SURGE ENERGY INC. ANNOUNCES NOTICE OF REDEMPTION OF 5.75% CONVERTIBLE DEBENTURES

CALGARY, AB, Sept. 22, 2022 /CNW/ - Surge Energy Inc. ("Surge", "SGY", or the "Company") (TSX: SGY) is pleased to announce that it is issuing a notice of redemption to holders of its currently outstanding $44,500,000 5.75% Convertible Unsecured Subordinated Debentures due December 31, 2022 (the "Debentures"). The Debentures are not subject to a pre-payment penalty.

As set out in the notice of redemption, Surge will redeem, as of October 28, 2022 ("Redemption Date"), all of the aggregate principal amount of the Debentures for cash. On the Redemption Date, Surge will pay the aggregate principal amount of the Debentures (being $1,000 for each Debenture) plus all accrued and unpaid interest thereon to but excluding the Redemption Date (less any tax required to be deducted) (collectively, the "Redemption Price"). The Debentures are listed on the Toronto Stock Exchange (the "TSX") under the symbol "SGY.DB" (CUSIP 86880YAA7).

In accordance with the terms of the indenture governing the Debentures, holders of the Debentures have the right to convert their Debentures, at their option, into common shares of Surge ("Surge Shares") at a conversion price of approximately $23.23 per Surge Share at any time prior to 5:00 p.m. Calgary time on October 27, 2022. A holder electing to convert the principal amount of their Debentures will receive approximately 43 Surge Shares per $1,000 principal amount of Debentures converted plus a cash payment for accrued unpaid interest up to, but excluding, the date of conversion (less any tax required to be deducted). No fractional shares will be issued on conversion but, in lieu thereof, the Company will pay the cash equivalent thereof determined on the basis of the Current Market Price (as defined in the indenture governing the Debentures) of the Surge Shares on the date of conversion.

All holders of Debentures who fail to deliver a notice of conversion on or prior to 5:00 p.m. Calgary time on October 27, 2022 (or such other earlier time as may be indicated by their broker, dealer, bank, trust company or other nominee) will have their Debentures redeemed on the Redemption Date for a cash payment equal to the Redemption Price.

As all of the Debentures were issued in "book-entry only" form and are held by CDS Clearing and Depository Services Inc., beneficial holders of Debentures must contact their broker, dealer, bank, trust company or other nominee to exercise their right to convert their Debentures.

ABOUT SURGE ENERGY INC.

Surge is an intermediate, publicly traded oil company focused on enhancing shareholder returns through free cash flow generation. The Company's defined operating strategy is based on acquiring and developing high-quality, conventional oil reservoirs using proven technology to enhance ultimate oil recoveries.

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 management's expectations and assumptions concerning the anticipated timing of the Redemption Date. The forward-looking statements are based on certain key expectations and assumptions made by Surge, including expectations and assumptions around 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 year endedDecember 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.

For more information about Surge, visit our website atwww.surgeenergy.ca

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.

SOURCE Surge Energy Inc.

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