



Surge Energy Inc.

(TSX: SGY)

Target Price: **\$8.90**

Recommendation: **BUY**

Implied Return: 20%

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RECOMMENDATION

We issue a **BUY** recommendation with a 12-month price target of **\$8.90**, implying a **20% upside**

High Quality Conventional Asset Base

Observed well decline rates in Surge's two core areas (Sparky and SE Saskatchewan) are tracking below independent type curves (Sproule), indicating superior reservoir performance and supporting a longer-than-expected asset longevity.

Strong Production Optimization

Higher number of net well additions in 2026 while reducing capital expenditures. This significantly improves capital efficiency, leading to higher FCF yields and suggesting that future production is currently undervalued by the market.

Disciplined Shareholder Return Framework & Strong Balance Sheet

SGY maintains a strategy of low leverage coupled with strong FCF generation directed toward share buybacks, a sustainable dividend, and ongoing deleveraging, reducing long-term risk.

Current Price*
\$7.41



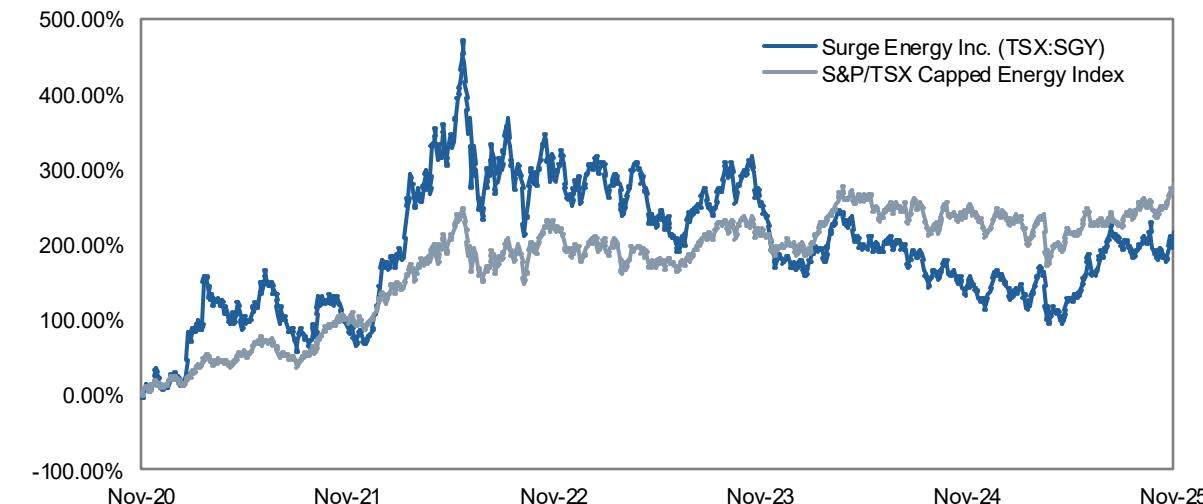
Target Price **\$8.90**
(+20%)

COMPANY OVERVIEW

Business Description

- Surge Energy Inc. (TSX: SGY) is a Canadian upstream exploration and production company that focuses on high-quality conventional oil reservoirs in the Western Canadian Sedimentary Basin
- Surge prioritizes returning excess FCF to shareholders via dividends and share buybacks, while paying down debt
- Surge targets low risk conventional reservoirs and currently has >2.7 billion barrels of net OOIP with a 6.7% recovery rate

Historical Trading Performance vs Benchmarks



Recent Highlights

- Q3 2025 production came in at 23,622 boe/d, above the companies budgeted average H2/Q2 production estimate of 22,500
- 2026 capital budget was set to \$150 million, with anticipated \$95 million excess FCF at US\$65 WTI
- Net debt was reduced by \$11.7MM from Q2 2025, with annualized AFF representing 0.78x Q3 2025 net debt

Key Metrics

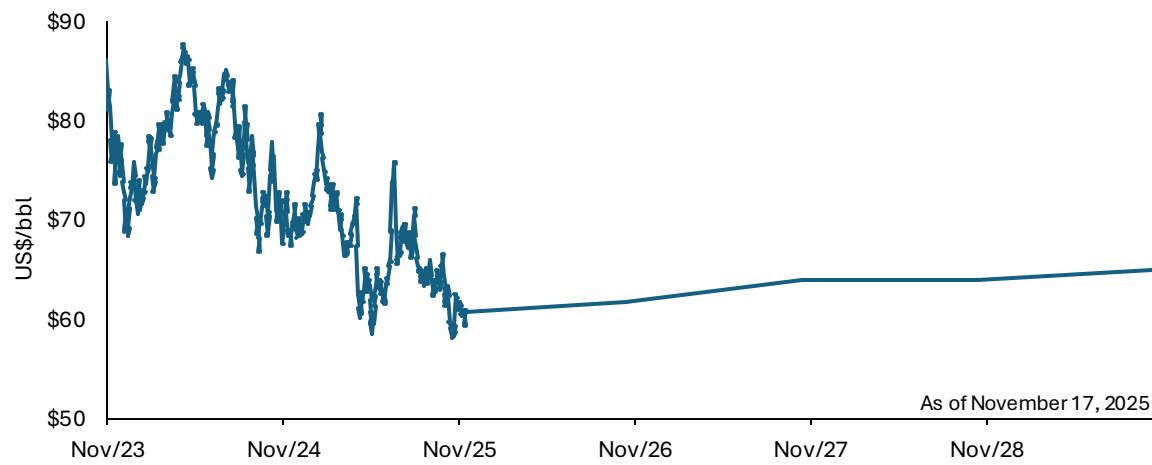
Market Cap	\$733M
Net Debt	\$217M
Enterprise Value	\$957M
Dividend Yield	7.30%
Share Price	\$7.41

INDUSTRY OVERVIEW

Market Considerations

- Over the last twelve months, global energy markets have experienced heightened volatility driven by a shifting geopolitical landscape
- Yet, the energy industry has demonstrated resilience as global oil demand continues to rise toward a 105.5 mb/d plateau by 2030, supported by emerging-market consumption and sustained petrochemical growth
- Looking ahead to 2026, this resilience will likely continue to be tested and disciplined capital management will be essential, due to continued geopolitical uncertainty, and supply output from OPEC+

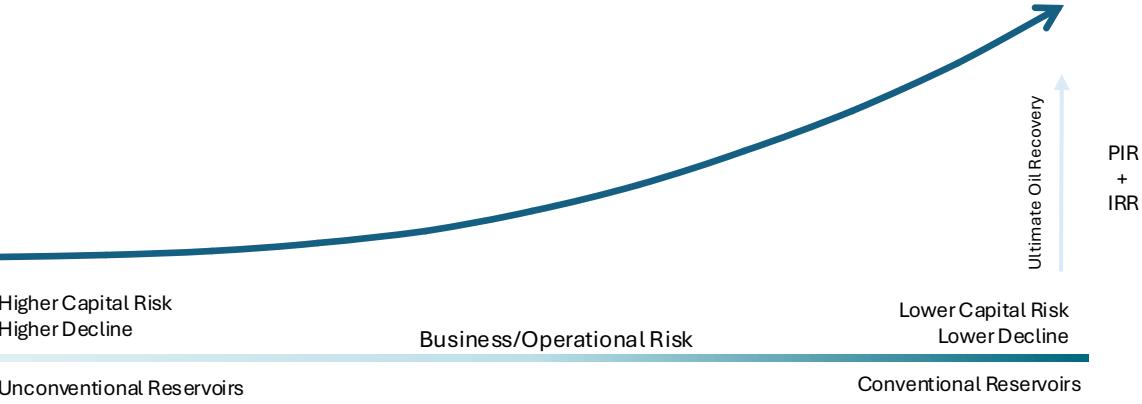
WTI Historic and Future Pricing



Industry Themes

- Canadian E&P companies are shifting from a growth focus to a return focus approach to production, with lower sustaining capex and stable cash flows
- Low-cost conventional producers like SGY represent a robust investment opportunity capable of sustaining returns in different market conditions
- Canadian conventional assets continue to offer longer-duration and predictable supply, with lucrative repeatable development opportunities to improve recovery factors

Conventional Reservoirs

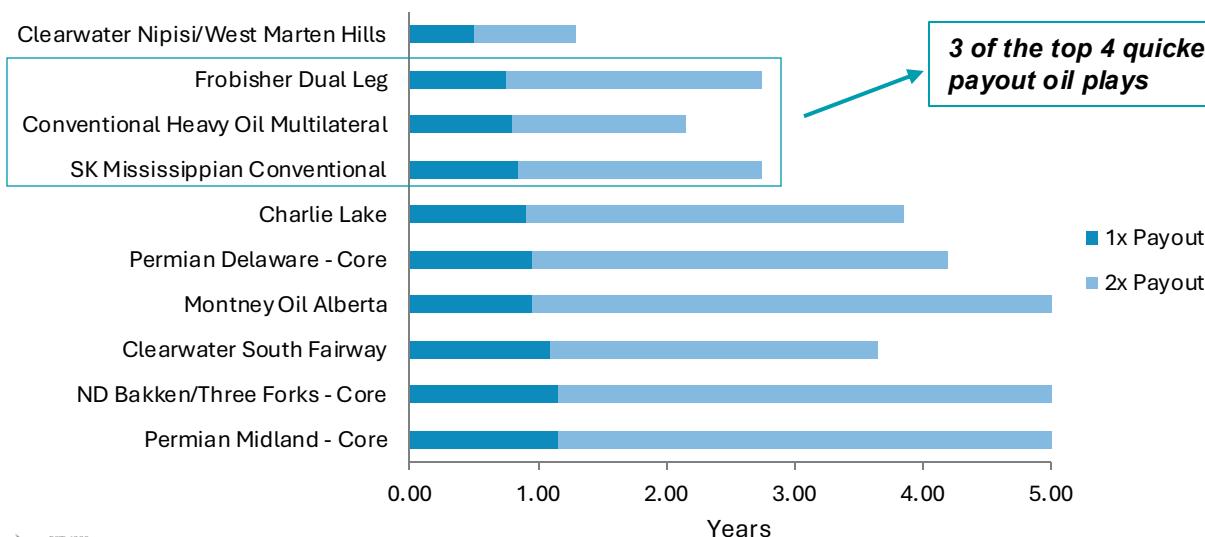


HIGH QUALITY CONVENTIONAL ASSETS

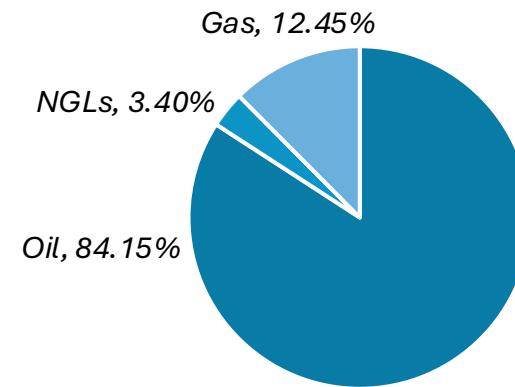
Asset Overview

- Low Risk, High Return Asset Base => two core areas in Sparky and SE Saskatchewan
- Surge focuses on acquiring and developing large OOIP conventional oil reservoirs
- Multi-lateral wells extending into different parts of the reservoir allow Surge to access more oil without drilling separate wells (keeping D&C costs down)
- Strategic mix of quick payout wells with low decline, waterflood supported production

