/26 was \$26.3 million, which represents 37 percent of AFF generated in the quarter.

MESSAGE TO SHAREHOLDERS

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 drilling², 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.



The US and Iran have been conducting negotiations in recent weeks, attempting to achieve a permanent settlement of this conflict. During this time, the Strait of Hormuz has been blockaded by the US and remains largely closed, putting extreme pressure on existing global crude oil inventories.

Given the significant increase in world crude oil prices since the Company's 2026 capital and operating budget was released on November 5, 2025, below are Surge's updated 2026 guidance estimates at US\$65 (initial budget case), US\$75, and US\$85 WTI per barrel, highlighting the Company's significant financial exposure to rising crude oil prices:

Guidance	@ US \$65 WTI^a	@ US \$75 WTI^a	@ US \$85 WTI^a
Average 2026 production		23,000 boepd (88% liquids)	
2026(e) Exploration and development expenditures	\$150 million	\$150 million	\$150 million
2026(e) Adjusted Funds Flow	\$265 million	\$315 million	\$365 million
<i>Per share</i>	<i>\$2.68 per share</i>	<i>\$3.19 per share</i>	<i>\$3.69 per share</i>
2026(e) Cash flow from operating activities ^b	\$245 million	\$295 million	\$345 million
<i>Per share</i>	<i>\$2.47 per share</i>	<i>\$2.98 per share</i>	<i>\$3.49 per share</i>
2026(e) Free cash flow	\$95 million	\$145 million	\$195 million
<i>Per share</i>	<i>\$0.96 per share</i>	<i>\$1.47 per share</i>	<i>\$1.97 per share</i>
2026(e) Base dividend		\$51.5 million	
<i>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% - 19.5%	19.5% - 20.0%
2026(e) Net operating expenses ^c		\$18.00 - \$18.50 per boe	
2026(e) Transportation expenses		\$1.15 - \$1.35 per boe	
2026(e) General & administrative expenses		\$2.50 - \$2.70 per boe	
2026(e) Interest expenses		\$2.50 - \$2.75 per boe	

a - Pricing assumptions: US\$12.00 WCS differential, US\$4.00 EDM differential, \$0.715 CAD/USD FX and \$2.95 AECO.

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

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.

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 significantly higher FCF 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., the Company's net asset value ("NAV")³, 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 FCF above budgeted levels to a combination of increased share buybacks under the Company's existing Normal Course Issuer Bid ("NCIB") and continued net debt reduction. Surge is currently budgeting for up to \$5 million per month in share buybacks, with the remaining FCF allocated to debt reduction.



In addition, considering the significant increase in forward crude oil prices, together with Surge's deep (>12 year) inventory of more than 900 internally identified drilling locations², Surge's Board and Management are evaluating an expansion of the Company's 2026 capital program to add incremental production per share growth in the second half of the year. This potential expansion of Surge's 2H/26 capital program would be comprised of additional drilling and waterflood capital as compared to the current 2026 budget.

Q1/26 FINANCIAL HIGHLIGHTS

- 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.



FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL AND OPERATING HIGHLIGHTS (\$000s except per share and per boe)	Three Months Ended March 31,		
	2026	2025	% Change
Financial highlights			
Oil sales	153,186	157,206	(3)%
NGL sales	2,705	1,129	140 %
Natural gas sales	2,120	2,387	(11)%
Total petroleum and natural gas revenue	158,011	160,722	(2)%
Cash flow from operating activities	59,972	83,470	(28)%
Per share - basic (\$)	0.61	0.83	(27)%
Per share diluted (\$)	0.59	0.82	(28)%
Adjusted funds flow ^a	70,925	80,107	(11)%
Per share - basic (\$) ^a	0.72	0.80	(10)%
Per share diluted (\$)	0.69	0.79	(13)%
Net income (loss)	(24,680)	8,246	nm ^b
Per share basic (\$)	(0.25)	0.08	nm
Per share diluted (\$) ^f	(0.25)	0.08	nm
Expenditures on property, plant and equipment	44,618	54,399	(18)%
Net acquisitions and dispositions	180	44	nm
Net capital expenditures	44,798	54,443	(18)%
Net debt ^g , end of period	213,329	246,003	(13)%
Operating highlights			
Production:			
Oil (bbls per day)	20,720	20,673	— %
NGLs (bbls per day)	622	248	151 %
Natural gas (mcf per day)	15,306	15,877	(4)%
Total (boe per day) (6:1)	23,893	23,567	1 %
Average realized price (excluding hedges):			
Oil (\$ per bbl)	82.15	84.49	(3)%
NGL (\$ per bbl)	48.29	50.53	(4)%
Natural gas (\$ per mcf)	1.54	1.67	(8)%
Netback (\$ per boe)			
Petroleum and natural gas revenue	73.48	75.77	(3)%
Realized gain (loss) on commodity and FX contracts	(2.69)	0.67	nm
Royalties	(12.66)	(13.42)	(6)%
Net operating expenses ^a	(18.70)	(18.78)	— %
Transportation expenses	(1.12)	(1.16)	(3)%
Operating netback^a	38.31	43.08	(11)%
G&A expense	(2.67)	(2.64)	1 %
Interest expense	(2.66)	(2.68)	(1)%
Adjusted funds flow^a	32.98	37.76	(13)%
Common shares outstanding, end of period	98,841	99,523	(1)%
Weighted average basic shares outstanding	98,853	99,979	(1)%
Stock-based compensation dilution ^c	3,407	1,263	170 %
Weighted average diluted shares outstanding	102,260	101,242	1 %

