

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada other than Québec but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any U.S. state securities laws. Accordingly, these securities may not be offered or sold within the United States or to a U.S. Person (as such term is defined in Regulation S under the U.S. Securities Act) except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States of America. See “Plan of Distribution”.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Corporation (as defined herein) at the Corporation’s head office, Suite 2100, 635 – 8th Avenue S.W., Calgary, Alberta, T2P 3M3, telephone (403) 930-1010, and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM PROSPECTUS

New Issue

April 30, 2021



SURGE ENERGY INC.

\$20,001,000

33,900,000 FLOW-THROUGH SHARES

\$0.59 PER FLOW-THROUGH SHARE

This preliminary short form prospectus (the “**Prospectus**”) qualifies the distribution (the “**Offering**”) of 33,900,000 common shares of Surge Energy Inc. (the “**Corporation**”) issued as “flow-through shares” (the “**Flow-Through Shares**”) within the meaning of the *Income Tax Act* (Canada) (collectively, with the regulations thereunder, the “**Tax Act**”) at a price of \$0.59 per Flow-Through Share (the “**Offering Price**”). The Flow-Through Shares are being issued and sold pursuant to an underwriting agreement dated April 30, 2021 (the “**Underwriting Agreement**”) among the Corporation, Cormark Securities Inc. and National Bank Financial Inc. as the co-lead underwriters and joint bookrunners (collectively, the “**Lead Underwriters**”), together with Canaccord Genuity Corp., ATB Capital Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., CIBC Capital Markets Inc., Stifel Nicolaus Canada Inc., Peters & Co. Limited, Acumen Capital Finance Partners Limited, Raymond James Ltd. and Velocity Trade Capital Ltd. (collectively, with the Lead Underwriters, the “**Underwriters**”). The terms of the Offering, including the Offering Price, were determined based on arm’s length negotiations between the Corporation and the Lead Underwriters, on behalf of the Underwriters, with reference to the prevailing market prices of the issued and outstanding common shares of the Corporation (the “**Common Shares**”). The Flow-Through Shares will be offered in each of the provinces of Canada, other than Québec (the “**Offering Jurisdictions**”). See “*Description of Securities Being Distributed*” and “*Plan of Distribution*”.

The Corporation will incur (or be deemed to incur) sufficient “Canadian development expenses” (“**CDE**”) as defined in the Tax Act, on or before December 31, 2021, so as to enable the Corporation to renounce, on or before December 31, 2021, in favour of the purchasers of Flow-Through Shares, an amount equal to the gross proceeds raised from the issuance of Flow-Through Shares. See “*Description of Securities Being Distributed – Flow-Through Shares – Renunciation of CDE*” and “*Certain Canadian Federal Income Tax Considerations*”.

The Corporation understands that purchasers of Flow-Through Shares may subsequently choose to dispose of some or all of the Flow-Through Shares in subsequent transactions (each, a **“Follow-On Transaction”**), including by: (a) donating such Flow-Through Shares to registered charitable organizations who may in turn choose to sell such Flow-Through Shares to purchasers arranged by the Underwriters, or (b) selling such Flow-Through Shares to purchasers arranged by the Underwriters (such shares being disposed of being referred to herein as the **“Redistributed Shares”**). Unless otherwise noted, references to **“Offered Shares”** in this Prospectus shall mean the Flow-Through Shares and the Redistributed Shares, as applicable.

The Common Shares are listed and posted for trading on the Toronto Stock Exchange (the **“TSX”**) under the trading symbol **“SGY”**. On April 28, 2021, the last full trading day prior to the announcement of the Offering, the closing price of the Common Shares on the TSX was \$0.58. On April 29, 2021, the last full trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSX was \$0.53. The Corporation has applied to list the Offered Shares on the TSX. Such listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX and there is no assurance that the TSX will approve the listing application.