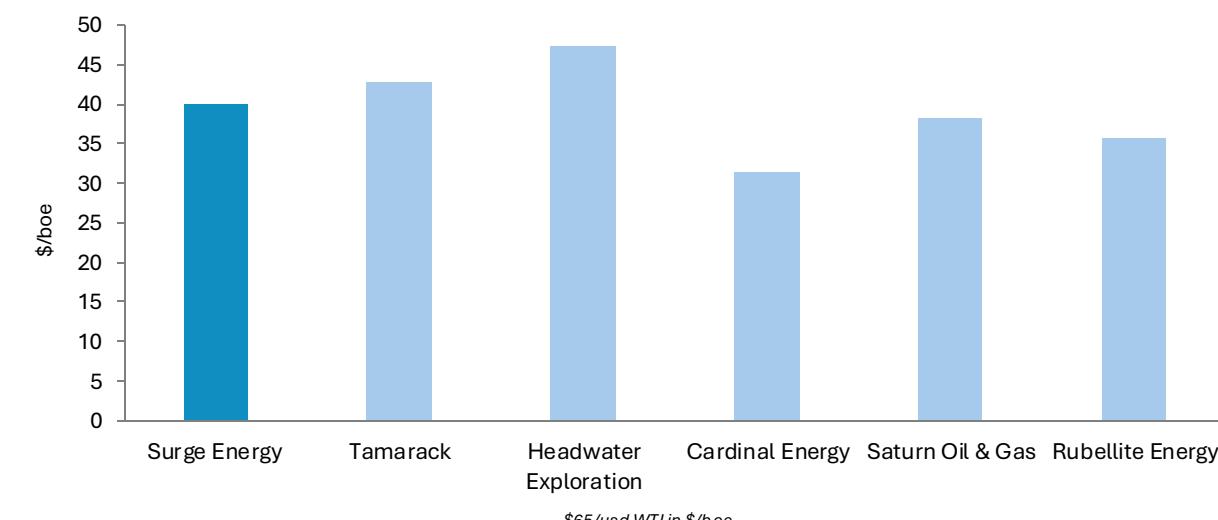
North American Oil Plays Payout Period



2026E Production Mix and Core Operating Areas



2025 YTD Operating Netback vs Peers



HIGH QUALITY CONVENTIONAL ASSETS

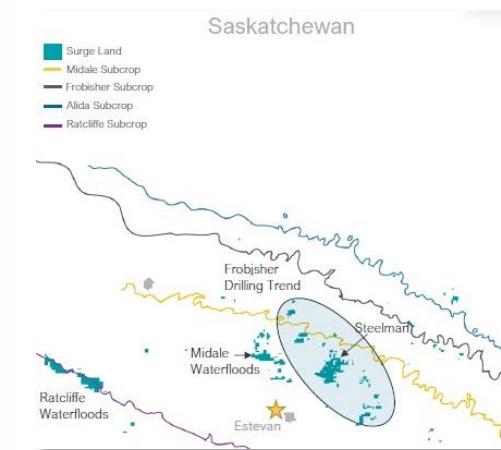
Sparky Core Area

- Hope Valley: 12 open-hole multi-lateral (OHML) wells drilled through 2025 with 6 more planned in Q4
 - Averaging 216 boe/d IP90... 34% above estimate from independent type curve
- 20 single lateral (SL) multi-frac wells drilled in past 12 months
 - Doubling typical frac stages from 26 to 52 stages per 1400m lateral
 - With a 50 percent increase in IP90 avg prod. vs. SGY's previous SL wells
 - At additional cost of only 15 percent (\$0.3m per well)
- ~13,500 boe/d (88% liquids)
 - 475 net drilling locations (143 Proved)
 - >1 billion barrels of oil in reserve (OOIP)



SE Saskatchewan Core Area

- High-permeability formations (Frobisher and Midale) with natural pressure support enhances production and reduces need for cased-hole completions and hydraulic fracturing (\$\$)
 - Result = high netback barrels (\$44/bbl @ US \$65 WTI)
- Optimal reservoir contact through 2 and 3 leg vertically stacked multi-lateral (ML) wells
 - 15 of 19.5 net wells to be drilled as ML horizontals in Frobisher in 2026
- ~7,500 boe/d (87% liquids)
 - 425 net drilling locations (141 Proved)



PRODUCT OPTIMIZATION

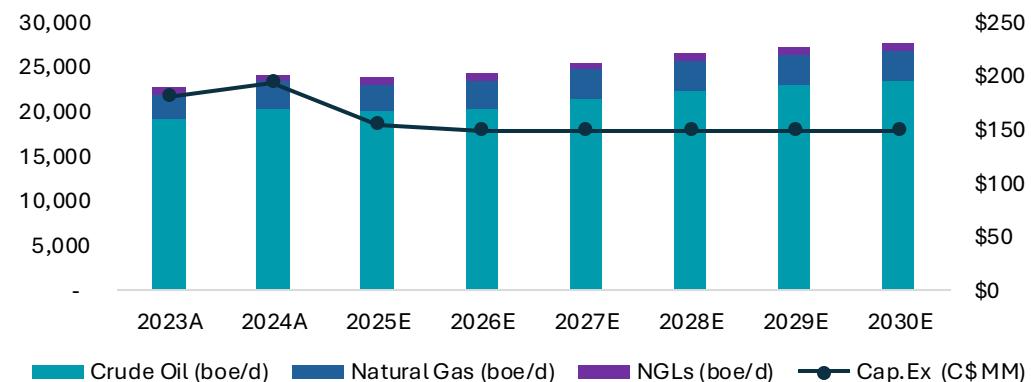
Overview

- In Q3 2025, Surge delivered average daily production of 23,622 boe/d with capital spending of \$17.52 per boe/d, outperforming 2025 guidance
- Current Corporate Production Guidance for 2026 is 23,000 boe/d
- Cap. Ex decreasing from 155MM to 150MM in 2026 while increasing net wells being drilled indicates rapidly improving capital efficiency
- Based on prolific well outputs and an increase of wells being drilled, our view is that 2026 production will be 24,622 boe/d

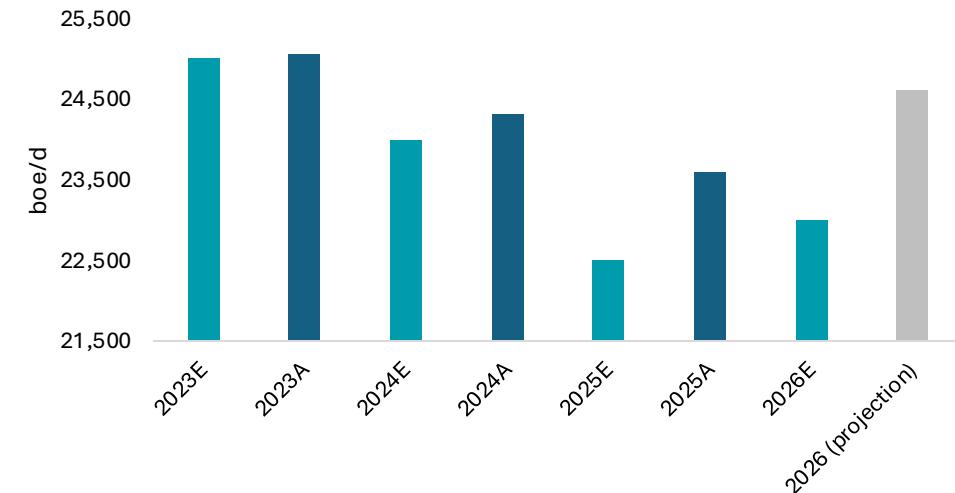
Production Breakdown

	<u>2024</u>	<u>YTD 2025</u>	<u>2025</u>	<u>2026</u>
Net Wells Drilled	73.1 Wells	36.8 Wells	48 Wells*	54.5 Wells
Average Production	24,158 boe/d	23,594 boe/d	23,650 boe/d	24,622 boe/d
Total Additions to Production	6,507 boe/d	4,944 boe/d	6,450 boe/d	7,322 boe/d
Daily Additions per Well	89.02 boe/d	134.35 boe/d	134.35 boe/d	134.35 boe/d

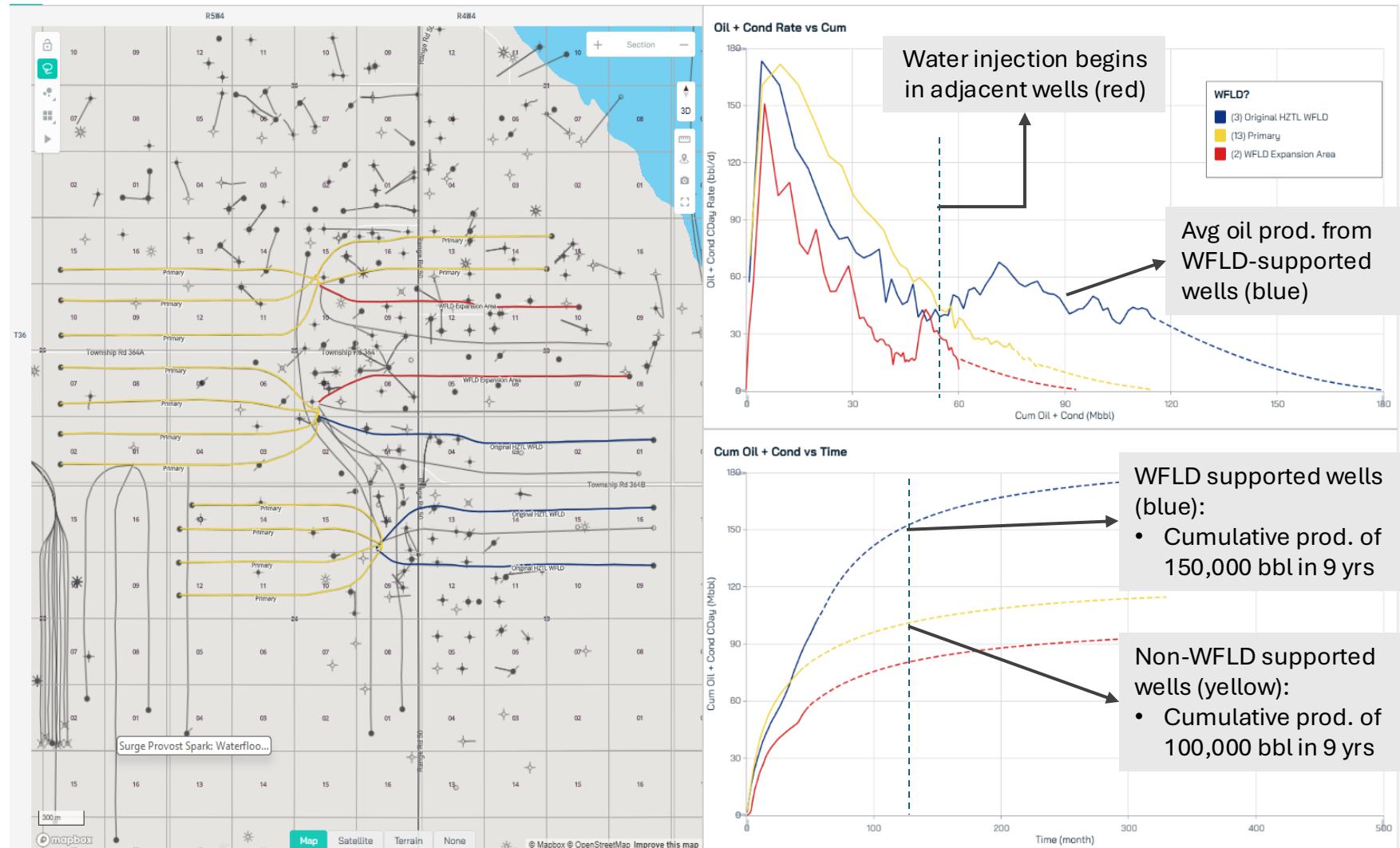
LHS Average Daily Production vs RHS Cap.Ex



