

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

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## Repayment Of Second Lien Credit Facility; Increase To First Lien Revolving Credit Facility

CALGARY, Sept. 5, 2024 - [Surge Energy Inc.](#) ("Surge" or the "Company") (TSX: SGY) is pleased to announce the closing (the "Closing") of its previously announced private placement offering (the "Offering") of \$175 million aggregate principal amount of senior unsecured notes due 2029 (the "Notes"). The Notes 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.

### CLOSE OF OFFERING AND REPAYMENT OF SECOND LIEN CREDIT FACILITY

Concurrent with the Closing of the Offering, Surge confirms that it has repaid in full all amounts owing under the Company's non-revolving second-lien term facility. The remainder of the proceeds from the Offering will be used to repay other existing indebtedness, including amounts drawn under the Company's revolving first-lien credit facility, related transaction expenses, and for general corporate purposes.

The Notes were offered for sale in each of the Provinces of Canada to "accredited investors" on a private placement basis in accordance with Canadian securities laws, were not qualified for sale to the public under Canadian securities laws and accordingly, any offer or sale of the Notes in Canada will be made on a basis which is exempt from the prospectus requirements of such 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 was 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.

### INCREASE TO FIRST LIEN REVOLVING CREDIT FACILITY

Concurrent with the closing of the Offering, the Company has also increased its revolving first lien revolving credit facility by \$40 million, from \$210 million to \$250 million. This increased facility is comprised of a committed revolving term facility of \$200 million and an operating loan facility of \$50 million with a syndicate of lenders. The first lien credit facility is a normal course, reserve-based credit facility available on a revolving basis.

As at September 5, 2024, Surge's newly-expanded \$250 million first lien revolving credit facility is completely undrawn, providing the Company significant liquidity.

### 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 anticipated use of proceeds of the Offering; and the offer or sale of the Notes. 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](http://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.

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

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