Surge Energy Inc. Announces Strategic $160 Million Southeast Saskatchewan Light Oil Acquisition; New $215 Million Credit Facility; and Upward Revision to 2021 Exit Rate and 2022 Production Guidance

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CALGARY, June 22, 2021 - Surge Energy Inc. ("Surge" or the "Company") (TSX: SGY) and Astra Oil Corp. ("Astra") ar they have entered into an arrangement agreement (the "Arrangement Agreement"), pursuant to which Surge has agree all of the issued and outstanding common shares of Astra ("Astra Shares") by way of a statutory arrangement (the "Tra for total consideration of approximately $160 million. The Transaction is to be funded by the issuance of Surge commo ("Surge Shares"), and the assumption of approximately $15 million of net debt[1].

The Astra assets ("Astra Assets") include more than 4,100 boepd (90 percent liquids) of operated, light oil production, f primarily in SE Saskatchewan with an operating netback[1] of more than $42 per boe at US $65 WTI pricing. The Transa accretive to Surge's forecast debt-adjusted 2022 cash flow per share[1] and free cash flow[1] per share, and adds highly c light oil reserves, production, land, and operations. The Astra Assets are forecast to generate $58.1 million of net opera [1] over the next 12 months at US $65 WTI (less than current strip pricing), and the Company now estimates that its exit debt to annualized Q4 2022 adjusted funds flow[1] ratio will be approximately 1.0 times.

The Astra Assets will also contribute significantly to Surge's ongoing ESG initiatives of reducing the impact of its operat environment. Astra is in the process of constructing a 45-kilometer gas gathering infrastructure system to conserve gas facilities in SE Saskatchewan, reducing emissions from several operating fields. The project is estimated to cost approx million and will be partially funded by Natural Resources Canada's Emissions Reduction Fund. Additionally, the Astra A a very attractive corporate liability management rating ("LMR") of 5.4, with a very low total undiscounted decommission of only $12.9 million.

The Transaction will result in a high quality, well-positioned 20,200 boepd (85 percent oil and liquids weighted), light an gravity, intermediate public oil company. The Astra Assets represent an exciting re-entry into southeast Saskatchewan Surge team. Surge management strategically targeted SE Saskatchewan as a new core area based on its high light oil low cost production efficiencies and quick drilling payouts. Surge's operational track record of execution in southeast Saskatchewan, combined with proven in-house technical expertise, positions the Company for both organic and acquis in this new core area.

Pro forma the Transaction, Surge's two core growth areas rank in the top echelon for drilling economics[2] in the entire W Canadian Sedimentary Basin. Surge's dominant position in the medium gravity Sparky crude oil play, and Astra's SE Saskatchewan light oil assets, independently[3] rank by rate of return (i.e. with the Clearwater and Lower Charlie Lake oi two of the top five crude oil plays in Canada.

In conjunction with the Transaction, Surge is pleased to announce that it has reached an agreement in principle with its syndicate, confirming the Company's pro forma first lien revolving credit facility at $215 million, and extending the matu 1, 2022 to November 30, 2022.

TRANSACTION HIGHLIGHTS

The Transaction has the following key benefits to Surge stakeholders @ US$65 WTI per barrel pricing[4]:

- 20 percent accretive to Surge's forecast 2022 debt-adjusted cash flow per share;
- Surge's net debt to annualized Q4 2022 adjusted funds flow ratio is forecast to decrease to 1.0 times;
- Increases Surge's 2022 adjusted funds flow per boe by approximately 10 percent;
- Improves Surge's forecast 2022 all-in payout ratio[5] to 58 percent; and
- Increases Surge's light oil weighting from 35 percent oil to 50 percent.

Paul Colborne, President and CEO of Surge, stated: "We believe this Transaction is an exciting opportunity for both Su Astra shareholders. Shareholders in the combined Company will have ownership in a sustainable, intermediate, light ar gravity crude oil public company. Shareholders will benefit from Surge's existing dominant position in the Sparky crude from Astra's highly focused, operated asset base, targeting high value light oil in SE Saskatchewan.

We now anticipate that Surge will generate free cash flow of more than $85 million in 2022 at US$65 WTI per barrel pri providing free cash flow per share of $0.14[6] in 2022."