Production Guidance vs Actual Production



PRODUCT OPTIMIZATION



Waterflood vs Non-Waterflood Decline Rates

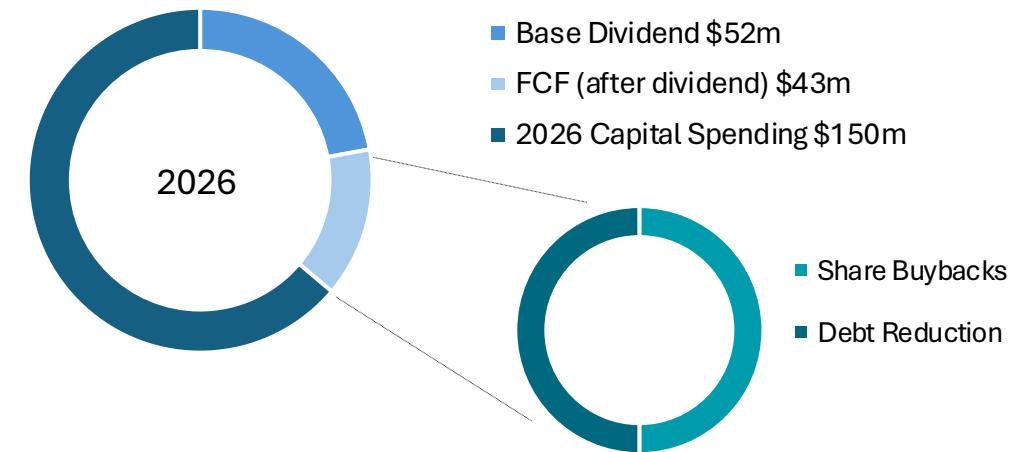
- Waterflooding recovers D&C costs by converting producing wells to injectors, enhancing offset well performance
- In this range near Provost, almost immediate production increases occurred when water injection started in adjacent wells
- This rapid production response is compelling for Surge's position in the Sparky formation
- 47% of Surge's total production is not yet supported by waterflood/aquifer (significant opportunity for optimization)
- 19 wells converted to injectors in 2025 (25 planned for 2026)

CAPITAL EFFICIENCY & FCF RESILIENCE

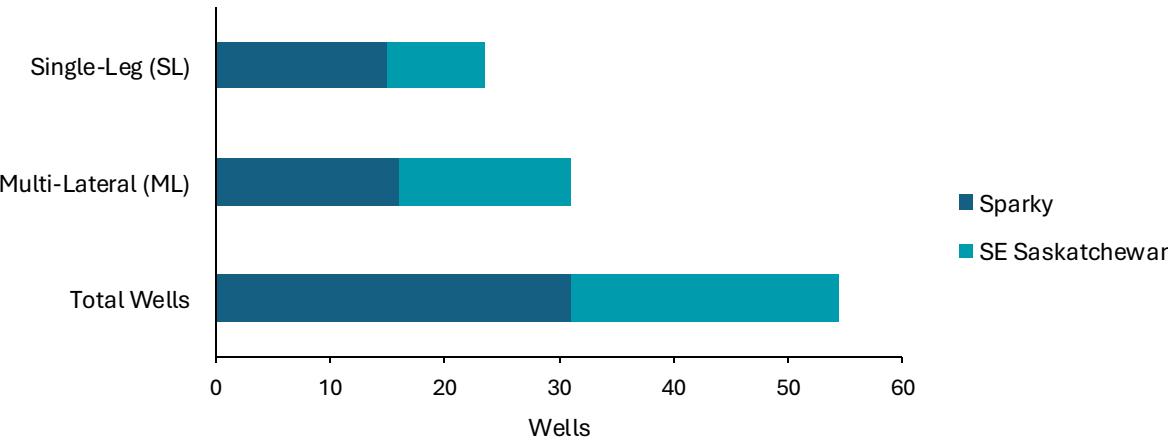
Financial Flexibility and Capital Allocation

- Efficient capital deployment is creating FCF that allows Surge to continue debt reduction and explore additional share buybacks, while maintaining a strong dividend
- Surge can maintain their capital spending and dividend at \$54 WTI
- \$250MM undrawn revolver with no debt maturing until Dec. 2028 means significant financial flexibility in a low-price environment

2026 Expected Cash Flow at US\$65 WTI



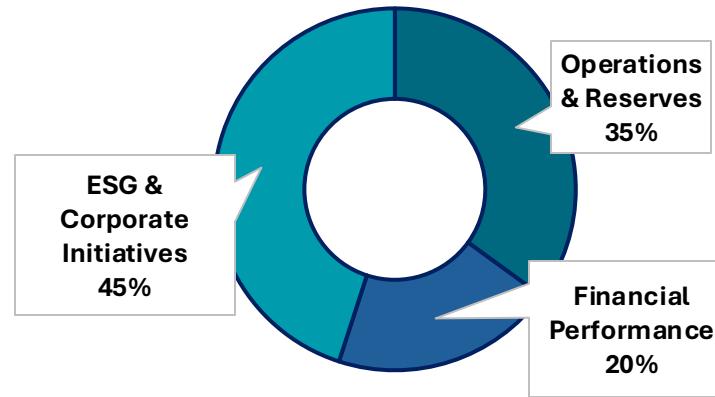
2026 Drilling Plan



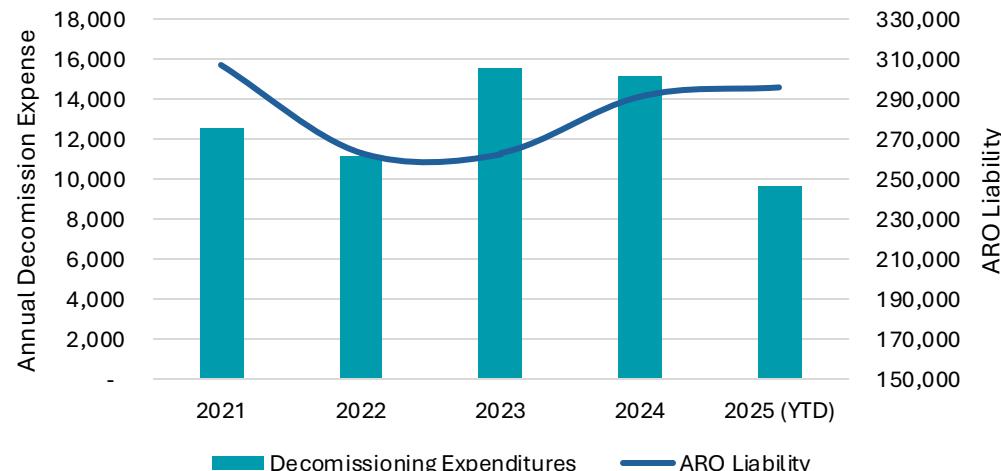
Cash Flow Sensitivity



Corporate Performance Scorecard



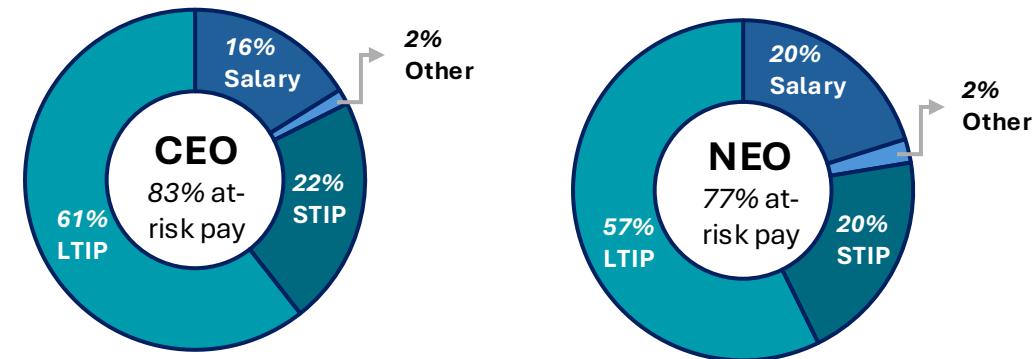
ARO Liability vs. Annual Decommissioning Spending



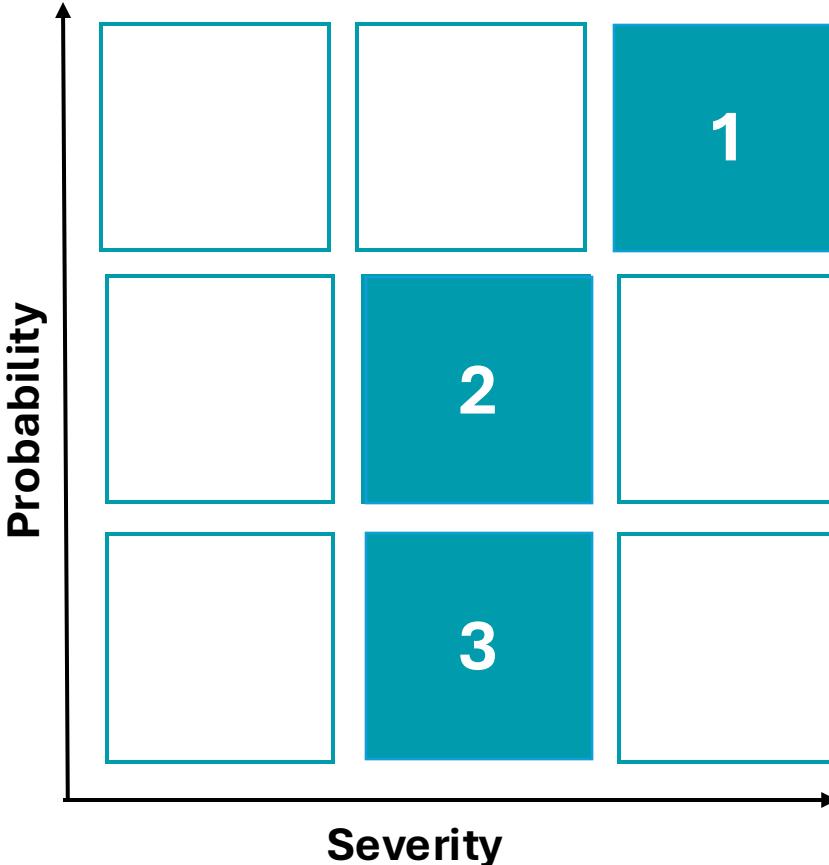
Social Impact & Local Engagement

- Operates within the traditional territories of Treaties 4, 6, 7, and 8, emphasizing respect and long-term relationships
- Annual contributions supporting local communities: United Way, Veterans Association, Calgary Police Youth Foundation, and rural youth programs
- Multi-year partnerships with STARS and Wood's Homes supporting emergency response and youth mental health

Executive Compensation & Salaries Risk



INVESTMENT RISKS



- 1. Commodity Price Volatility** – Exposure to WTI, AECO, and differentials impacts cash flow and valuation
- 2. Operational Risks (Waterflood, Decline Rates)** – Waterflood underperformance or higher decline rates could erode production and Free Cash Flow
- 3. Execution Risk (Growth with Lower Capex)** – Delivering higher output with reduced capex increases execution and cost pressure

NET ASSET VALUE

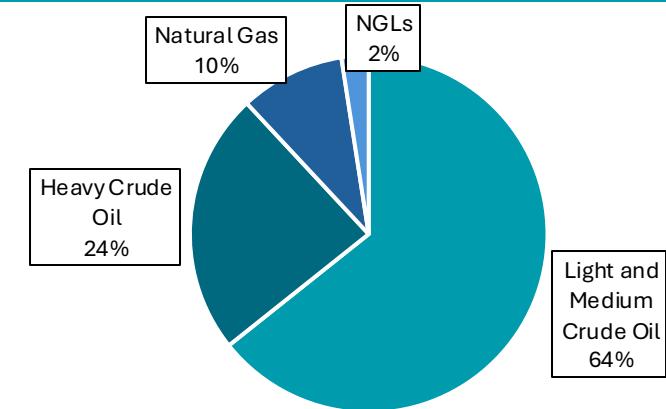
Overview

- Bear, Base and Bull 2P NAV scenarios modeled to analyze effects of future commodity prices of Surge's proved and probable reserves
- Future cashflows determined through historic price realization, our production forecast, management guidance on costs, and analyst forecasts of WTI, WCS and AECO prices
- Discount rate of 10% and Decline rate of 25% used as per Corporate Guidance
- Acreage value calculated using Surge's unbooked reserves and precedent land sales to calculate fair market value

