

SURGE ENERGY INC. ANNOUNCES INTENT TO REINSTITUTE BASE DIVIDEND ON JULY 15, 2022; LARGE NEW LIGHT OIL POOL EXTENSION AND LAND ACQUISITION AT STEELMAN IN SE SASKATCHEWAN; UPDATE ON TERM DEBT AND CREDIT FACILITY; INTENT TO REDEEM 5.75% CONVERTIBLE DEBENTURES; FIRST QUARTER FINANCIAL & OPERATING RESULTS; AND 2022 OUTLOOK

CALGARY, AB, May 5, 2022 /CNW/ - Surge Energy Inc. ("Surge" or the "Company") (TSX: SGY) is pleased to announce: 1) the intent to reinstitute the Company's base dividend on July 15, 2022; 2) the successful acquisition of strategic, core area lands in SE Saskatchewan at a recent Crown sale; 3) the receipt of an additional \$30 million of term debt financing under the same terms and conditions as its existing 5-year term debt facility (the "Term Debt Facility"); 4) the intent to redeem the Company's \$44.5 million of 5.75% convertible debentures for cash; 5) the reconfirmation and extension of Surge's \$150 million first lien credit facility (the "First Lien Credit Facility"); 6) the Company's financial and operating results for the quarter ended March 31, 2022; and 7) Surge's 2022 Outlook.

INTENT TO REINSTITUTE BASE DIVIDEND ON JULY 15, 2022



With crude oil prices now in excess of US\$100 WTI per barrel, which is significantly above the Company's US\$85 WTI guidance price for crude oil in 2022, Surge is pleased to announce its intention to resume its base cash dividend distribution, payable on a monthly basis.

At current strip commodity prices for crude oil and natural gas, Management projects that Surge's net debt target range will be achieved during Q3/22. On this basis, the Company anticipates reinstating its base annual cash dividend expected to be \$0.42 per share (3.5 cents per month), payable on July 15, 2022 to holders of the Company's common shares ("Common Shares") of record at the close of business on June 30, 2022. Any anticipated dividend payment will be subject to the approval of Surge's Board of Directors at the time of declaration.

On an annualized basis, this base cash dividend is equal to approximately 20 percent of Surge's previously guided annual 2022 free cash flow¹ utilizing a US\$85 WTI per bbl crude oil pricing assumption².

With the majority of the Company's mandated fixed price crude oil hedges for 2022 expiring in less than two months, Surge has resumed its regular, ongoing risk management program. This orderly program is designed to set price floors that protect Surge's dividend and capital programs, while also providing participation in a rising commodity price environment.

The monthly cash dividend is expected to be designated as an "eligible dividend" for Canadian federal and provincial income tax purposes. Dividends paid to shareholders who are non-residents of Canada will be subject to Canadian non-resident withholding taxes.

NEW LIGHT OIL POOL EXTENSION AND LAND ACQUISITION AT STEELMAN IN SE SASKATCHEWAN

Surge is pleased to announce that drilling on its operated, light oil, core area assets at Steelman in SE Saskatchewan has delivered better than anticipated results. The Company has been actively drilling in SE Saskatchewan since its acquisition of Astra Oil Corp. and Fire Sky Energy Inc. in 2H, 2021.

The Company's most recent 4.0 gross (2.5 net) wells drilled at Steelman in Q1/22 have continued to deliver strong results, producing at an average IP30 rate of more than 250³ boepd. These four wells have been independently evaluated as some of the best wells drilled in Saskatchewan to date this year⁴, and at current oil prices these wells are anticipated to pay out in less than 50 days⁵.

In addition to these excellent drilling results, Surge was also successful at a recent, highly competitive, Saskatchewan Crown land sale at Steelman. As a result, the Company is pleased to announce that it has acquired the majority of the targeted

prospective acreage on this exciting new light oil Frobisher pool extension. With Surge's success at the Crown land sale, the Company now estimates it has added up to 40 gross (40.0 net) incremental, highly economic, light oil Frobisher drilling locations on the newly acquired Crown lands - directly offsetting the recent successful drilling results noted above.

Furthermore, Surge's integrated geotechnical modeling on the new pool extension has added internally estimated original oil in place ("OOIP⁶") of over 20 million barrels (15 million barrels net) on the new lands. The Company now internally estimates combined OOIP of over 72 million barrels (53 million net) at its Steelman Frobisher pool.