Price: \$0.59 per Flow-Through Share

	Price to the Public	Underwriters’ Fee⁽¹⁾⁽²⁾	Net Proceeds to the Corporation⁽²⁾⁽³⁾
Per Flow-Through Share	\$0.59	\$0.0354	\$0.5546
Total Offering⁽²⁾⁽⁴⁾	\$20,001,000	\$1,200,060	\$18,800,940

Notes:

- (1) In consideration for the services rendered by the Underwriters in connection with the Offering, the Corporation has agreed to pay the Underwriters a cash commission equal to 6.0% (the **“Underwriters’ Fee”**) of the gross proceeds of the Offering (including, for greater certainty, any gross proceeds from any exercise of the Over-Allotment Option (as defined herein)). See *“Plan of Distribution”* and the table below.
- (2) The Corporation has granted the Underwriters an over-allotment option (the **“Over-Allotment Option”**), exercisable in whole or in part in the sole discretion of the Underwriters at any time up to 30 days from and including the Closing Date (as defined herein), to purchase up to an additional 5,085,000 Flow-Through Shares (the **“Over-Allotment Shares”**), at the Offering Price, on the same terms and conditions as the Offering, to cover over-allocations, if any, and for market stabilization purposes. This Prospectus qualifies the distribution of the grant of the Over-Allotment Option and the issuance of the Over-Allotment Shares. A person who acquires securities forming any part of the Underwriters’ over-allocation position, if applicable, acquires those securities under this Prospectus regardless of whether the Underwriters’ over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases; provided, however, that the Underwriters have agreed not to fill any over-allocation position through secondary market purchases, as such Common Shares purchased in the secondary market would not be Flow-Through Shares. If the Over-Allotment Option is exercised in full, the total *“Price to the Public”*, *“Underwriters’ Fee”* and *“Net Proceeds to the Corporation”* (before payment of the expenses of the Offering) will be \$23,001,150, \$1,380,069 and \$21,621,081 respectively. See *“Plan of Distribution”* and the table below.
- (3) After deducting the Underwriters’ Fee, but before deducting expenses relating to the Offering, estimated to be \$200,000, which, together with the Underwriters’ Fee, will be paid by the Corporation. See *“Plan of Distribution”*.
- (4) Assuming no exercise of the Over-Allotment Option.

The following table sets out the number of Over-Allotment Shares that may be issued by the Corporation in connection with the Over-Allotment Option:

Underwriters’ Position	Maximum Size or Number of Securities Available	Exercise Period	Price
Over-Allotment Option	5,085,000 Over-Allotment Shares	Exercisable at any time up to 30 days after the Closing Date	\$0.59 per Over-Allotment Share

Unless the context otherwise requires, all references to the **“Offering”** and the **“Flow-Through Shares”**, in this Prospectus shall include the Over-Allotment Option and the Over-Allotment Shares, respectively.

Subject to applicable laws and in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise

prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”.

An investment in the securities of the Corporation, including the Offered Shares, is highly speculative and involves a high degree of risk, and should only be made by persons who can afford the total loss of their investment. The risk factors included or incorporated by reference in this Prospectus should be carefully reviewed and considered by purchasers in connection with an investment in the securities of the Corporation, including the Offered Shares. See “*Notice Regarding Forward-Looking Statements*” and “*Risk Factors*” in this Prospectus, “*Risk Factors*” and “*Special Note Regarding Forward Looking Statements*” in the AIF (as defined herein) and “*Risk Factors*” and “*Forward-Looking Statements*” in the Annual MD&A (as defined herein). Each of the AIF and the Annual MD&A is available electronically on SEDAR at www.sedar.com and is incorporated by reference herein.

The Underwriters, as principals, conditionally offer the Flow-Through Shares, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*” and subject to the approval of certain legal matters on behalf of the Corporation by McCarthy Tétrault LLP and on behalf of the Underwriters by Borden Ladner Gervais LLP.