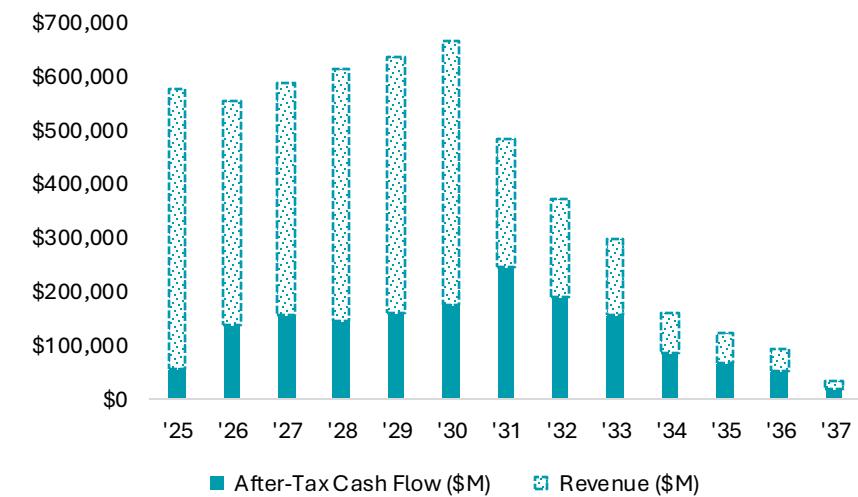
Production Breakdown

	<u>Bear Case</u>	<u>Base Case</u>	<u>Bull Case</u>
NPV of Reserves	\$718,729 M	\$939,424 M	\$1,189,508 M
Acreage Value	\$144,553 M	\$144,553 M	\$144,553 M
Total Asset Value	\$863,282 M	\$1,083,977 M	\$1,334,061 M
Net Debt	\$217,000 M	\$217,000 M	\$217,000 M
Net Asset Value	\$646,282M	\$866,977 M	\$1,117,061 M
Shares Outstanding	99,000M	99,000M	99,000M
NAV per Share	\$6.53	\$8.76	\$11.28

Reserve Composition



Base Case Yearly Cashflow



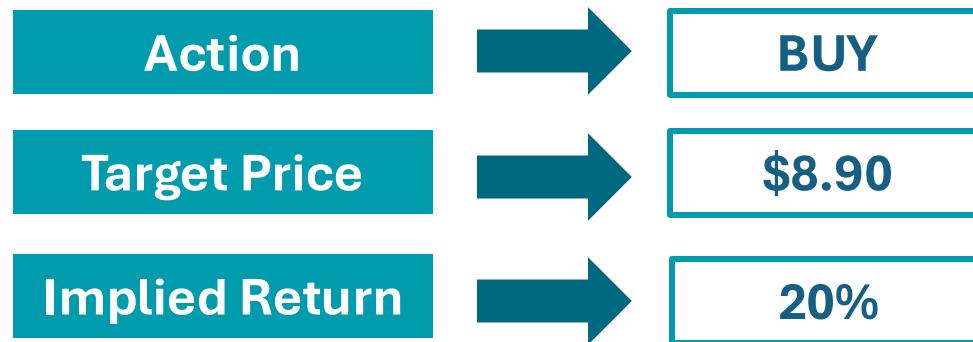
COMPARABLE COMPANY ANALYSIS

Comps Valuation		Overview			Multiples			Yields		Financials and Production data (as of Q3)		Reservoir and Oil Characteristics		
Companies	Market Cap (\$M)	Net Debt (\$M)	Enterprise Value (\$M)	EV / EBITDA NTM	EV / DACF NTM	D/ CF NTM	FCF Yield NTM	Dividend Yield NTM	Prod/Day NTM	Prod/Day LTM	2P Net Reserves (Mboe)	Primary Oil Type	Liquids Mix (%)	
Tamarack Valley Energy	\$3,466.80	\$600.00	\$4,178.00	4.72x	5.25	0.66	8.68%	2.10%	68.41	67.48	193,083	Heavy	86 %	
Headwater Exploration	\$1,965.00	\$(128.00)	\$1,854.50	5.79x	6.27	0.13	5.24%	5.10%	23.87	22.41	54,820	Heavy	94%	
Cardinal Energy	\$1,412.90	\$262.00	\$1,628.40	6.60x	6.94	1.96	8.12%	8.00%	26.52	21.79	130,97	Light / Medium	89%	
Saturn Oil & Gas	\$459.50	\$783.00	\$1,253.70	2.62	2.70	5.42	23.29%	0.00%	42.8	40.55	182,263	Light / Medium	82%	
Rubellite Energy	\$224.60	\$138.40	\$339.20	2.59x	3.69	6.59	-4.29%	0.00%	13.33	11.59	45,830	Heavy	71%	
Maximum	\$3,466.80	\$783.00	\$4,178.00	6.42x	6.94	6.59	23.29%	8.00%	68.41	67.48	193,083		94%	
Average	\$1,505.76	\$331.08	\$1,850.76	4.46x	4.97	2.95	8.21%	3.04%	34.99	32.76	110,563		85%	
Minimum	\$224.60	-\$128.00	\$339.20	2.28x	2.70	0.13	-4.29%	0.00%	13.33	11.59	45,830		71%	
SURGE ENERGY INC	\$733.00	\$217.00	\$930.00	3.91x	3.74	2.1	11.35%	7.00%	24.62	23.56	76,820	Light / Medium (22° API avg)	88%	

Surge trades at a notable EV/DACF and EV/EBITDA discount while offering high Dividend and Free Cash Flow yields relative to peers

INVESTMENT DECISION

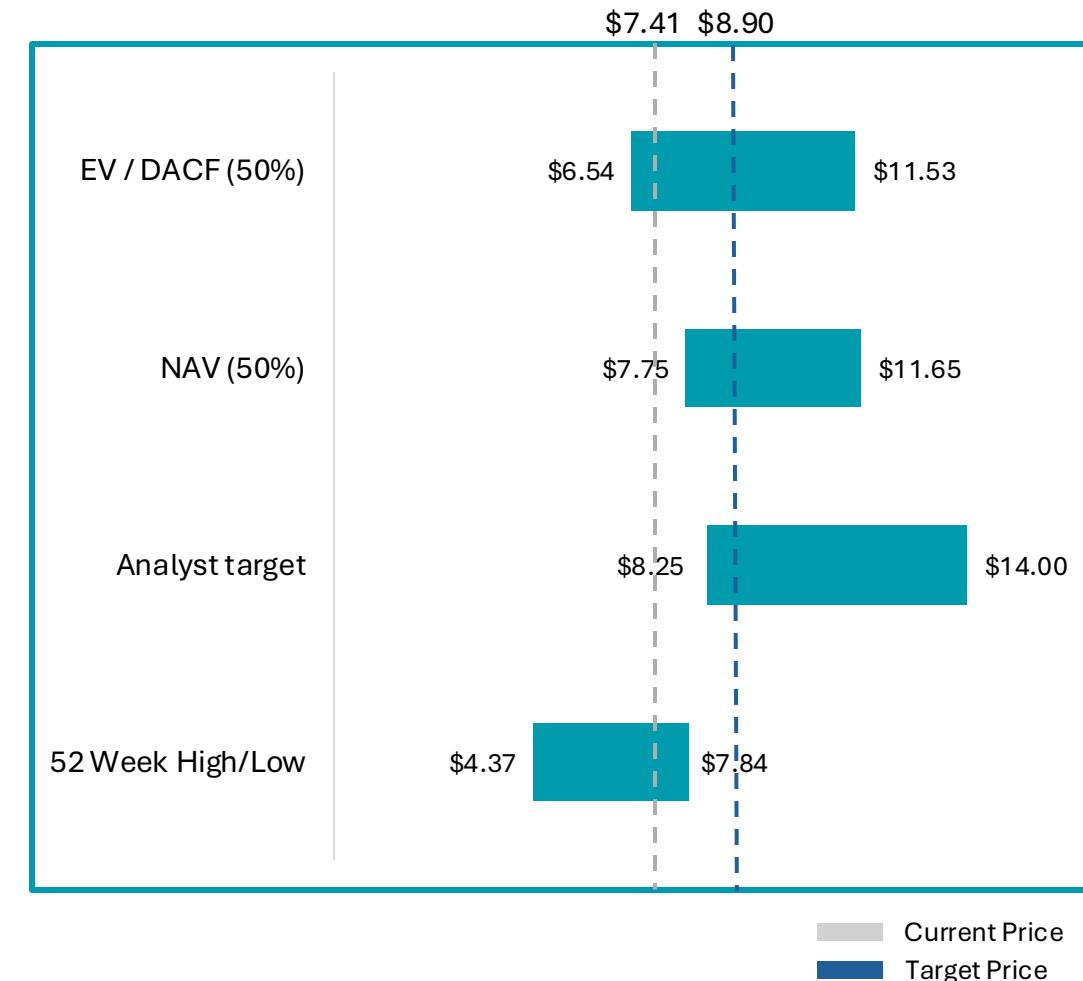
Recommendation



Key Drivers



Valuation Summary





Questions?

Thank You!

Daniela Baldit Vazquez | Nathan Boyko | Yehia Elkhrashy
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SURGE LEADERSHIP

Named Executive Officers	Position	With Surge Since	Profile
Paul Colborne	President and Chief Executive Officer	2010	Mr. Paul Colborne has over 30 years of industry experience and has founded and led multiple successful energy companies.
Jared Ducs	Chief Financial Officer	2010	Mr. Jared Ducs joined SGY in April 2010 and has been Chief Financial Officer at Surge Energy Inc. since August 2019.
Murray Bye	Chief Operating Officer	2010	Mr. Murray Bye is a professional Engineer with more than 13 years of engineering experience in the Western Canadian E&P industry.
Margaret Elekes	Senior Vice President, Land and Business Development	2010	Ms. Margaret Ann Elekes has over 25 years of land and business development experience.
Derek Christie	Senior Vice President, Exploration	2019	Mr. Derek Christie brings 30+ years of geological and exploration experience across North America.

4/5 Named Executive Officers have been with Surge since it was founded, and all NEO's have extensive and diverse industry experience.

BOARD OF DIRECTORS

Board Member	Position	Joined Board	Profile
James Murray Pasieka, LLB	Independent Chairman of the Board.	2010	Mr. James Murray Pasieka has over 40 years of legal and governance experience as a leading energy lawyer and board chair.
Paul Colborne, B.A., LL.B.	President, CEO & Director	2010	Mr. Paul Colborne has over 30 years of industry experience, having founded and led multiple successful energy companies.
Marion L. Burnyeat, ICD.D	Independent Director	2018	Ms. Marion Burnyeat is a former energy executive with extensive experience in midstream operations, strategy, and risk management.
Daryl H. Gilbert, P.Eng.	Independent Director	2014	Mr. Daryl Gilbert is a petroleum engineer with over 40 years of experience in reserves evaluation, consulting, and energy governance.
Allison Michelle Maher, B.Comm., CFP, ICD.D	Independent Director	2018	Ms. Allison Maher is a financial planner with deep expertise in taxation, wealth management, and board governance.
Robert A. (Rob) Leach, B.Comm.	Lead Independent Director	2010	Mr. Robert Leach is an entrepreneur and executive with extensive governance and leadership experience in multiple industries.
Michelle Gramatke, C.A.	Independent Director	2019	Ms. Michelle Gramatke is a Chartered Accountant with broad international experience in finance, taxation, and corporate transactions.
Myles R. Bosman P.Geol	Director	2025	Mr. Myles Bosman brings over 30 years of oil and gas experience, with a strong background in geology, exploration, and operations leadership.