TERM DEBT UPDATE, INTENTION TO REDEEM 5.75% CONVERTIBLE DEBENTURES FOR CASH, AND CREDIT FACILITY UPDATE

The Company's Term Debt Facility provider has exercised their previously announced right to deliver an additional \$30 million of term debt financing (under the same terms and conditions as its existing five-year Term Debt Facility) to Surge, providing the Company with significant incremental liquidity. Management anticipates that, at current commodity prices, the \$30 million in gross proceeds, combined with a portion of Surge's forecasted free cash flow, will be used to settle the Company's \$44.5 million of 5.75% convertible debentures for cash prior to their maturity on December 31, 2022.

Concurrently, Surge has reconfirmed and extended its existing \$150 million First Lien Credit Facility, which was drawn only \$96.8 million at March 31, 2022. The maturity of the newly reconfirmed First Lien Credit Facility is now extended through to May 31, 2024.

The addition of the incremental Term Debt Facility proceeds, combined with the intention to redeem the 5.75% convertible debentures for cash, will provide Surge with a simplified debt capital structure, significant liquidity, and no debt capital maturities through to mid-2024.

OPERATIONS UPDATE: SUCCESSFUL Q1/22 DRILLING PROGRAM AT SPARKY AND SE SASKATCHEWAN

Surge completed its Q1/22 capital program drilling 23 (21.5 net) wells, with three rigs active in the quarter. This program was comprised of 14.0 net wells in the Company's Sparky core area, and 7.5 net wells in Surge's SE Saskatchewan core area for total expenditures on property, plant, and equipment of \$43.0 million. Furthermore, the Company completed an additional 6.0 net wells in Q1/22 that were drilled in Q4/21.

In recent months, Management has been successful in adding significant organic growth opportunities across its core areas. On this basis, the Company has added more than 10 net sections of highly prospective land. These strategic core area land acquisitions have added an incremental 79 gross (70.0 net) drilling locations⁷ to Surge's deep 13 year drilling inventory at a total cost of \$9.9 million, including the exciting SE Saskatchewan land sale at Steelman discussed above.

The Company is currently monitoring the impact of cost inflation, labour shortages, and global supply chain challenges on its 2022 capital and operating expense guidance. Surge's Q1/22 capital program tracked the Company's 2022 budget, and the Company will continue to monitor the impact of these inflationary pressures over the second half of 2022 and into 2023.

Q1 2022 FINANCIAL & OPERATING HIGHLIGHTS

During the first quarter of 2022, Surge delivered cash flow from operating activities of \$52.2 million, an increase of 236% as compared to Q1/21 cash flow from operating activities of \$15.6 million. Additionally, the Company delivered adjusted funds flow⁸ of \$62.9 million in Q1/22, an increase of 299% compared to Q1/21 adjusted funds flow of \$15.8 million.

Surge reported a realized loss on financial contracts of \$28.8 million in Q1/22, primarily due to fixed price oil hedging relating to the corporate acquisitions that closed in late 2021. The Company generated adjusted funds flow before realized gains or losses on financial contracts of \$91.7 million in Q1/22 (with a Q1/22 average oil price of US\$94.29 WTI per barrel), an increase of 181% over \$32.6 million in Q1/22.

As previously announced, the Company's production in Q1/22 was impacted by a contained fire at one of its SE Saskatchewan oil batteries. Thanks to the efforts of Surge's Emergency Response Committee and local service providers, the Company is pleased to reaffirm that no injuries or significant environmental problems occurred in relation to the fire. Production from the affected areas resumed in late February 2022. The impact on average production from this incident, along with unusually cold weather in January 2022, was approximately 700 boepd for Q1/22.

Highlights from the Company's Q1 2022 financial and operating results include:

FINANCIAL AND OPERATING HIGHLIGHTS

OUTLOOK: SGY – POSITIONED FOR OUTPERFORMANCE IN 2022 AND BEYOND

- Delivered Q1/22 cash flow from operating activities of \$52.2 million, an increase of 236% over Q1/21 cash flow from operating activities of \$15.6 million;

- Delivered adjusted funds flow of \$62.9 million in Q1/22, an increase of 299% over Q1/21 adjusted funds flow of \$15.8 million;
- Achieved average daily production of 20,550 boepd (85% liquids) during Q1/22, an increase of 24% over Q1/21 production of 16,582 boepd (84% liquids);
- Successfully drilled 23.0 (21.5 net) wells in Q1/22, with drilling activity strategically focused in the Company's Sparky and SE Saskatchewan, conventional, light and medium gravity crude oil core areas; and
- Reduced net debt⁸ by \$15.7 million as compared to December 31, 2021 while concurrently completing the Q1/22 capital program for \$43.0 million.