Subscriptions for the Flow-Through Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is anticipated that the Flow-Through Shares will be delivered under the book based system through CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and deposited in registered or electronic form with CDS on the closing of the Offering, which is expected to be on May 13, 2021, or such other date as may be agreed upon by the Corporation and the Underwriters, but in any event not later than 42 days following the date of the receipt for the (final) short form prospectus (the “**Closing Date**”). Except in limited circumstances, a purchaser of Flow-Through Shares will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through a beneficial interest in the Flow-Through Shares is purchased. See “*Plan of Distribution*”.

A director of the Corporation resides outside of Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process. See “*Enforcement of Judgments Against Foreign Persons or Companies*”.

Each of National Bank Financial Inc., ATB Capital Markets Inc., Scotia Capital Inc. and CIBC Capital Markets Inc. is a direct or indirect wholly-owned subsidiary of a Canadian chartered bank which is a lender to the Corporation and to which the Corporation is presently indebted. Consequently, the Corporation may be considered to be a connected issuer of each of these Underwriters. under applicable Canadian securities laws. None of the net proceeds of the Offering will be used by the Corporation to repay a portion of its outstanding indebtedness to such lenders. See “*Relationship Among the Corporation and Certain Underwriters*”, “*Use of Proceeds*” and “*Plan of Distribution*”.

The head office of the Corporation is located at Suite 2100, 635 – 8th Avenue S.W., Calgary, Alberta, T2P 3M3. The registered office of the Corporation is located at Suite 4000, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9.

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NOTICE TO INVESTORS

Readers should rely only on the information contained in this Prospectus (including the documents incorporated by reference) and should not rely on some parts of the Prospectus to the exclusion of others. The Corporation has not, and the Underwriters have not, authorized any other person to provide investors with additional or different information. If anyone provides you with additional, different or inconsistent information, including information or statements in articles about the Corporation or through other forms of media, readers should not rely on it. The Corporation is not, and the Underwriters are not, offering the securities in any jurisdiction in which the Offering is not permitted. Investors should assume that the information contained in this Prospectus is accurate only as of the date on the front of this Prospectus and that information contained in any document incorporated by reference is accurate only as of the date of that document, regardless of the time of delivery of this Prospectus or of any sale of the securities pursuant thereto. The Corporation's business, financial condition, results of operations and prospects may have changed since the date on the front of this Prospectus.

Information contained in this Prospectus should not be construed as legal, tax or financial advice and readers are urged to consult their own professional advisors in connection therewith.

NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus and the documents incorporated by reference herein contain certain statements which contain "forward-looking information" and "forward-looking statements" within the meaning of applicable securities legislation (each a "**forward-looking statement**"). No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Prospectus should not be unduly relied upon. Forward-looking information is by its nature prospective and requires the Corporation to make certain assumptions and is subject to inherent risks and uncertainties. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential", "budget" and similar expressions are intended to identify forward-looking statements. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described can be profitably produced in the future. Forward-looking statements include, among others, statements pertaining to:

- the completion of the Offering and the timing thereof;
- the use of proceeds from an offering of Offered Shares;
- the timing of renunciation of CDE;
- the listing of the Offered Shares on the TSX;
- the market for Common Shares, the unpredictability and volatility of the oil and gas industry and the market price of the Common Shares;
- certain statements relating to "flow-through" shares as defined in the Tax Act, and the tax considerations relating thereto; and
- other forward-looking statements listed under the headings "*Special Note Regarding Forward Looking Statements*" in the AIF and "*Forward-Looking Statements*" in the Annual MD&A, each of which is incorporated by reference in this Prospectus.