EXECUTIVE TEAM COMPETENCIES

Director	Reserves	EHS	Audit	Comp & HR	Gov.
James Pasieka	✓	✓		✓	✓
Marion Burnyeat		✓		✓	✓
Paul Colborne	✓	✓		✓	✓
Daryl Gilbert	✓	✓		✓	✓
Michelle Gramatke			✓	✓	✓
Robert Leach		✓		✓	✓
Allison Maher	✓		✓	✓	✓
Myles Bosman	N/A	N/A	N/A	N/A	N/A

ESG DETAILED

Environment

Emission Management

- Scope 1 emission intensity down 12% from 2021.
- Reported 272,372 tCO₂e (Scope 1 - direct) and 373,366 tCO₂e (Scope 1+2) in 2022.
- Added two vapor recovery units, cutting 3,000+ tCO₂e annually and monetizing captured gas.

Water Management

- Focus on low-risk conventional reservoirs using 700–900 m³ water per well — <5% of unconventional use.
- Waterflood programs use produced and non-potable water, minimizing freshwater withdrawal.

Land Reclamation

- Spent \$11.2M (2022) and \$15.2M (2024) on abandonment and reclamation.
- Progressing against a \$292M ARO, aligned with Alberta's closure guidelines

Social

Safety

- Safety of employees, contractors, and communities remains the top priority.
- Maintained a zero LTIF record from 2016–2022.

Community Investment

- Recognizes its operations within the traditional territories of Treaties 4, 6, 7, and 8.
- United Way donations up 50%, raising \$30K+.

Governance

Oversight & Accountability

- Independent Audit, EH&S, and Reserves Committees ensure strong controls and transparent reporting.
- Board oversees climate risk and safety, supported by independent reserve audits.

Leadership & Diversity

- Active Board engagement in emission-reduction oversight and performance-linked incentives.
- 33% female Directors, with women in 44% of head office and 41% of leadership roles.

FUTURE PRODUCTION FORECAST

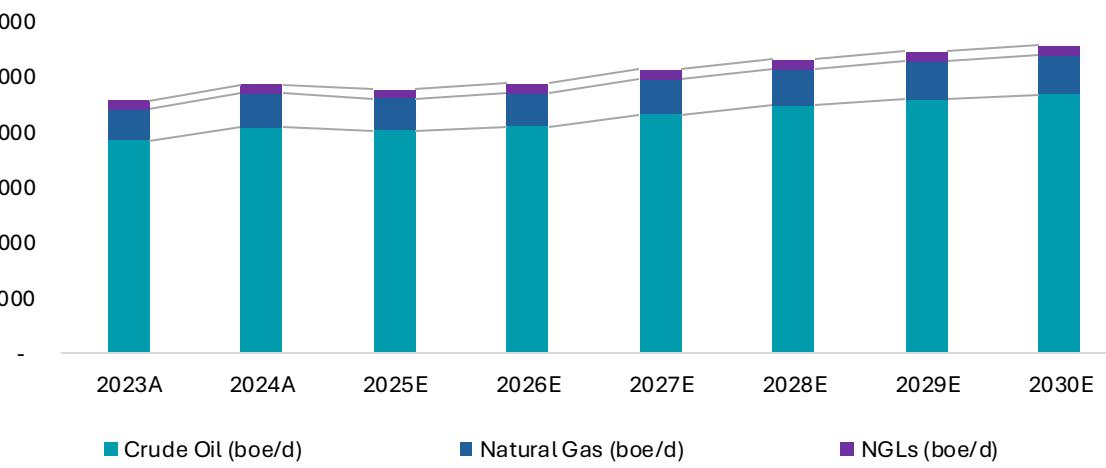
2026 Production Forecast

2026 Production Forecast		
2025 Additions YTD		
2025 Production YTD	23,622	
Less: 2025 Entry Production declined at 25% for 3/4 of a year	18,678	4,944
Total 2025 Additions YTD		
Wells drilled YTD 2025	36.8	
Additions per Well		134.35
Annualized 2025 Additions		
Forecasted Wells	48.0	
Additions per Well	134.35	
Total Annualized 2025 Additions		6,448.7
Plus: 2025 Entry Production declined at 25%	17,241.2	
2025 Ending Production		23,690
Estimated 2026 Additions		
Wells to be drilled in 2026	54.5	
Additions per Well	134.35	
Total 2026 Additions		7,322
Add: Starting 2026 Production declined at 25%	17,767	
Ending 2026 Production		25,089

Production Schedule

		2024	2025	2026	2027	2028	2029	2030
<i>Days per Year</i>	<i>(days)</i>	366	365	365	365	366	365	365
Entry Production	Boe/d	24,438	24,158	23,622	25,089	26,190	27,015	27,634
Production Decline	%	24%	25%	25%	25%	25%	25%	25%
Capex efficiency	(\$/Boepd)	34,932.15	28,165.05	20,344.74	20,344.74	20,344.74	20,344.74	20,344.74
Capex	(C\$ MM)	195.10	155.00	150.00	150.00	150.00	150.00	150.00
Exit Production	Boe/d	24,158	23,622	25,089	26,190	27,015	27,634	28,099
Average Production	Boe/d	24,298	23,890	24,622	25,640	26,603	27,325	27,867
Total Annual Production		8,893,197	8,719,905	8,889,833	9,358,487	9,736,581	9,973,596	10,171,310

Past and Future Production



Q3 2025 RESULTS

Operational Performance

- Surge averaged production of 23,622 boe/d (88% oil), 500 boe/d above the 23,000 boe/d revised budgeted average in Q2
- Drilled 5 gross wells in Sparky and 8 gross wells in SE Saskatchewan. 12/13 are on-stream.
- Surge's internal Sparky Hope Valley type curve, with assumed \$2.66 MM per well capital, has a payout of approximately 10 months at US \$65/bbl WTI and an approximate 150 percent IRR.
- SGY has an annual corporate production decline rate estimated at 25 percent. SGY budgets and spends significant waterflood capital each year to enhance pressure support in its crude oil reservoirs and lower production declines. 53 percent SGY's current production is supported by legacy vertical waterfloods, horizontal waterfloods, and natural aquifer support.

Financial Highlights

- Funds flow of \$7 million (\$0.71 per share)
- Strong operational netback of \$37.41/boe
- Capital expenditures of \$16.6 million on drilling 13 wells (5 in Sparky and 8 in SE Saskatchewan)
- Sparky region has improved capital efficiencies with a >50% increase in IP90 rates, a 20% increase in EUR, and a >25% increase in NPV10 per well, with only a ~15% increase in incremental capital.

Return of Capital

- \$13.6 million returned to shareholders
- \$12.9 million in dividends
- \$0.7 million in share buybacks

NAV BREAKDOWN

Discount Rate	10.00%
Heavy Oil decline/year	25%
Natural gas decline/year	25%
Light and Medium Oil decline/year	25%
Long term commodity growth rate	2.5%
Corporate Tax rate	14%
Mcf to Boe Conversion Factor	6

	Operating and Transportation Costs												Abandonment Costs			Development Costs			Total Pre-Tax Cash Flows			After-Tax Cash Flows						
	Light and Medium Oil			Heavy Crude Oil			Natural Gas			Natural Gas Liquids			Revenues					Royalties										
	Reserves Mbbls	Production Mbbls	Price \$/bbl	Reserves Mbbls	Production Mbbls	Price \$/bbl	Reserves Mcf	Production Mcf	Price \$/Mcf	Reserves MMbbls	Production MMbbls	Price \$/MMcf	Light/ Medium Oil SM	Heavy Oil SM	Natural Gas SM	NGLs SM	Total SM	\$/boe	\$M	\$/boe	\$M	\$M	\$M	\$M	\$MM	%	\$MM	
2024	49,392.00			18,257.00			43,741.00			1,881.00		\$45.50																
2025	44,175.35	5217	\$76.16	16,135.85	2121	\$73.06	37,227.23	6,514	\$1.73	1,584.52	296	\$46.64	\$397,279.47	\$154,963.46	\$11,297.73	\$13,826.94	\$577,367.60	\$19.00	\$160,045.13	\$ 12.00	\$ 101,081.14	\$107,000	\$155,000.00	\$54,241.33	0%	\$54,241.33		
2026	38,857.04	5318	\$70.96	13,973.36	2162	\$67.36	30,586.53	6,641	\$2.31	1,282.27	302	\$47.80	\$377,401.74	\$145,656.74	\$15,340.42	\$14,448.79	\$552,847.70	\$19.00	\$163,163.99	\$ 12.00	\$ 103,050.94		\$150,000.00	\$136,632.77	0%	\$136,632.77		
2027	33,258.36	5599	\$71.55	11,696.88	2276	\$68.51	23,595.74	6,991	\$2.32	964.08	318	\$49.00	\$400,560.86	\$155,954.59	\$16,215.32	\$15,590.77	\$588,321.55	\$19.00	\$171,765.67	\$ 12.00	\$ 108,483.58		\$150,000.00	\$158,072.29	0%	\$158,072.29		
2028	27,433.49	5825	\$71.61	9,328.42	2368	\$68.59	16,322.51	7,273	\$2.26	633.04	331	\$50.22	\$417,135.41	\$162,444.81	\$16,457.29	\$16,626.17	\$612,663.68	\$19.00	\$178,705.20	\$ 12.00	\$ 112,866.44		\$150,000.00	\$171,092.03	14%	\$146,431.75		
2029	21,466.82	5967	\$72.79	6,902.30	2426	\$69.99	8,872.23	7,450	\$2.18	293.93	339	\$51.48	\$434,306.45	\$169,795.73	\$16,245.66	\$17,456.67	\$637,804.51	\$19.00	\$183,055.39	\$ 12.00	\$ 115,613.93		\$150,000.00	\$189,135.20	14%	\$161,874.27		
2030	15,381.88	6085	\$74.61	4,428.09	2474	\$71.74	-	8,872	\$2.24	-	294	\$52.77	\$453,988.92	\$177,490.75	\$19,829.96	\$15,509.75	\$666,819.38	\$19.00	\$190,719.40	\$ 12.00	\$ 120,454.36		\$150,000.00	\$205,645.63	14%	\$176,004.98		
2031	10,818.17	4564	\$76.47	2,572.43	1856	\$73.53	-	-	\$2.29	-	-	\$54.09	\$349,003.98	\$136,446.02	-	-	\$485,450.00	\$19.00	\$121,967.99	\$ 12.00	\$ 77,032.42			\$286,449.59	14%	\$245,162.29		
2032	7,395.38	3423	\$78.39	1,180.69	1392	\$75.37	-	-	\$2.35	-	-	\$55.44	\$268,296.81	\$104,892.88	-	-	\$373,189.68	\$19.00	\$ 91,475.99	\$ 12.00	\$ 57,774.31			\$223,939.38	14%	\$191,661.97		
2033	4,828.30	2567	\$80.35	-	1181	\$77.25	-	-	\$2.41	-	-	\$56.82	\$206,253.17	\$91,210.87	-	-	\$297,464.04	\$19.00	\$ 71,207.76	\$ 12.00	\$ 44,973.32			\$181,282.96	14%	\$155,153.81		
2034	2,902.98	1925	\$82.35	-	-	\$79.18	-	-	\$2.47	-	-	\$58.24	\$158,557.13	-	-	\$158,557.13	\$19.00	\$ 36,580.99	\$ 12.00	\$ 23,103.78			\$98,872.35	14%	\$84,621.42			
2035	1,458.99	1444	\$84.41	-	-	-	-	-	-	-	-	\$121,890.79	-	-	-	\$121,890.79	\$19.00	\$ 27,435.74	\$ 12.00	\$ 17,327.84			\$77,127.21	14%	\$66,010.51			
2036	376.00	1083	\$86.52	-	-	-	-	-	-	-	-	\$93,703.55	-	-	-	\$93,703.55	\$19.00	\$ 20,576.81	\$ 12.00	\$ 12,995.88			\$60,130.86	14%	\$51,463.92			
2037	-	376	\$88.69	-	-	-	-	-	-	-	-	\$33,346.38	-	-	-	\$33,346.38	\$19.00	\$ 7,144.09	\$ 12.00	\$ 4,512.06			\$21,690.24	14%	\$18,563.92			
Total	49,392.0			18,257.0			43,741.0			1,881.0			5,199,426.0				1,423,844.2		899,270.0		107,000.0		905,000.0	1,864,311.8		1,645,895.2		