Andrew Greenslade, President and CEO of Astra, stated: "We are very excited about the Transaction with Surge. With high quality, low decline, crude oil asset base, their dominant Sparky play, and their exciting financial free cash flow 'tor rising oil prices, we feel that pro forma Surge/Astra will prove to be one of the best positioned intermediate crude oil pu

companies in Canada as the recovery in energy continues. Astra's high netback, SE Saskatchewan light oil asset base
leverage, and its large 10 year drilling inventory, nicely complements Surge's existing, low cost, conventional crude oil a

TRANSACTION METRICS

Purchase Price	$160 million
Annual Net Operating Income	$58.1 million
Current Production	>4,100 boepd (87% light oil)
Proved plus probable reserves[a]	16.6 MMboe (73% light oil[b])
Proved plus probable RLI	11 years
Estimated operating netback @ US $65 WTI[c,5]	$42/boe
Liability Management Rating ("LMR")	5.4
Total Asset Retirement Obligation ("ARO")	$12.9 million

Notes:

a - Based upon Astra Oil Corp.'s Sproule reserve report titled "Evaluation of the P&NG Reserves of Astra Oil Corp. (as of December 31, 2020).

b - Lower oil percentage booked is due to Sproule's assumption that Steelman, Viewfield and Minard gas is tied in (total liquids booked at 85%)

c - Based on 2021 pricing averaging as follows: US$65.00WTI/bbl; CAD$81.25WTI/bbl; EDM CAD$75.00/bbl; WCS CAD $64.38/bbl; AECO $2.50/mcf

Net operating income multiple[1,7]	2.75x
Production per boepd	$39,024 / boepd
Proved plus probable reserves	$9.63 / boe
Proved plus probable recycle ratio[8]	> 4.4x

PRO FORMA HIGHLIGHTS - AN EXCITING, SUSTAINABLE, INTERMEDIATE OIL PRODUCER

The Transaction is consistent with Surge's defined business model of acquiring high quality, operated, light and mediur
crude oil reservoirs with large OOIP[9] with low recovery factors. The combined Company will have over 850 internally es
development drilling locations[10], providing a 13 year drilling inventory. The combined entity possesses a high quality, o
light and medium gravity crude oil asset base, with extensive infrastructure in place to facilitate years of future develop
and waterflood.

Operational platform to continue to execute on sustainable business model:

- Over 2.5 billion barrels of net combined, internally estimated, conventional OOIP - with a 6 percent recovery facto
- Combined proven plus probable year end 2020 reserves of over 95 million boe (85 percent total liquids)[9];
- 20,200 boepd light and medium gravity oil producer (85 percent oil and liquids weighted);
- Combined corporate base decline of 25 percent;
- Development drilling upside: >850 net locations[10] (internally estimated); providing a development drilling inventor than 13 years; and
- A 13 year reserve life index (total proved plus probable).

Financial platform to deliver solid shareholder returns:

- Operating netbacks (before hedging) of more than $34.50 per boe at US $65 WTI per bbl;
- Full cycle corporate production efficiencies[9] of less than $22,000 per flowing boepd;
- Greater than $85 million of free cash flow in 2022 at US $65 WTI crude oil prices;
- Free cash flow per share of $0.14 in 2022, providing a free cash flow yield[11] of over 20 percent[12].

Upward Revision to 2021 Exit PRODUCTION Rate & 2022 Guidance

The following is the Company's increased guidance for Surge's 2021 exit production rate, as well as financial and opera
guidance for 2022 (after giving effect to the Transaction):

Upwardly Revised Guidance	@ US $65 WTI*	@ US $70 WTI*	@ US $75 WTI*
Exit 2021 production (boepd)	20,200		
Average 2022 production (boepd)	20,200		
% oil and NGL's	85%		
2022 Adjusted funds flow ($MM)	$210	$235	$265
2022 Cash flow from operations ($MM)	$195	$220	$250
2022 Exploration and Development Capital Expenditures ($MM)	$110	$110	$110
2022 Free cash flow ($MM)	$85	$110	$140
2022 All-in payout ratio	56%	50%	44%
2022 Net debt to annualized Q4/22 adjusted funds flow[13]	1.0x	0.8x	0.6x

*All pricing variables including differentials (WCS: US$13.50, EDM US$5.00), Fx of $0.80 and AECO of $2.50 per mcf remain constant. Adjusted funds flow and cash flow from operations exclude realized gains/losses from financial derivatives.