The forward-looking statements within Prospectus, including the documents incorporated by reference herein, are based on information currently available and what management believes are reasonable assumptions. Forward-looking statements speak only as of the date of this Prospectus. In addition, this Prospectus may contain forward-looking statements attributed to third party industry sources, the accuracy of which has not been verified by the Corporation.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. A number of factors could cause

actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking statements in this Prospectus, including, but not limited to, the following material factors:

- the impact of the COVID-19 pandemic;
- whether the Corporation can continue as a going concern;
- uncertainty surrounding the amount that will be available under the Credit Facilities (as defined herein) in the future;
- volatility in market prices for oil and natural gas;
- volatility in exchange rates and interest rates;
- liabilities inherent in oil and natural gas operations;
- uncertainties associated with estimating oil and natural gas reserves and production levels;
- inability to secure labour, services or equipment on a timely basis or on favourable terms;
- failure to obtain industry partner or other third party consents and approvals, when required;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- fluctuations in the cost of borrowing;
- the marketability of production and demand of the Corporation's products;
- the inability to access sufficient capital from internal and external sources;
- changes in general economic, market and business conditions;
- unanticipated operating events which can reduce production or cause production to be shut in or delayed;
- unanticipated changes in royalty rates, operating costs, general administrative costs and other costs and expenses;
- unfavourable weather conditions;
- incorrect assessments of the value of acquisitions, dispositions and exploration and development programs;
- geological, technical, drilling, completion and processing problems;
- results of water flood responses;
- the outcome of litigation or regulatory proceedings brought against the Corporation or other disputes involving the Corporation;
- changes in legislation, including environmental legislation and changes in legislated royalty rates, tax laws and incentive programs relating to the oil and gas industry;
- cyber-security issues;
- failure to realize the anticipated benefits of acquisitions and dispositions;
- the timing of renunciation of CDE, and risks relating to "flow through" shares as defined in the Tax Act;
- the ability of the Corporation to increase, over time, the Corporation's future oil and gas production, in order to unlock shareholder value at the Corporation's projects and provide superior returns to investors; and

- other factors discussed under the heading “*Risk Factors*” in this Prospectus.

Such factors are discussed in more detail under the heading “*Risk Factors*” in each of this Prospectus, the AIF and the Annual MD&A. Each of the AIF and the Annual MD&A is available electronically on SEDAR at www.sedar.com and is incorporated by reference herein. New factors emerge from time to time, and it is not possible for management to predict all of those factors or to assess in advance the impact of each such factor on the Corporation’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Readers are cautioned that the foregoing list is not exhaustive. Statements relating to “reserves” or “resources” are deemed to be forward-looking statements, as they involve the implied assessment, based on estimates and assumptions, that the reserves and resources described can be profitably produced in the future. The forward-looking statements contained in this Prospectus are expressly qualified by the foregoing cautionary statements and are made as of the date of this Prospectus. Except as may be required by applicable securities laws, neither the Corporation nor the Underwriters are under any duty to update any of the forward-looking statements after the date of Prospectus to conform such statements to actual results or to changes in the Corporation’s expectations, and the Corporation does not undertake any obligation to publicly update or revise any forward-looking statement to reflect events or circumstances after the date of this Prospectus or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise. Readers should read this Prospectus and consult their own professional advisors to ascertain and assess the income tax and legal risks and other aspects of their investment in the Offered Shares.

CURRENCY PRESENTATION

Unless otherwise indicated, all references to monetary amounts in this Prospectus are denominated in Canadian dollars. Unless otherwise indicated, all references to “\$” and “dollars” in this Prospectus refer to Canadian dollars.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar regulatory authorities in each of the provinces and territories of Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Corporation at the Corporation’s head office, Suite 2100, 635 – 8th Avenue S.W., Calgary, Alberta, T2P 3M3, telephone (403) 930-1010, and are also available electronically under our profile on SEDAR at www.sedar.com.

Except to the extent that their contents are modified or superseded by a statement contained in this Prospectus or in any other subsequently filed document that is also incorporated by reference in this Prospectus, the following documents of the Corporation filed with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the annual information form of the Corporation for the year ended December 31, 2020, dated March 9, 2021 (the “**AIF**”);
- (b) the management information circular of the Corporation dated March 31, 2021 relating to the annual meeting of shareholders of the Corporation to be held on May 12, 2021;
- (c) the audited consolidated financial statements of the Corporation as at and for the years ended December 31, 2020 and 2019, together with the notes thereto and the auditors’ report thereon (the “**Annual Financial Statements**”);
- (d) management’s discussion and analysis of the financial position and results of operations of the Corporation for the years ended December 31, 2020 and 2019 (the “**Annual MD&A**”);

- (e) the material change report of the Corporation dated April 30, 2021, with respect to the announcement of the Offering; and
- (f) the “template version” (as such term is defined in National Instrument 44-101 – *Short Form Prospectus Distributions*) of the term sheet dated April 28, 2021 in connection with the Offering (the “**Term Sheet**”).