NPV (M\$) **\$939,424**

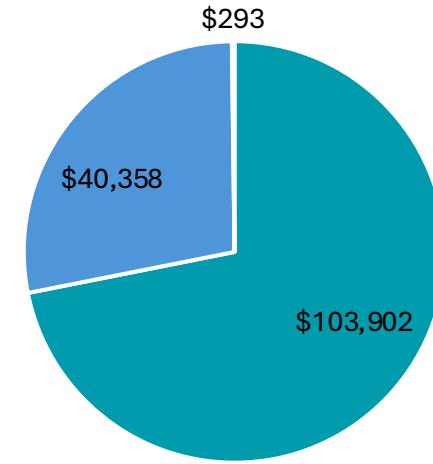
RESERVE BREAKDOWN

	Light and Medium Oil (Mbbls)	Heavy Crude Oil (Mbbls)	Natural Gas (MMcf)	Natural Gas Liquids (Mbbls)
In Thousands	Dec 31, 2024	Dec 31, 2024	Dec 31, 2024	Dec 31, 2024
Net Proved Reserves				
Developed Producing	21,801	7,468	17,770	710
Developed Non-Producing	627	692	521	44
Undeveloped	14,148	5,308	9,770	549
<u>Total Proved Reserves</u>	<u>36,576</u>	<u>13,468</u>	<u>28,061</u>	<u>1,303</u>
Net Proved Reserves				
Probable	12,816	4,789	15,680	578
<u>Total Probable Reserves</u>	<u>12,816</u>	<u>4,789</u>	<u>15,680</u>	<u>578</u>
Total Reserves				
Total Proved + Probable Reserves	49,392	18,257	43,741	1,881
			Total (Mboe)	<u>76,820</u>

ACREAGE VALUATION

Region	Unbooked Acreage	\$/Acre	Risk Factor	Total Acreage Value (\$M)
Alberta	108231	\$1,200	80%	\$103,902
Saskatchewan	42040	\$1,200	80%	\$40,358
Manitoba	610	\$600	80%	\$293
BC	0	\$1,200	80%	\$0
Total Acreage Value				\$144,553

Acreage Value by Province



■ Alberta ■ Saskatchewan ■ Manitoba

EV/DACF

EV / DACF Model	
\$MM	
DACF 2025 E	\$247.29
DACF Multiple	4.5
Implied EV	\$1,112.79
Net Debt	\$217.00
Implied Equity	\$895.79
Shares Outstanding	99.1
Value per share	\$9.04

Sensitivity Analysis	
3.5	6.54
4	7.79
4.5	9.04
5	10.29
5.5	11.53

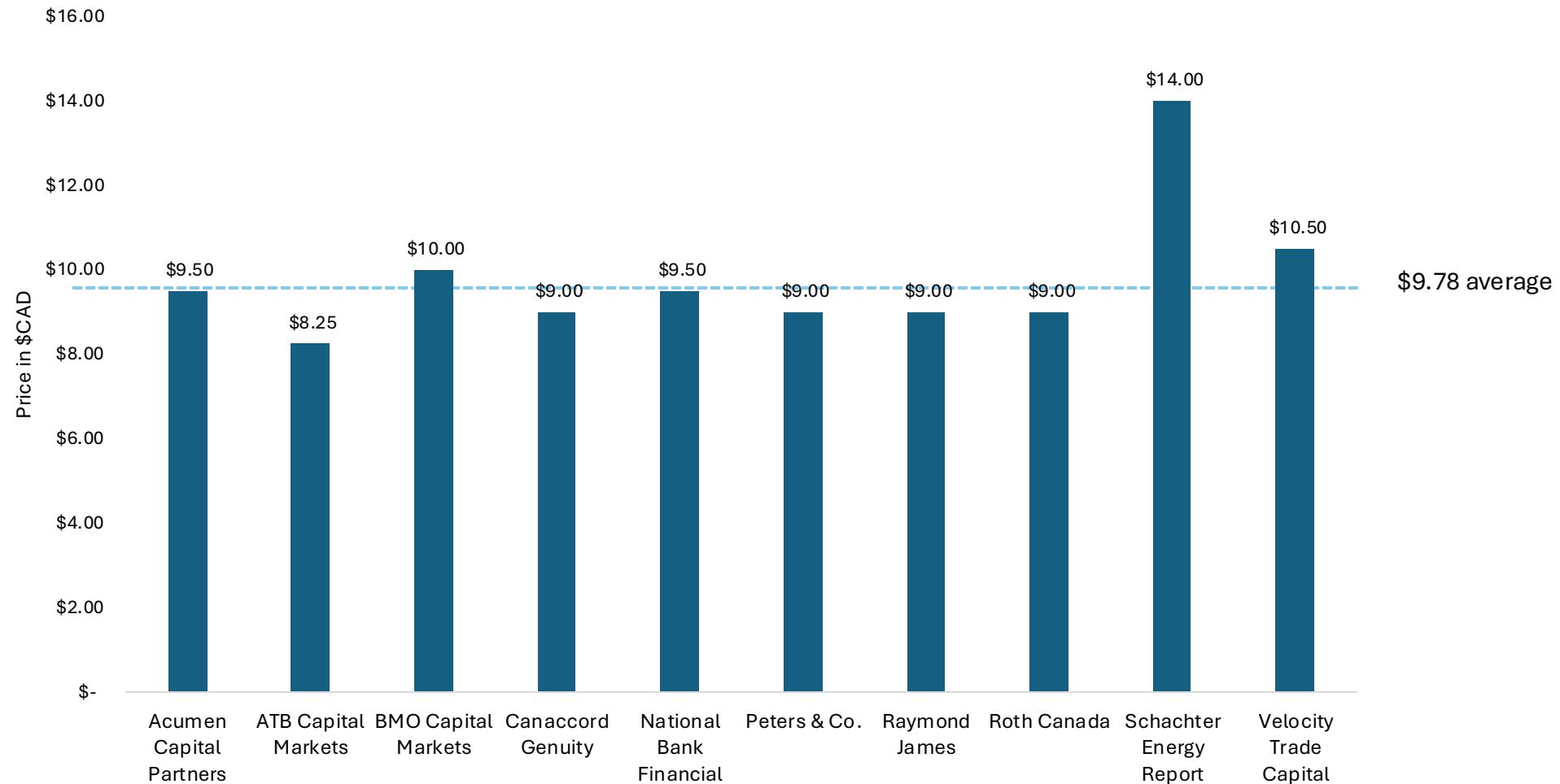
COMPANY SELECTION

Company	Market Cap (\$MM)	Enterprise Value (\$MM)	Why Selected
Tamarack Valley Energy Ltd.	2,994.4	3,717.7	<p>Tamarack has a similar production mix (86% liquids), a comparable FCF yield (14.53%), and conventional assets at Penny Baron.</p> <ul style="list-style-type: none"> - Positioned in Clearwater play
Headwater Exploration Inc.	1,661.8	1,547.8	<p>Both are Canadian small-cap E&P have similar productions, Surge: ~23,000 boe/d, ~89% liquids, Headwater: ~22,500 boe/d, 94% liquids. Both have similar capital-allocation frameworks of dividends and disciplined growth.</p> <ul style="list-style-type: none"> - Positioned in Clearwater play
Cardinal Energy Ltd.	1,230.2	1,429.2	<p>Canadian, oil-weighted, low-decline conventional E&Ps, SGY: ~89% liquids and CJ: ~94% oil-weighted production, business models centered on sustainable dividends, low leverage, and stable long-life assets.</p> <ul style="list-style-type: none"> - Positioned in Clearwater play
Saturn Oil & Gas Inc.	474.4	1,261.7	<p>Canadian, conventional light-oil producers, operating areas include SE Saskatchewan and using similar drilling techniques and capital discipline.</p>
Rubellite Energy Inc.	207.4	337.6	<p>Canadian, conventional oil-weighted producers, both have capital disciplined, FCF generation and balance sheet focused. Additionally, both have Multi-lateral drilling specialists.</p> <ul style="list-style-type: none"> - Positioned in Clearwater play

OTHER COMPARABLE ANALYSES

Companies	Market Cap (\$M)	Net Debt (\$M)	EV (\$M)	Dividend Yield	EV/EBITDA	Production (boe/d)	Liquids Mix (%)	Primary Oil Type	Core Region(s)	Comment
Athabasca Oil	\$ 3,699	\$ 23	\$ 3,722	0.00%	5.18	40000	98%	Heavy, Light	Athabasca, Duvernay	Duvernay region produces oil and natural gas from unconventional reservoirs. Thermal Oil division relates to the operating oil sands (SAGD) projects in the Athabasca region of NE Alberta.
Baytex Energy	\$ 3,427	\$ 1,827	\$ 5,254	2.02%	2.41	148000	89%	Heavy, Light	Pembina, Duvernay, Viking, Peace River, Lloyd	Baytex operates in Pembina / Duvernay / Viking (light oil) and Peace River / Lloydminster (heavy oil).
Strathcona Resources	\$ 9,073	\$ 485	\$ 9,558	2.83%	4.55	116000	78%	Bitumen, Heavy	Cold Lake, Lloydminster	Strathcona Resources' operations focus on thermal oil and enhanced oil recovery.
Surge Energy	\$ 733	\$ 217	\$ 950	7.02%	2.54	23000	88%	Medium (22° API)	Sparky, Frobisher	Surge Energy produces light and medium oil from conventional reservoirs in east central Alberta and southeastern Saskatchewan.

ANALYST PRICE TARGETS

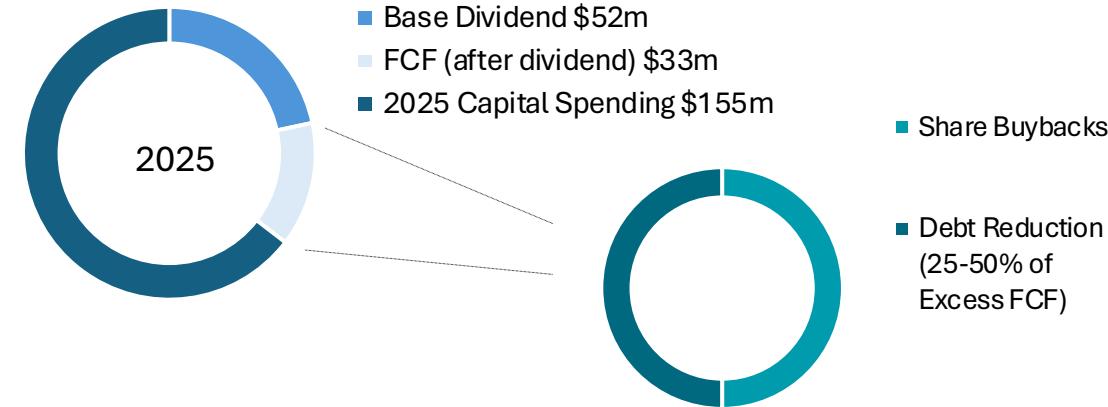


2025 CAPITAL EFFICIENCY & FCF RESILIENCE

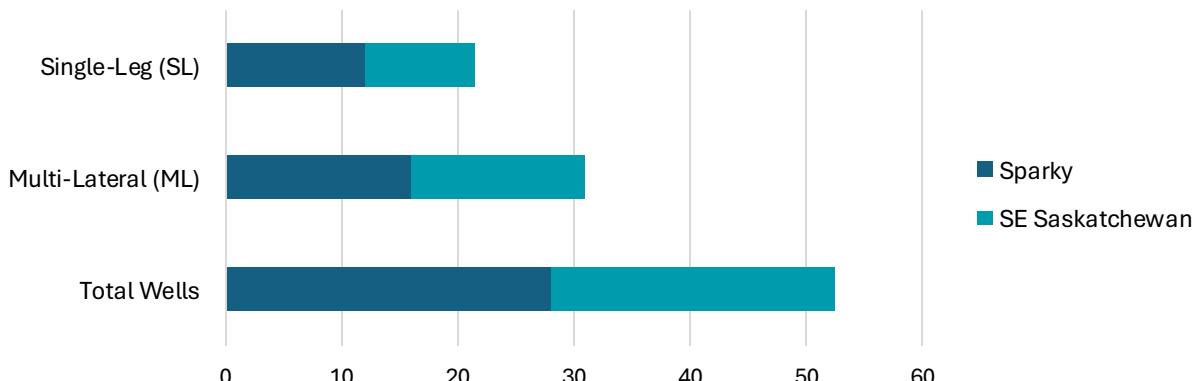
Capital Allocation & Financial Flexibility

- Efficient capital deployment is creating FCF that allows Surge to continue debt reduction and explore additional share buybacks, while maintaining a strong dividend yield.
- Surge has returned \$46.7m to shareholders so far in 2025 (Q1-Q3) through dividends (\$38.8m) and NCIB buybacks (\$7.9m)
- Management revised its 2025 capital spending plans down to \$155m (from \$170m) after Q2, with 52.5 net wells to drill in Q3/Q4.

