

Surge Energy Inc. Announces \$175 Million Senior Unsecured Note Offering

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CALGARY, Aug. 21, 2024 - [Surge Energy Inc.](#) ("Surge" or the "Company") (TSX: SGY) is pleased to announce a C\$175 million private placement offering (the "Offering") of senior unsecured notes due 2029 (the "Notes"). The Notes will bear interest at a rate of 8.500% per annum and mature on September 5, 2029. The Notes were priced at 100% of par to yield 8.500% per annum. The closing of the Offering is subject to customary closing conditions and is expected to close on or about September 5, 2024.

Surge intends to use the net proceeds from the Offering to repay in full the amounts owing under the Company's non-revolving second-lien term facility, with the remainder, if any, to repay other existing indebtedness, including the amount then drawn under the Company's revolving first-lien credit facility, to pay related transaction expenses and/or for general corporate purposes.

Upon closing the Offering, Surge anticipates having an undrawn revolving first-lien credit facility. Subsequent to closing the Offering, the Company expects to have the following outstanding long-term debt maturity profile:

1. \$175 million of senior unsecured notes, maturing September 5th, 2029; and
2. \$48.3 million aggregate principal amount of convertible unsecured subordinated debentures, maturing December 31, 2028.

This Offering strategically positions Surge to continue to develop and grow the Company's dominant operational positions in its Sparky and SE Saskatchewan crude oil core areas.

The Notes are being offered for sale in each of the provinces of Canada to "accredited investors" on a private placement basis in accordance with Canadian securities laws. The Notes have not been, and will not be, qualified for distribution in Canada by a prospectus and are being offered and sold in Canada only pursuant to exemptions from the prospectus requirements of Canadian securities laws. In addition, the Notes have not been registered under the U.S. Securities Act, or any state securities laws, and are being offered and sold in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and applicable state securities laws and outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

This press release does not constitute an offer to sell, or a solicitation of an offer to buy, any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which such an offer, solicitation, or sale would be unlawful.

The Offering is being underwritten by National Bank Financial Markets and BMO Capital Markets as joint bookrunners, in a syndicate that includes ATB Capital Markets as joint lead manager.

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", "potential" 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: the size and terms of the Offering, the use of proceeds of the Offering; and the timing and successful completion of the Offering. 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; current WTI pricing per barrel oil pricing; 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 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 credit facilities. Certain risks are set out in more detail in Surge's AIF dated March 6, 2024 and in Surge's MD&A for the period ended December 31, 2023, both of which have been filed on SEDAR+ and can be accessed at www.sedarplus.ca.

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 required by applicable securities laws.

Contact

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