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including those types of documents referred to above and press releases issued by the Corporation specifically referencing incorporation by reference into this Prospectus, if filed by the Corporation with the provincial securities commissions or similar authorities in Canada after the date of this Prospectus and before the distribution of the securities being qualified hereunder, are deemed to be incorporated by reference in this Prospectus.

Documents referenced in any of the documents incorporated by reference in this Prospectus but not expressly incorporated by reference therein or herein and not otherwise required to be incorporated by reference therein or in this Prospectus are not incorporated by reference in this Prospectus.

Notwithstanding anything herein to the contrary, any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for the purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

MARKETING MATERIALS

The Term Sheet does not form part of this Prospectus to the extent that the contents of the Term Sheet have been modified or superseded by a statement contained in this Prospectus.

Any “template version” of “marketing materials” (each as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed after the date of this Prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Term Sheet and any template version of any marketing materials) are deemed to be incorporated by reference into this Prospectus.

THE CORPORATION

General

The Corporation is a Calgary, Alberta based oil and gas company formed by amalgamation under the *Business Corporations Act* (Alberta) on January 26, 1998. It is engaged in the acquisition of interests in petroleum and natural gas rights, and the exploration, development, production and marketing of petroleum and natural gas reserves primarily in Western Canada. The Corporation has one subsidiary, 1413942 Alberta Ltd, which is wholly-owned by the Corporation.

The head office of the Corporation is located at Suite 2100, 635 – 8th Avenue S.W., Calgary, Alberta, T2P 3M3. The registered office of the Corporation is located at Suite 4000, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9.

The Corporation's financial year end is December 31 and its Common Shares are traded on the TSX under symbol "SGY".

Business of the Corporation

The Corporation is an oil and gas exploration, development and production company. The Corporation holds focused and operated light and medium gravity crude oil properties in Alberta and Saskatchewan characterized by large oil in place crude oil reservoirs with low recovery factors. The Corporation has a significant inventory of low risk development drilling locations, including several successful water flood projects.

For more information concerning the Corporation, including information with respect to its assets, operations and history, see the AIF under the heading "*Description of the Business*".

Recent Developments

On March 25, 2021, the Corporation announced the closing of the sale of certain assets for gross proceeds of \$106 million and the redetermination of its Credit Facilities (as defined herein). In connection with the redetermination of the Credit Facilities, the Corporation's obligation to conduct a sale solicitation process previously contained in the prior credit facilities was eliminated. In addition, the amended Credit Facilities provide that in the event the Corporation completes an issuance of equity securities for gross proceeds of not less than \$15 million on or before May 31, 2021, which, if completed on or before such date would include the Offering, certain additional amendments to the Credit Facilities will be made effective, including an extension of the maturity date thereunder to July 1, 2022. A redacted copy of the Credit Facilities is available electronically on SEDAR at www.sedar.com. See "*Consolidated Capitalization*".

Ongoing Acquisitions, Dispositions and Financing Activities

The Corporation continues to evaluate potential acquisitions with a view to its stated corporate objectives, including the acquisitions of all types of petroleum and natural gas assets as part of its on-going asset portfolio management program. Additionally, the Corporation continues to evaluate potential dispositions of non-core assets and potential farm-out opportunities with other industry participants in respect of its petroleum and natural gas assets in circumstances where the Corporation believes it is prudent to do so based on, among other things, its capital program, development plan timelines and the risk profile of such assets. The Corporation is normally in the process of evaluating several potential acquisitions and dispositions at any one time which individually or in the aggregate could be material although the Corporation cannot predict, as of the date hereof, whether any current or future opportunities will result in one or more acquisitions or dispositions for the Corporation. Additionally, the Corporation continuously evaluates its capital structure, liquidity and capital resources, and financing opportunities that arise from time to time. The Corporation may in the future complete financings of Common Shares or debt (which may be convertible into Common Shares) for purposes that may include the financing of acquisitions, the financing of the Corporation's operations and capital expenditures, and the repayment of indebtedness.