2025 Expected Cash Flow at US\$65 WTI



Q3-Q4 2025 Drilling Plan



2025 Capital Spending

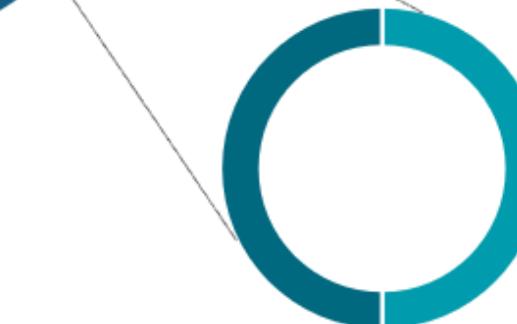
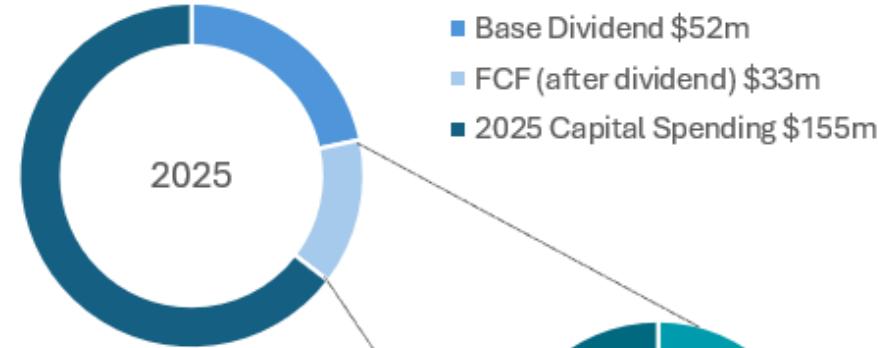
- Surge has 2.7 billion barrels OOIP with current recovery of 6.7%
- Focus areas of Sparky and SE Saskatchewan account for 95% of capital, generating 95% of cash flow and 90% of production in 2025 (estimated).

SUSTAINABLE DIVIDEND 2025E

Starting WTI price	\$	70.00
CF guide	\$	260.00
Change in CF	\$	8.00
Production		23,650

2025			
WTI Price	Change in Cash Flow	Cash Flow	
\$ 70.00	\$ 4.00	\$ 260.00	
\$ 69.00	\$ 4.00	\$ 256.00	
\$ 68.00	\$ 4.00	\$ 252.00	
\$ 67.00	\$ 4.00	\$ 248.00	
\$ 66.00	\$ 4.00	\$ 244.00	
\$ 65.00	\$ 4.00	\$ 240.00	
\$ 64.00	\$ 4.00	\$ 236.00	
\$ 63.00	\$ 4.00	\$ 232.00	
\$ 62.00	\$ 4.00	\$ 228.00	
\$ 61.00	\$ 4.00	\$ 224.00	
\$ 60.00	\$ 4.00	\$ 220.00	
\$ 59.00	\$ 4.00	\$ 216.00	
\$ 58.00	\$ 4.00	\$ 212.00	
\$ 57.00	\$ 4.00	\$ 208.00	
\$ 56.00	\$ 4.00	\$ 204.00	
\$ 55.00	\$ 4.00	\$ 200.00	
\$ 54.00	\$ 4.00	\$ 196.00	
\$ 53.00	\$ 4.00	\$ 192.00	
\$ 52.00	\$ 4.00	\$ 188.00	
\$ 51.00	\$ 4.00	\$ 184.00	
\$ 50.00	\$ 4.00	\$ 180.00	
\$ 49.00	\$ 4.00	\$ 176.00	
\$ 48.00	\$ 4.00	\$ 172.00	
\$ 47.00	\$ 4.00	\$ 168.00	
\$ 46.00	\$ 4.00	\$ 164.00	
\$ 45.00	\$ 4.00	\$ 160.00	

2025 Expected Cash Flow at US\$65 WTI



■ Share Buybacks ■ Debt Reduction (25-50% of Excess FCF)

2025 Budget

\$155m Capital Spending

\$52m Dividends

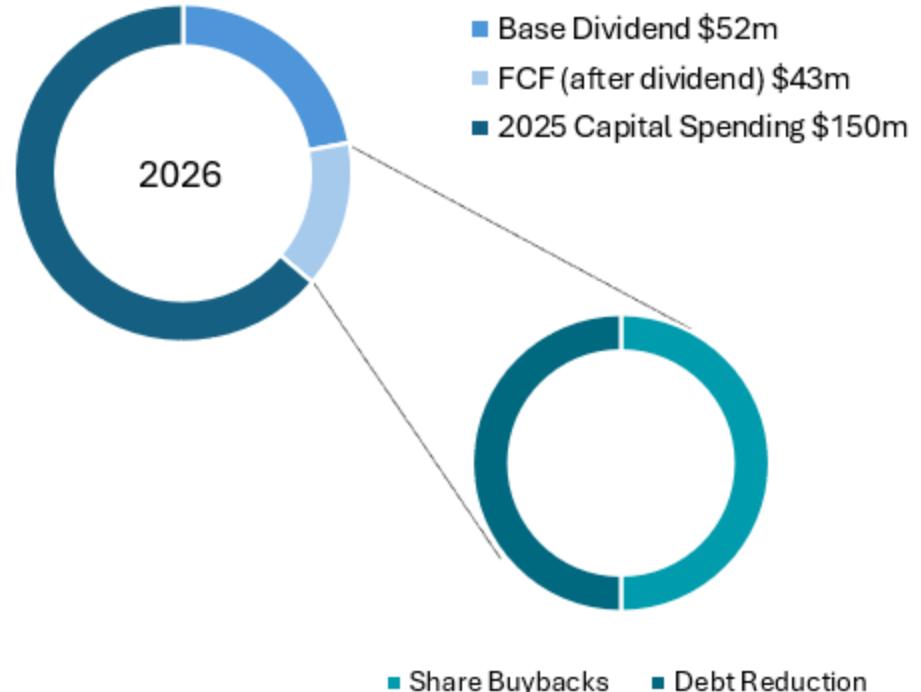
\$207m Required Cash Flow

SUSTAINABLE DIVIDEND 2026E

Starting WTI price	\$	65.00
CF guide	\$	245.00
Change in CF	\$	4.00
Production		24,622

2026					
WTI Price		Change in Cash Flow		Cash Flow	
\$ 70.00	\$	4.00	\$	265.00	
\$ 69.00	\$	4.00	\$	261.00	
\$ 68.00	\$	4.00	\$	257.00	
\$ 67.00	\$	4.00	\$	253.00	
\$ 66.00	\$	4.00	\$	249.00	
\$ 65.00	\$	4.00	\$	245.00	
\$ 64.00	\$	4.00	\$	241.00	
\$ 63.00	\$	4.00	\$	237.00	
\$ 62.00	\$	4.00	\$	233.00	
\$ 61.00	\$	4.00	\$	229.00	
\$ 60.00	\$	4.00	\$	225.00	
\$ 59.00	\$	4.00	\$	221.00	
\$ 58.00	\$	4.00	\$	217.00	
\$ 57.00	\$	4.00	\$	213.00	
\$ 56.00	\$	4.00	\$	209.00	
\$ 55.00	\$	4.00	\$	205.00	
\$ 54.00	\$	4.00	\$	201.00	
\$ 53.00	\$	4.00	\$	197.00	
\$ 52.00	\$	4.00	\$	193.00	
\$ 51.00	\$	4.00	\$	189.00	
\$ 50.00	\$	4.00	\$	185.00	
\$ 49.00	\$	4.00	\$	181.00	
\$ 48.00	\$	4.00	\$	177.00	
\$ 47.00	\$	4.00	\$	173.00	
\$ 46.00	\$	4.00	\$	169.00	
\$ 45.00	\$	4.00	\$	165.00	