^a This is a non-GAAP and other financial measure which is defined under Non-GAAP and Other Financial Measures.

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

^c Dilution is not reflected in the calculation of net loss for the three months ended March 31, 2026.



Q1/26 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 (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 ("OHML") waterflood pilot in December of 2025.

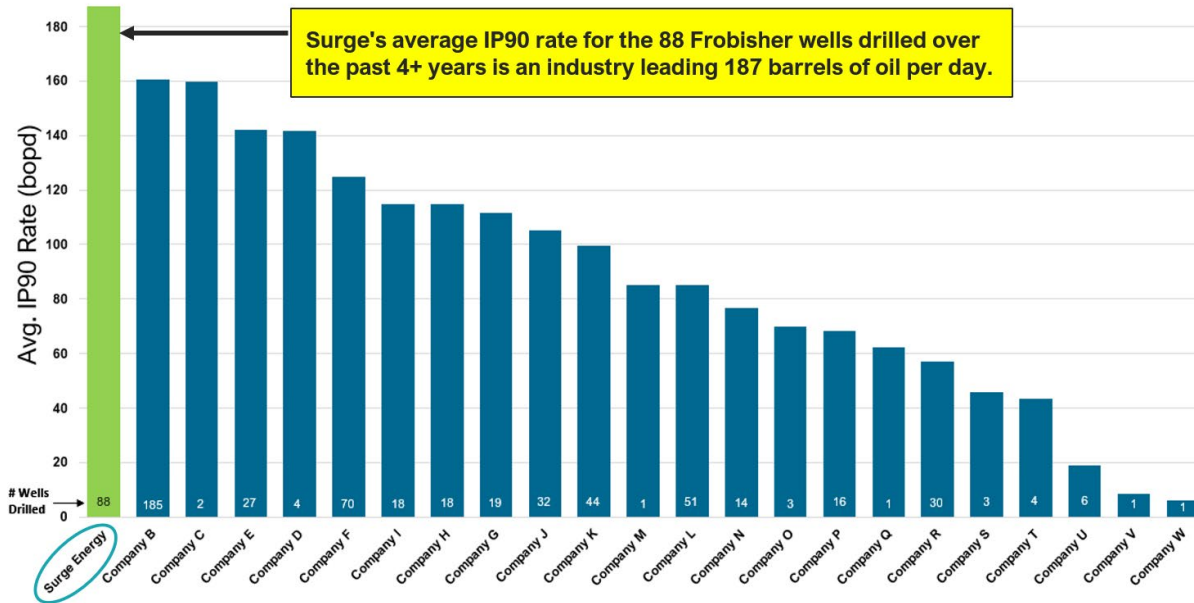
Subsequent to initiating the waterflood pilot at Hope Valley, the Company drilled two additional dedicated OHML injectors in early Q1/26 at the north end of Hope Valley. Additionally, Surge is currently drilling five dedicated injectors and five OHML producing wells at the center portion of the 37 section 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.

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



* Data based on 3-month average producing day oil rate based on public data, as per GeoScout on April 20, 2026.

OUTLOOK: PREMIUM ASSET QUALITY DRIVES SUPERIOR RETURNS

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 Canada⁴ 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 million⁵ (\$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;
- 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 decline³;



- More than 900 (net) internally estimated drilling locations, providing a 12 year drilling inventory²; and
- \$1.2 billion in tax pools (representing an estimated 4 year tax horizon)⁵.