NEW $215 MILLION CREDIT FACILITY

In combination with the Transaction, the Company is pleased to announce that it has reached an agreement in principl
lending syndicate to amend and extend its first lien credit facilities.

Concurrent with the closing of the Transaction, Surge's fully conforming first lien revolving credit facilities will be $215 m
the Company's next bank review scheduled to be on or before November 30, 2021. Additionally, the maturity of Surge's
revolving credit facilities will be extended from July 1, 2022 to November 30, 2022.

This re-determination is forecast to provide the Company with ample available liquidity upon the closing of the Transact
the Company to a standard, single-tranche first lien credit facility, and significantly reduce Surge's annual interest expe
forward.

TRANSACTION DETAILS

The purchase price payable by Surge under the Transaction will be $160 million, comprised of: 1) the issuance of appr
3.1746 Surge Shares for every issued and outstanding Astra Share; and in addition, 2) the assumption of approximatel
of Astra net debt upon completion of the Transaction, before accounting for transaction costs.

The Transaction is expected to close in August 2021. Completion of the Transaction is subject to the approval of at lea
the voting Astra shareholders and approval of at least a simple majority of the voting shareholders of the issuance of S

pursuant to the Transaction. The meeting of Surge shareholders is currently expected to be held in mid-August 2021 ar connection therewith, it is currently expected that a joint information circular and proxy statement will be sent to Surge s in mid-July 2021. Completion of the Transaction is also subject to, among other things, the receipt of court approval, re approvals and other customary closing conditions.

All of the directors and officers of Astra, as well as Astra's largest shareholders, collectively holding approximately 68 p outstanding Astra Shares, have entered into support and lock-up agreements pursuant to which they have agreed to vo Astra Shares in favor of the Transaction and have agreed to certain escrow agreements with respect to any Surge Sha from the Transaction following the completion of the Transaction, subject to certain exceptions.

Each of Astra and Surge has agreed to pay a termination fee of $4.35 million to the other party in certain circumstances in the case of Astra, if Astra recommends, approves, or enters into an agreement with respect to a superior proposal. A agreed not to solicit or initiate any discussions regarding any other acquisition proposals or sale of material assets. Ast granted Surge a three business day right to match any superior proposal.

ADVISORS

Scotiabank is acting as exclusive financial advisor to Surge with respect to the Transaction and has provided a fairness the Surge Board of Directors. ATB Capital Markets, and BMO Capital Markets have been appointed strategic advisors the Transaction. McCarthy Tétrault LLP is acting as legal advisor to Surge with respect to the Transaction.

National Bank Financial Inc. is acting as exclusive financial advisor to Astra. Burnet, Duckworth & Palmer LLP is acting advisor to Astra with respect to the Transaction.

CONFERENCE CALL DETAILS

A conference call hosted by Paul Colborne, President and CEO of Surge, will be held for the investment community to Transaction. Details of the conference call are as follows:

Date:	June 23, 2021
Time:	9:00AM MST
Dial-In:	1-888-390-0608 (toll free)
Conference ID:	52957679

FORWARD LOOKING STATEMENTS:

This press release contains forward-looking statements. The use of any of the words "anticipate", "continue", "estimate" "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. T statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to materially from those anticipated in such forward-looking statements.

More particularly, this press release contains statements concerning management's expectations and assumptions con anticipated benefits of the Transaction and the transaction metrics related thereto; the anticipated terms of the amendm Surge's first lien credit facility, the timing thereof and the anticipated benefits to Surge thereof; the timing of various mat connection with the Transaction and the conditions to completion of the Transaction, Surge's revised guidance for the r 2021 and preliminary guidance for 2022. The forward-looking statements are based on certain key expectations and as made by Surge, including expectations and assumptions the performance of existing wells and success obtained in dril wells; anticipated expenses, cash flow and capital expenditures; the application of regulatory and royalty regimes; prev commodity prices and economic conditions; development and completion activities; the performance of new wells; the s implementation of waterflood programs; the availability of and performance of facilities and pipelines; the geological ch 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 compl facilities on operating costs; the availability and costs of capital, labour and services; and the creditworthiness of indust