CONSOLIDATED CAPITALIZATION

On March 25, 2021, the Corporation announced the redetermination of its syndicated credit facilities, which are currently comprised of (i) a \$215 million extendible revolving term, non-revolving term and operating credit facilities of the Corporation; and (ii) a \$40 million non-revolving term credit facility of the Corporation maturing November 17, 2024, in each case with syndicate of banks led by National Bank of Canada (the "**Credit Facilities**").

The following table sets forth information regarding the share capital of the Corporation as at December 31, 2020, before and after giving effect to the Offering. The information in this table should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended December 31, 2020, together with the notes thereto, and the related management's discussion and analysis of results of operations and financial condition for the same period, which are incorporated by reference in this short form prospectus.

Designation	Outstanding as at December 31, 2020 before giving effect to the Offering	Outstanding as at December 31, 2020 after giving effect to the Offering ⁽¹⁾	Outstanding as at December 31, 2020 after giving effect to the Offering and the exercise in full of the Over- Allotment Option ⁽²⁾
Common Shares ⁽³⁾	\$1,482,249,000 (339,784,739 shares)	\$1,500,849,940 (373,684,739 shares)	\$1,503,670,081 (378,769,739 shares)

Notes:

- (1) After deducting the estimated costs of the Offering of \$200,000 and the Underwriters' Fee of \$1,200,060.
- (2) After deducting the estimated costs of the Offering of \$200,000 and the Underwriters' Fee of \$1,380,069.
- (3) Does not include any Common Shares issuable on the vesting of outstanding restricted share awards or performance share awards of the Corporation pursuant to its stock incentive plan or upon the conversion of outstanding convertible debentures of the Corporation.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Common Shares

The authorized capital of the Corporation consists of an unlimited number of Common Shares and preferred shares, issuable in series. As at April 29, 2021, there were 340,209,375 Common Shares and no preferred shares issued and outstanding. Holders of Common Shares are entitled to one vote per Common Share at meetings of shareholders of the Corporation, to receive dividends if, as and when declared by the board of directors of the Corporation and to receive *pro rata* the remaining property and assets of the Corporation upon its dissolution or winding-up, subject to the rights of shares having priority over the Common Shares as to the right to receive such remaining property and assets of the Corporation.

Preferred Shares

Preferred shares may be issued in one or more series. The board of directors of the Corporation is authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. Preferred shares of the Corporation are entitled to a priority over the Common Shares with respect to the payment of dividends and the distribution of assets upon the liquidation, dissolution or winding-up of the Corporation.

Flow-Through Shares – Renunciation of CDE

The Flow-Through Shares will be Common Shares issued as "flow-through shares" as that term is defined under subsection 66(15) of the Tax Act and, except as a consequence of an agreement to which the Corporation is not a party, should not be "prescribed shares" as defined in the regulations to the Tax Act. Pursuant to the Flow-Through Share Subscription Agreements (as defined herein), the Corporation will incur (or be deemed to incur) sufficient CDE, on or before December 31, 2021 so as to enable the Corporation to renounce, on or before December 31, 2021, in favour of the purchasers of Flow-Through Shares, an amount equal to the gross proceeds raised from the Offering of Flow-Through Shares (the "**Flow-Through Funds**"). There is no guarantee that an amount equal to the Flow-Through Funds will be expended by the Corporation as indicated.