FINANCIAL AND OPERATING HIGHLIGHTS

(\$000s except per share amounts)

Three Months Ended March 31,

	2022	2021	% Change
Financial highlights			
Oil sales	157,440	69,956	125 %
NGL sales	4,053	1,948	108 %
Natural gas sales	7,631	8,790	(13)%
Total oil, natural gas, and NGL revenue	169,124	80,694	110 %
Cash flow from operating activities	52,182	15,550	236 %
Per share - basic (\$)	0.63	0.39	61 %
Per share diluted (\$)	0.63	0.39	61 %
Adjusted funds flow ¹	62,893	15,757	299 %
Per share - basic (\$) ¹	0.75	0.39	91 %
Per share diluted (\$)	0.75	0.39	91 %
Net income (loss)	(21,868)	(9,985)	119 %
Per share basic (\$)	(0.26)	(0.25)	4 %
Per share diluted (\$)	(0.26)	(0.25)	4 %
Expenditures on property, plant and equipment	42,968	31,898	35 %
Net acquisitions and dispositions	-	(102,591)	nm
Net capital expenditures	42,968	(70,693)	nm
Net debt ¹ , end of period	315,770	303,334	4 %
Operating highlights			
Production:			
Oil (bbls per day)	16,760	13,422	25 %
NGLs (bbls per day)	691	583	19 %
Natural gas (mcf per day)	18,592	15,462	20 %
Total (boe per day) (6:1)	20,550	16,582	24 %
Average realized price (excluding hedges):			
Oil (\$ per bbl)	104.38	57.91	80 %
NGL (\$ per bbl)	65.17	37.12	76 %
Natural gas (\$ per mcf)	4.56	6.32	(28)%
Netback (\$ per boe)			
Petroleum and natural gas revenue	91.45	54.07	69 %
Realized gain (loss) on commodity and FX contracts	(15.58)	(11.27)	38 %
Royalties	(15.36)	(5.68)	170 %
Net operating expenses ¹	(19.28)	(18.09)	7 %
Transportation expenses	(1.50)	(1.03)	46 %
Operating netback ¹	39.73	18.00	121 %
G&A expense	(2.18)	(1.98)	10 %
Interest expense	(3.55)	(5.46)	(35)%
Adjusted funds flow ¹	34.00	10.56	222 %
Common shares outstanding, end of period	83,357	39,975	109 %
Weighted average basic shares outstanding	83,357	39,975	109 %
Weighted average diluted shares outstanding	83,357	39,975	109 %

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

² The Company views this change calculation as not meaningful, or "nm".

Surge is an intermediate light and medium gravity crude oil producer, with an estimated 13 year development drilling inventory comprising more than 1,000 internally estimated net development drilling locations. The Company confirms its 2022 production exit rate guidance of 21,500 boepd (86% liquids).

With 2.6 billion of net (internally estimated) OOIP⁹, an approximate 6.5% recovery factor to date, and dominant positions in two top tier medium and light gravity crude oil growth plays at Sparky and SE Saskatchewan, Surge is poised to deliver strong operational results in 2022 and beyond. Further, with over \$1.3 billion in tax pools and an attractive balance sheet, the Company will deliver to its stakeholders a combination of:

FORWARD LOOKING STATEMENTS:

- Continued net debt repayment (increasing Surge's NAV per share);
- A reinstated, sustainable, base monthly dividend;
- Share buybacks;
- A modest production growth wedge; and
- Potential for variable or special dividends.

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; management's expectations and plans with respect to the development of its assets and the timing thereof; Surge's intentions regarding the reinstitution of its base dividend and the anticipated timing and amount thereof; the anticipated timing of payout of the Corporation's recently drilled wells at Steelman; Surge's internally estimated oil in place, drilling inventory and drilling locations; the timing of achievement of Surge's net debt target; Surge's intentions with respect to the repayment of its outstanding 5.75% convertible debentures; Surge's 2022 exit production guidance; 2022 free cash flow guidance; and the Company's expectation that it will be positioned to deliver to its stakeholders a combination of: continued net debt repayment; a reinstated, sustainable, base monthly dividend; share buybacks; a modest production growth wedge; and potential for variable or special dividends.

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, 2022 and in Surge's MD&A for the period ended December 31, 2021, 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 internal 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.