1. 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.

2. See Drilling Inventory.

3. See Oil and Gas Advisories.

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

5. 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. Sensitivities are inclusive of the Company's existing hedge positions as at the date of this release.



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 concerning: Surge’s declared focus and primary goals; Surge’s expectation that strong drilling and waterflood results in the Company’s Sparky and SE Saskatchewan core areas will continue to drive production; Surge’s expectation that it has more than 12 years of development drilling; Management’s 2026 updated guidance estimates; crude oil fixed price hedges protecting the Company’s 2026 free cash flow profile; share repurchases under the Company’s NCIB; the allocation of FCF to a combination of increased share buybacks under the Company’s NCIB and continued net debt reduction; the Company’s evaluation of an expansion of the Company’s 2026 capital program; the expectation that Surge will continue to deliver attractive shareholder returns in 2026 and beyond based on its key corporate fundamentals; the repeatability and consistency of drilling results at Hope Valley and moving this asset the full development phase; increasing estimated ultimate recoveries (“EUR”) at the Sparky (Manville) crude oil discovery; Surge’s planned 2026 drilling program and focus, including expectations regarding the number of wells to be drilled and the types thereof; Surge’s expanded waterflood pilot in the greater Hope Valley area and anticipated update on its OHML waterflood pilot; Surge’s 2026 capital program and focus; Surge’s intention to have a dedicated rig drilling multi-lateral wells in Hope Valley for the entire year; Surge’s reserves, future net revenue, future development capital and reserve life index; Surge continuing to execute an active drilling program at both the Sparky and SE Saskatchewan core areas during the first half of 2026 and the number of wells to be drilled thereat; expectations regarding Surge’s proved and probable reserves estimates and locations; Surge’s hedging program and its ability to protect the Company’s 2026 capital program and dividend; Surge’s continued outlook; Management’s belief that Surge is well positioned to continue to deliver attractive shareholder returns; and Management’s expectations regarding Surge’s 2026 average production, AFF, cash flow from operating activities, dividends, drilling inventory and locations, annual corporate decline rates, tax pools and tax horizon.

The forward-looking statements are based on certain key expectations and assumptions made by Surge, including expectations and assumptions regarding the performance of existing wells and success obtained in drilling new wells; anticipated expenses, cash flow and capital expenditures; that success of Surge’s hedging program and ability to continue to maintain its hedging program; the ability of the Company to return capital to its shareholders through a combination of the payment of its dividend and share buybacks under its NCIB; the Company’s critical accounting estimates and 2026 guidance; 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; the ability to continue borrowing under the Company’s credit facilities and the syndicate’s interpretation of the Company’s obligations thereunder; ability of the Company to continue to make repurchases under its NCIB and the timing thereof; ability of the Company to obtain alternative forms of debt and equity financing on terms acceptable to the Company to meet its capital requirements; 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, international conflict and other geopolitical tensions and events (including war, military action, terrorism, trade disputes, and international responses thereto); 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; the imposition or expansion of tariffs imposed by domestic and foreign governments or the imposition of other restrictive trade measures, retaliatory or countermeasures implemented by such governments, including the introduction of regulatory barriers to trade and the potential effect on the demand and/or market price for Surge's products and/or otherwise adversely affects Surge; hedging risk; 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 4, 2026 and in Surge's MD&A for the year ended December 31, 2025, both of which have been filed on SEDAR+ and can be accessed at www.sedarplus.ca.

The guidance in respect of the Company's expectations of Adjusted Funds Flow, Free Cash Flow and Net Operating Expense in 2026 herein may be considered to be a financial outlook for the purposes of applicable Canadian securities laws. Such information is based on assumptions about future events, including economic conditions and proposed courses of action, based on Management's assessment of the relevant information currently available, and which may become available in the future. These projections constitute forward-looking statements and are based on several material factors and assumptions set out above. Actual results may differ significantly from such projections. See above for a discussion of certain risks that could cause actual results to vary. The financial outlook contained herein has been approved by Management as of the date of this investor presentation. Readers are cautioned that any such financial outlook contained herein should not be used for purposes other than those for which it is disclosed herein. Surge and its Management believe that the financial outlook contained herein has been prepared based on assumptions that are reasonable in the circumstances, reflecting Management's best estimates and judgments, and represents, to the best of Management's knowledge and opinion, expected and targeted financial results. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results.

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

Barrel of Oil Equivalency

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.