2026 Expected Cash Flow at US\$65 WTI



2026 Budget

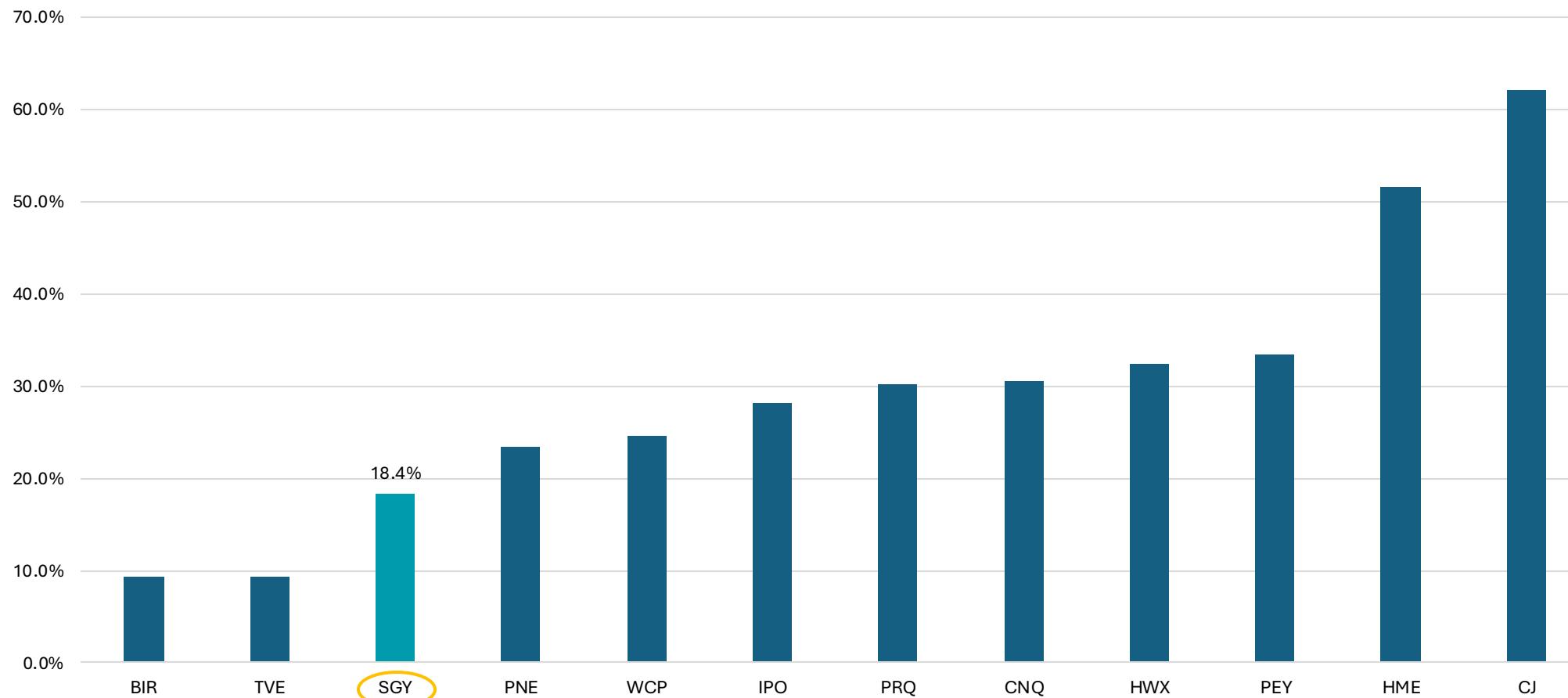
\$150m Capital Spending

\$52m Dividends

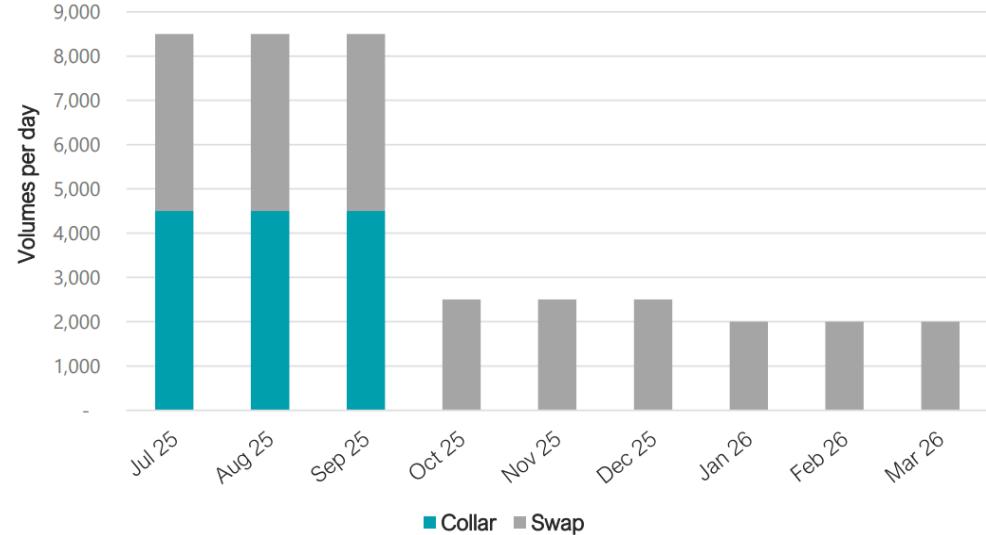
\$202m Required Cash Flow

Q3/25 DIVIDEND PAYOUT

Q3 Dividend Payout as a % of Free Cash Flow



HEDGING



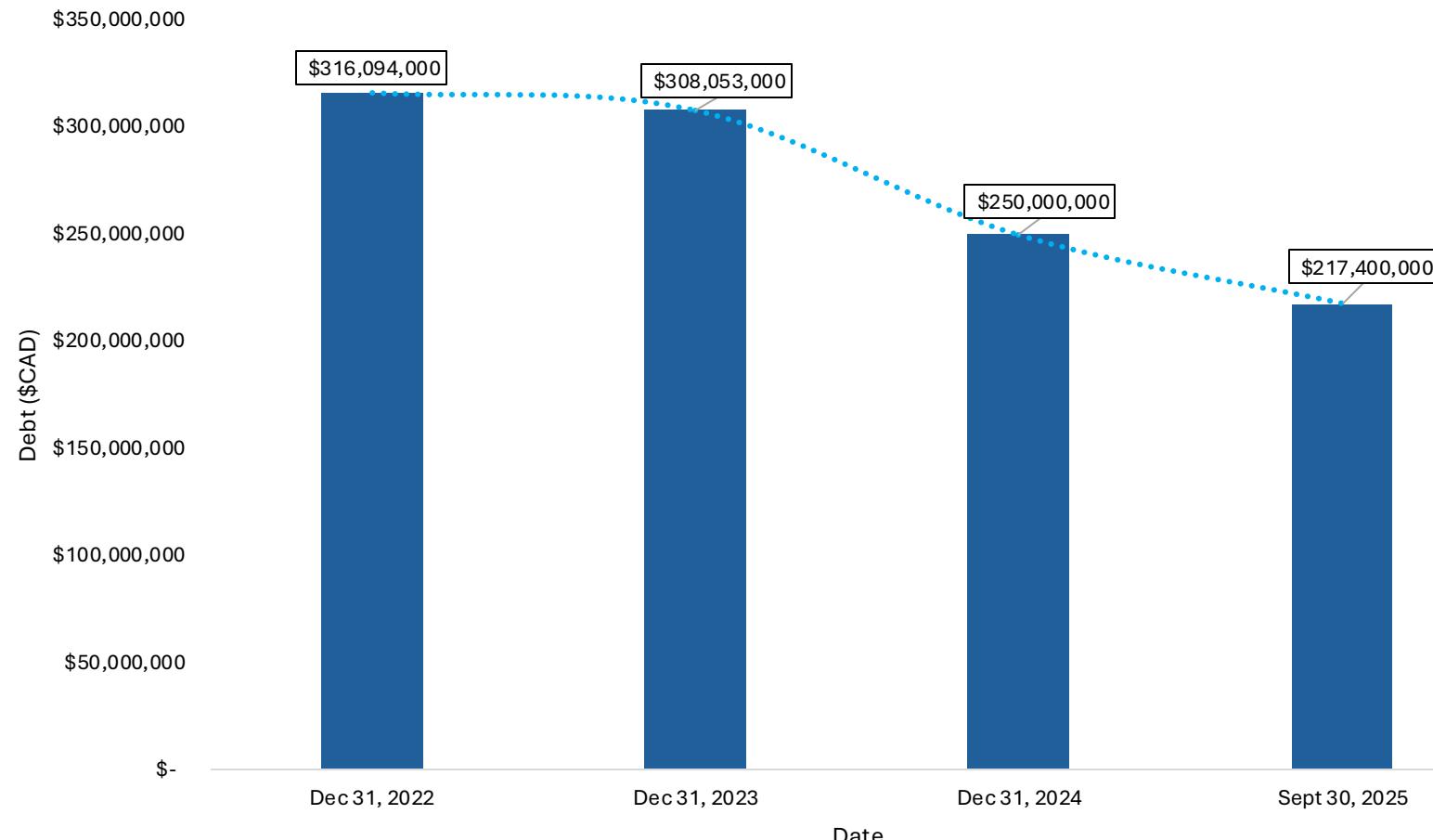
Period	WCS: Swaps Volumes (bbl/d)	WCS Avg. Price (\$/bbl)	MSW: Swaps Volumes (bbl/d)	MSW Avg. Price (\$/bbl)
Q3 2025	5,000	-\$13.59	3,000	-\$3.65
Q4 2025	5,000	-\$13.59	2,000	-\$3.93
Q1 2026	4,000	-\$13.20	—	—
Q2 2026	1,500	-\$13.05	—	—
Q3 2026	1,500	-\$13.05	—	—

Period	Swaps Volumes (bbl/d)	Swaps Avg. Price (\$/bbl)	Collars Volumes (bbl/d)	Avg. Bought Put (\$/bbl)	Avg. Sold Call (\$/bbl)
Q3 2025	4,000	\$72.85	4,500	\$70.00	\$80.00
Q4 2025	3,500	\$68.11	—	—	—
Q1 2026	3,000	\$67.49	—	—	—

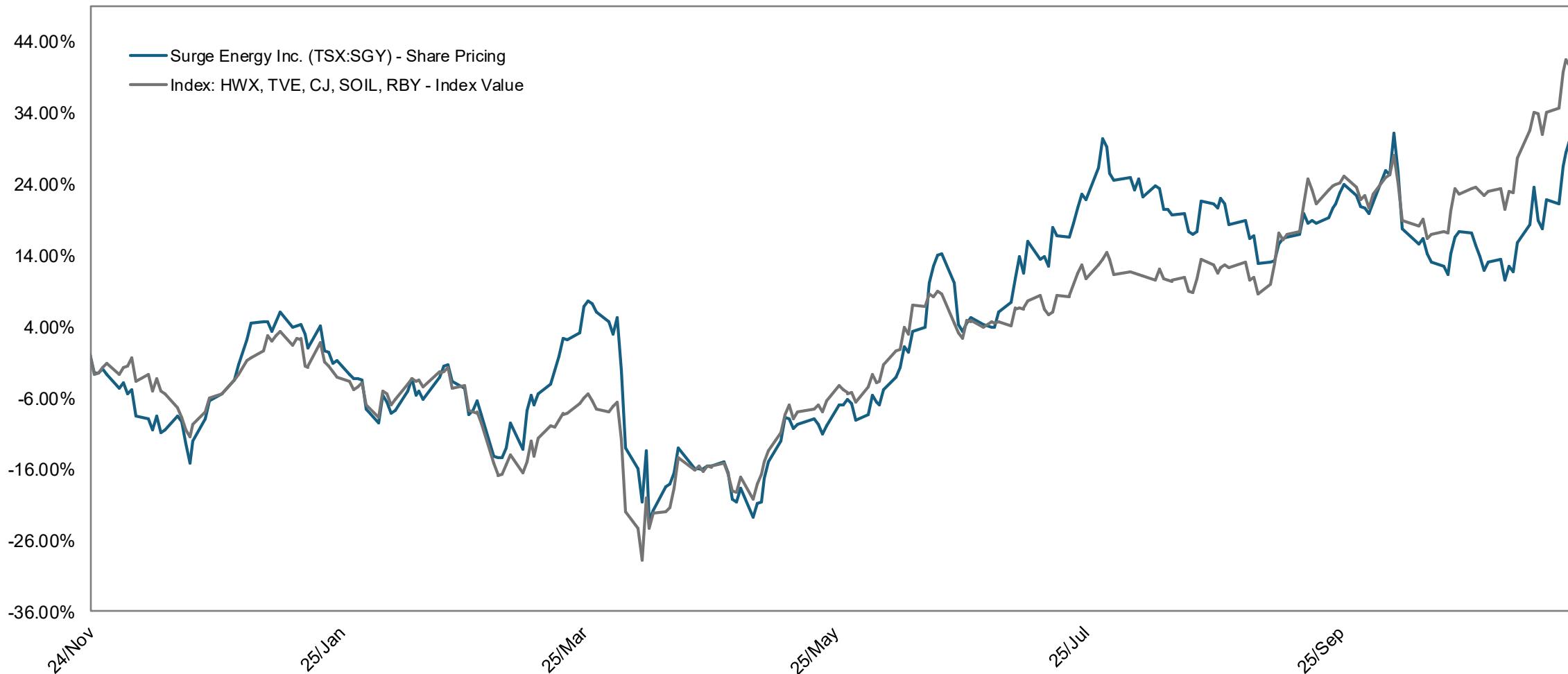
Source: Company Filings, Team Consensus

DEBT REDUCTION

Year over Year Net Debt



1-YEAR STOCK PERFORMANCE RELATIVE TO PEERS



2025 Capital Allocation

	CAD (\$)	Percentage of AFF
2025 AFF (YTD)	\$222.9 MM	100%
Acquisitions (Net)	\$5.7 MM	2.6%
Share Buybacks	\$8.0 MM	3.6%
Debt Reduction	\$32.6 MM	14.6%
Dividends	\$46.7 MM	20.9%
Drilling and Completions	\$79.7 MM	35.8%
Total Allocation	\$127.7 MM	77.5%

2025 YTD Capital Allocation Percentage of AFF