Assuming a Jan 1, 2022 reference date, the Company will have over >1,050 gross (>975 net) drilling locations identified herein; of these >550 gross (>500 net) are unbooked locations. Of the 456 net booked locations identified herein, 362 net are Proved locations and 95 net are Probable locations based on Sproule's 2021YE reserves. Assuming an average number of wells drilled per year of 75, Surge's >1,050 locations provide 13 years of drilling.

Surge's internally used type curves were constructed using a representative, factual and balanced analog data set, as of January 1, 2021. 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.

Surge's internally generated average Steelman type curve (190 bbl/d IP30, 80 mbbbl EUR, \$1.139 M DCET), has payout <50 days and a BTax NPV10 of \$4.5 MM, run on Apr 1 strip (avg first year WTI: US\$92.86/bbl).

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 non-GAAP financial measures and non-GAAP ratios, 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 – 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 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.

Adjusted Funds Flow & Adjusted Funds Flow Per Share

Adjusted funds flow is a non-GAAP financial measure. 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 property acquisitions and dispositions, debt restructuring 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 a non-GAAP ratio 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:

Free Cash Flow

	Three Months Ended March 31,	
(\$000s except per share amounts)	2022	2021
Cash flow from operating activities	52,182	15,550
Change in non-cash working capital	9,061	(2,974)
Decommissioning expenditures	1,495	1,481
Cash settled transaction and other costs	155	1,700
Adjusted funds flow	\$ 62,893	\$ 15,757
Per share - basic	\$ 0.75	\$ 0.39

Free cash flow is a non-GAAP financial measure, calculated as cash flow from operating activities 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.

Net Debt

Net debt is a non-GAAP financial measure, calculated as bank debt, 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. There is no comparable measure in accordance with IFRS for net debt. 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.

Net Operating Expenses

(\$000s)	As at Mar 31, 2022	As at Dec 31, 2021
Accounts receivable	83,502	55,738
Prepaid expenses and deposits	3,669	3,152
Accounts payable and accrued liabilities	(97,913)	(84,330)
Bank debt	(96,780)	(98,066)

Term debt	(133,580)	(133,993)
Convertible debentures	(74,668)	(73,935)
Net Debt	(315,770)	(331,434)

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.

Operating Netback & Adjusted Funds Flow per boe

Operating netback is a non-GAAP financial measure, calculated as petroleum and natural gas revenue and processing and other income, less royalties, realized gain (loss) on commodity and FX contracts, operating expenses, and transportation expenses. Operating netback per boe is calculated as operating netback divided by total barrels of oil equivalent produced during a specific period of time. There is no comparable measure in accordance with IFRS. This metric is used by management to evaluate the Company's ability to generate cash margin on a unit of production basis.

Operating netback & adjusted funds flow are calculated on a per unit basis as follows:

	Three Months Ended March 31,	
(\$000s)	2022	2021
Petroleum and natural gas revenue	169,124	80,694
Processing and other income	1,806	1,089
Royalties	(28,401)	(8,477)
Realized gain (loss) on commodity and FX contracts	(28,809)	(16,822)
Operating expenses	(37,454)	(28,083)
Transportation expenses	(2,777)	(1,539)
Operating netback	73,489	26,862
G&A expense	(4,032)	(2,957)
Interest expense	(6,564)	(8,148)
Adjusted funds flow	62,893	15,757
Barrels of oil equivalent (boe)	1,849,429	1,492,397
Operating netback (\$ per boe)	\$ 39.73	\$ 18.00
Adjusted funds flow (\$ per boe)	\$ 34.00	\$ 10.56

Neither the TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this release.

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

² Additional previously guided pricing assumptions: (WCS: US\$13.00, EDM US\$3.50 differentials), Fx of \$0.79 and AECO of \$3.25 per mcf.

³ Four gross wells had IP30 rates of 208 boepd, 321 boepd, 409 boepd, and 69 boepd.

⁴ Per Raymond James "Top / Notable Wells with Updated March GeoSCOUT Data" Report dated March 29, 2022.

⁵ See Drilling Inventory in the Forward Looking Statements section of this document for further details.

⁶ See the Oil and Gas Advisories section of this document for further details.

⁷ See Drilling Inventory in the Forward Looking Statements section of this document for further details.

⁸ This is a non-GAAP and other financial measure which is defined in the Non-GAAP and Other Financial Measures section of this document.

⁹ See Oil and Gas Advisories section of this document for further information.



SOURCE Surge Energy Inc.

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