Oil and Gas Metrics

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)**” refers to the initial volume of oil present in the reservoir at the time of its formation.

“**Capital payout**” or “**payout per well**”, is the time period for the operating netback of a well to equate to the individual cost of drilling, completing and equipping the well. Management uses capital payout and payout per well as a measure of capital efficiency of a well to make capital allocation decisions.

“**Decline**” is the amount existing production decreases year over year (March 2025 to March 2026), without new drilling. GLJ’s 2025YE reserves have a Proved Developed Producing decline of 25 percent and a Proven Plus Probable Developed Producing decline of 23 percent.

“**Net Asset Value (NAV)**” is calculated as reserve value discounted at 10% on a BTax basis, less the Company’s net debt, a non-GAAP financial measure, at December 31, 2025 of \$220.6 million and is divided by 98.9 million common shares outstanding as at December 31, 2025.

Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare our operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this press release, should not be relied upon for investment or other purposes.

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 Engineers and Geologists (and have been reviewed by Surge’s 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.

Assuming a January 1, 2026 reference date, the Company will have over >1,000 gross (>900 net) drilling locations identified herein; of these >600 gross (>525 net) are unbooked locations. Of the 361 net booked locations identified herein, 282 net are Proved locations and 78 net are Probable locations based on GLJ’s 2025YE reserves. Assuming an average number of net wells drilled per year of 65, Surge’s >900 net locations provide 13 years of drilling.

Assuming a January 1, 2026 reference date, the Company will have over >500 gross (>500 net) Sparky Core area drilling locations identified herein; of these >300 gross (>300 net) are unbooked locations. Of the 191 net booked locations identified herein, 142 net are Proved locations and 50 net are Probable locations based on GLJ’s 2025YE reserves. Assuming an average number of wells drilled per year of 35, Surge’s >500 net locations provide >14 years of drilling.



Assuming a January 1, 2026 reference date, the Company will have over >325 gross (>300 net) SE Saskatchewan drilling locations identified herein; of these >170 gross (>145 net) are unbooked locations. Of the 143 net booked locations identified herein, 115 net are Proved locations and 29 net are Probable locations based on GLJ's 2025YE reserves. Assuming an average number of wells drilled per year of 30, Surge's >300 net locations provide >10 years of drilling.

Assuming a January 1, 2026 reference date, the Company will have over 23 gross (17.2 net) State A Frobisher SE Saskatchewan drilling locations identified herein; of these 14 gross (8.7 net) are unbooked locations. Of the 9 net booked locations identified herein, 7 net are Proved locations and 2 net are Probable locations based on GLJ's 2025YE reserves.

Surge's internally used type curves were constructed using a representative, factual and balanced analog data set, as of January 1, 2025. 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 (and reviewed by Surge's Qualified Reserve Evaluators). All type curves fully comply with Part 5.8 of the Companion Policy 51 – 101CP.

Non-GAAP and Other Financial Measures

This press release includes references to non-GAAP and other financial measures used by the Company to evaluate its financial performance, financial position or cash flow. These specified financial measures include capital management measures, non-GAAP financial measures and non-GAAP ratios and are not defined by IFRS and therefore are referred to as non-GAAP and other financial measures. Certain secondary financial measures in this press release are not prescribed by GAAP. These non-GAAP and other financial measures are included because Management uses the information to analyze business performance, cash flow generated from the business, leverage and liquidity, resulting from the Company's principal business activities and it may be useful to investors on the same basis. None of these measures are used to enhance the Company's reported financial performance or position. The non-GAAP and other financial measures do not have a standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other issuers. They are common in the reports of other companies but may differ by definition and application. All non-GAAP and other financial measures used in this document are defined below, and as applicable, reconciliations to the most directly comparable GAAP measure for the period ended March 31, 2026, have been provided to demonstrate the calculation of these measures:

Adjusted Funds Flow & Adjusted Funds Flow Per Share

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

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



AFF per share is a supplementary financial measure, calculated using the same weighted average basic and diluted shares used in calculating income (loss) per share.