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 assura they will prove to be correct. Since forward-looking statements address future events and conditions, by their very natu involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a n factors and risks. These include, but are not limited to, risks associated with the condition of the global economy, includ public health (including the impact of COVID-19) and other geopolitical risks; risks associated with the oil and gas indus general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to e or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and relating to production, costs and expenses, and health, safety and environmental risks); commodity price and exchange fluctuations and constraint in the availability of services, adverse weather or break-up conditions; uncertainties resulting potential delays or changes in plans with respect to exploration or development projects or capital expenditures; and fa obtain the continued support of the lenders under Surge's bank line. Certain of these risks are set out in more detail in S dated March 9, 2021 and in Surge's MD&A for the year ended December 31, 2020, both of which have been filed on SE 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 n to update publicly or revise any forward-looking statements or information, whether as a result of new information, futur 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 misle 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 "Boe/d" and "boepd" mean barrel of oil equivalent per day. Bbl means barrel of oil and "bopd" means barrels of oil per d means natural gas liquids.

This press release contains certain oil and gas metrics and defined terms which do not have standardized meanings or methods of calculation and therefore such measures may not be comparable to similar metrics/terms presented by othe 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 inte Qualified Reserve Evaluators ("QRE") and prepared in accordance with National Instrument 51-101 and the Canadian O Evaluations Handbook ("COGEH"). DPIIP, as defined in COGEH, is that quantity of petroleum that is estimated, as of a to be contained in known accumulations prior to production. The recoverable portion of DPIIP includes production, rese Resources Other Than Reserves (ROTR). OOIP/DPIIP and potential recovery rate estimates are based on current reco technologies. There is significant uncertainty as to the ultimate recoverability and commercial viability of any of the reso associated with OOIP/DPIIP, and as such a recovery project cannot be defined for a volume of OOIP/DPIIP at this time estimated" means an estimate that is derived by Surge's internal QRE's and prepared in accordance with National Instr 51-101 - Standards of Disclosure for Oil and Gas Activities. All internal estimates contained in this new release have be effective as of Jan 1, 2021.

Net of Surge disposition from March 25, 2021, the pro forma Company (Surge + Astra) will have 2020YE TPP reserves mmboe. Astra reserves have been audited by Sproule from 2016YE through to 2020YE. Similarly, Sproule has audited Surge's assets from 2015YE to 2020YE.

Production efficiencies are calculated by dividing capital expenditures of a project by the average production from that p given period of time. IP180 is the average production rate of a well over the first 180 days on production.

Net asset value per share is calculated as total proved plus probable reserve value discounted before tax at 10 percent plus undeveloped land and seismic less net debt divided by basic common shares outstanding.

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.

Net of Surge March 25, 2021 disposition, the pro forma Company (Surge + Astra) will have over >925 gross (>850 net) drilling locations identified herein, of these >450 gross (>400 net) are unbooked locations. Of the 446 net booked locations identified herein, 352 net are Proved locations and 95 net are Probable locations based on Sproule's 2020YE reserves. Assuming an average number of net wells drilled per year of 65, Surge's >925 net locations provide 13 years of drilling.

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

"Top Echelon for drilling economics" refers to payouts under 9 months at US$65/bbl WTI flat pricing ($75.63/bbl Cromer).

Non-GAAP Financial Measures

Certain secondary financial measures in this press release - including, "cash flow", "adjusted funds flow", "free cash flow", "net debt", and "net operating income", are not prescribed by GAAP. These non-GAAP financial measures are included because management uses the information to analyze business performance, cash flow generated from the business, leverage and liquidity, resulting from the Company's principal business activities and it may be useful to investors on the same basis. None of these measures are used to enhance the Company's reported financial performance or position. The non-GAAP measures do not have a standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other issuers. They are common in the reports of other companies but may differ by definition and application. All non-GAAP financial measures used in this document are defined below:

Cash Flow & Adjusted Funds Flow

Cash flow is defined as cash from operating activities before changes in non-cash working capital. The

Company further adjusts cash flow from operating activities in calculating adjusted funds flow for changes in decommissioning expenditures and transaction 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 costs represent expenditures associated with acquisitions, 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.