The following table reconciles cash flow from operating activities to adjusted funds flow and AFF per share:

<i>(\$000s except per share)</i>	Three Months Ended March 31,	
	2026	2025
Cash flow from operating activities	59,972	83,470
Change in non-cash working capital	7,168	(7,718)
Decommissioning expenditures	3,743	4,525
Cash settled transaction and other costs (income)	42	(170)
Adjusted funds flow	70,925	80,107
Per share - basic (\$)	0.72	0.80
Per share - diluted (\$)	0.69	0.79

Free Cash Flow

FCF is a non-GAAP financial measure. FCF is calculated as cash flow from operating activities, adjusted for changes in non-cash working capital, decommissioning expenditures, and cash settled transaction and other costs (income), less expenditures on property, plant and equipment. Management uses free cash flow to determine the amount of funds available to the Company for future capital allocation decisions.

<i>(\$000s)</i>	Three Months Ended March 31,	
	2026	2025
Cash flow from operating activities	59,972	83,470
Change in non-cash working capital	7,168	(7,718)
Decommissioning expenditures	3,743	4,525
Cash settled transaction and other costs (income)	42	(170)
Adjusted funds flow	70,925	80,107
Less: expenditures on property, plant and equipment	(44,618)	(54,399)
Free cash flow	26,307	25,708

Net Debt

Net debt is a capital management measure, calculated as bank debt, senior unsecured notes, term debt, plus the liability component of the convertible debentures plus current assets, less current liabilities, however, excluding the fair value of financial contracts, decommissioning obligations, and lease and other obligations. This metric is used by management to analyze the level of debt in the Company including the impact of working capital, which varies with the timing of settlement of these balances.



<i>(\$000s)</i>	As at Mar 31, 2026	As at Dec 31, 2025	As at Mar 31, 2025
Cash	22,096	18,654	11,736
Accounts receivable	76,130	45,813	55,506
Prepaid expenses and deposits	2,266	3,176	2,363
Accounts payable and accrued liabilities	(92,183)	(65,018)	(94,749)
Dividends payable	(4,283)	(4,286)	(4,313)
Senior unsecured notes	(171,965)	(171,745)	(171,090)
Term debt	(3,736)	(5,993)	(5,637)
Convertible debentures	(41,654)	(41,170)	(39,819)
Net Debt	(213,329)	(220,569)	(246,003)

Net Operating Expenses & Net Operating Expenses per boe

Net operating expenses is a non-GAAP financial measure, determined by deducting processing income, primarily generated by processing third party volumes at processing facilities where the Company has an ownership interest. It is common in the industry to earn third party processing revenue on facilities where the entity has a working interest in the infrastructure asset. Under IFRS this source of funds is required to be reported as revenue. However, the Company's principal business is not that of a midstream entity whose activities are dedicated to earning processing and other infrastructure payments. Where the Company has excess capacity at one of its facilities, it will look to process third party volumes as a means to reduce the cost of operating/owning the facility. As such, third party processing revenue is netted against operating costs when analyzed by management.

Net operating expenses per boe is a non-GAAP ratio, calculated as net operating expenses divided by total barrels of oil equivalent produced during a specific period of time.

<i>(\$000s)</i>	Three Months Ended March 31,	
	2026	2025
Operating expenses	42,226	41,996
Less: processing income	(2,020)	(2,162)
Net operating expenses	40,206	39,834
\$ per boe	18.70	18.78

Operating Netback, Operating Netback per boe & Adjusted Funds Flow per boe

Operating netback is a non-GAAP financial measure, calculated as petroleum and natural gas revenue and processing income, less royalties, realized gain (loss) on commodity and FX contracts, operating expenses, and transportation expenses. Operating netback per boe is a non-GAAP ratio, calculated as operating netback divided by total barrels of oil equivalent produced during a specific period of time. This metric is used by management to evaluate the Company's ability to generate cash margin on a unit of production basis.

AFF per boe is a non-GAAP ratio, calculated as adjusted funds flow divided by total barrels of oil equivalent produced during a specific period of time.



Operating netback and AFF are calculated on a per unit basis as follows:

<i>(\$000s)</i>	Three Months Ended March 31,	
	2026	2025
Petroleum and natural gas revenue	158,011	160,722
Processing income	2,020	2,162
Royalties	(27,223)	(28,457)
Realized gain (loss) on commodity and FX contracts	(5,784)	1,427
Operating expenses	(42,226)	(41,996)
Transportation expenses	(2,410)	(2,458)
Operating netback	82,388	91,400
G&A expense	(5,742)	(5,598)
Interest expense	(5,721)	(5,695)
Adjusted funds flow	70,925	80,107
Barrels of oil equivalent (boe)	2,150,410	2,121,090
Operating netback (\$ per boe)	38.31	43.08
Adjusted funds flow (\$ per boe)	32.98	37.76

FURTHER INFORMATION:

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