The following table reconciles forecast cash flow from operating activities to adjusted funds flow:

	2022e		
($millions)	@ US $65 WTI	@ US $70 WTI	@ US $75 WTI
Petroleum and natural gas revenue	425	458	499
Royalties	(51)	(55)	(60)
Net operating expenses	(113)	(113)	(113)
Transportation expenses	(8)	(8)	(8)
Loss on financial contracts	(8)	(12)	(18)
Operating netback	245	269	300
G&A expense	(14)	(14)	(14)
Interest expense	(21)	(21)	(20)
Adjusted funds flow	210	235	265
Changes in non-cash working capital	-	-	-
Lease repayments	(9)	(9)	(9)
Abandonments	(6)	(6)	(6)
Cash flow from operating activities	195	220	250
Barrels of oil equivalent (boe)	7.4	7.4	7.4
Operating netback ($ per boe)	$ 33	$ 36	$ 40
Adjusted funds flow ($ per boe)	$ 28	$ 32	$ 36

Free Cash Flow

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

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

Free cash flow yield is calculated as free cash flow divided by the Company's share price at the date indicated herein. Management uses this measure as an indication of the cash flow return to shareholders based on current share prices.

Net Debt

There is no comparable measure in accordance with IFRS for net debt. Net debt is calculated as bank debt, term debt, dividends payable plus the liability component of the convertible debentures plus or minus working capital, however, excluding the fair value of financial contracts, decommissioning obligations, and lease and other obligations. This metric is used by management to analyze the level of debt in the Company including the impact of working capital, which varies with timing of settlement of these balances.

Net debt to annualized adjusted funds flow ratio is calculated as net debt divided by annualized three month adjusted funds flow (adjusted funds flow for the quarter multiplied by four). Management uses this ratio to assess the period of time that it would take to fund net debt based on the adjusted funds flow from the quarter.

All-in payout ratio

All-in payout ratio is calculated as exploration and development expenditures divided by cash flow.

Net Operating Income

Net operating income is calculated as petroleum and natural gas revenue less royalties, net operating expenses and transportation expenses.

Net operating income multiple is calculated as purchase price of the acquisition divided by the annual net operating income related to the acquisition. Management uses this metric as an indication of the cost of the acquisition in relation to the net operating income from the acquired business.

Net Operating Expenses

Net operating expenses are determined by deducting processing and other revenue primarily generated by processing third party volumes at processing facilities where the Company has an ownership interest. It is common in the industry to earn third party processing revenue on facilities where the entity has a working interest in the infrastructure asset. Under IFRS this source of funds is required to be reported as revenue. However, the Company's principal business is not that of a midstream entity whose activities are dedicated to earning processing and other infrastructure payments. Where the Company has excess capacity at one of its facilities, it will look to process third party volumes as a means to reduce the cost of operating/owning the facility. As such, third party processing revenue is netted against operating costs. Additional information relating to non-IFRS measures can be found in the Company's most recent management's discussion and analysis MD&A, which may be accessed through the SEDAR website (www.sedar.com).

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.

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

[2] See the Drilling Inventory section of this document for further details.

[3] As per National Bank of Canada Thematic Research "Expanding on the Emerging Clearwater", September 8, 2019.

[4] Based on the following price assumptions: US$65.00WTI/bbl; CAD$81.25WTI/bbl; EDM CAD$75.00/bbl; WCS CAD $64.38/bbl; AECO $2.50/mcf

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

[6] Calculated as $85 million divided by approximately 608 million pro forma basic shares.
[7] Calculated as $160 million purchase price divided by $58.1 million of forecast 2022 annual net operating income.

[8] Recycle ratio is calculated as operating netback of $42/boe divided by the cost of proved plus probable reserves of $9.63/boe.

[9] See the Oil and Gas Advisories section of this document for further details.

[10] See the Drilling Inventory section of this document for further details.

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

[12] Calculated as $0.14/sh of free cash flow, divided by a SGY share price of $0.64/sh.

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

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