If the Corporation is unable to renounce an amount equal to the entire amount of the Flow-Through Funds, in accordance with the Flow-Through Share Subscription Agreements, or if there is a reduction in such amount renounced pursuant to the provisions of the Tax Act, the amount of deductions purchasers will be able to claim for income tax purposes will be correspondingly reduced. Under the Flow-Through Share Subscription Agreements, the Corporation agrees to indemnify a purchaser as to, and pay in settlement therefor to the purchaser, an amount equal to the amount of any tax payable under the Tax Act (and under any corresponding provincial legislation) by the purchaser as a consequence of such failure or reduction. See "*Certain Canadian Federal Income Tax Considerations*". The

Flow-Through Share Subscription Agreements will contain additional representations, warranties, covenants and agreements by the Corporation in favour of the purchaser of Flow-Through Shares which are consistent with and supplement the Corporation's obligations as described in this Prospectus.

The Flow-Through Share Subscription Agreements will also provide representations, warranties and agreements of the purchaser, and by its purchase of Flow-Through Shares, each purchaser of Flow-Through Shares offered hereunder will be deemed to have represented, warranted and agreed, for the benefit of the Corporation and the Underwriters that: (i) the purchaser, if an individual, is of the full age of majority and otherwise is legally competent to enter into the Flow-Through Share Subscription Agreements; (ii) other than as provided herein and in the Flow-Through Share Subscription Agreements, the purchaser waives any right that it may have to any potential incentive grants, credits and similar or like payments or benefits which accrue as a result of the operations relating to CDE and acknowledges that all such grants, credits, payments or benefits accrue to the benefit of the Corporation; (iii) the purchaser has received and reviewed a copy of this Prospectus; and (iv) the purchaser has not entered into and will not knowingly enter into any agreement or arrangement to which the Corporation is not a party which will cause the Flow-Through Shares to become "prescribed shares" within the meaning of Section 6202.1 of the regulations to the Tax Act.

The Flow-Through Share Subscription Agreements will contain additional representations, warranties and covenants by the purchaser in favor of the Corporation. In addition, each purchaser will acknowledge that the purchaser has been encouraged to and should obtain independent legal and tax advice with respect to such purchaser's subscription of Flow-Through Shares and, accordingly, has been independently advised as to the meanings of all terms contained in the Flow-Through Share Subscription Agreements relevant to the purchaser for the purposes of giving representations, warranties and covenants under the Flow-Through Share Subscription Agreements.

Notwithstanding the foregoing, the Corporation may enter into one or more subscription and renunciation agreements for Flow-Through Shares on such other terms as may be agreed to by the Corporation and the applicable purchaser, and pursuant to such agreements the Corporation may renounce a portion of the Flow-Through Funds in favour of certain purchasers before other purchasers, provided that all Flow-Through Funds are renounced on or before December 31, 2021.

PRIOR SALES

Other than as described below, during the 12 month period before the date of this Prospectus, the Corporation has not issued any other Common Shares or securities that are convertible or exchangeable into Common Shares.

<u>Date of Issuance</u>	<u>Number of Securities Issued</u>	<u>Type of Securities Issued</u>	<u>Issue/ Exercise Price (C\$)</u>	<u>Reason for Issuance</u>
August 15, 2020	18,782,539	RSAs/PSAs	\$0.51	Long term incentive plan
December 1, 2020	7,500	RSAs	\$0.28	Long-term incentive plan
April 15, 2021	424,636	RSAs	\$0.60	Short-term incentive plan

In addition, during the twelve-month period preceding the date of this Prospectus, an aggregate of 5,140,459 Common Shares were issued pursuant to the vesting of previously issued Restricted Share Awards ("**RSAs**") and Performance Share Awards ("**PSAs**").

TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSX under the symbol "SGY". The following table sets forth the reported high and low prices (including intra-day prices) and the total volume of trading of the Common Shares on the TSX for the periods indicated below.

	<u>High (C\$)</u>	<u>Low (C\$)</u>	<u>Volume (#)</u>
April 2020.....	0.33	0.20	36,331,017
May 2020	0.32	0.235	21,180,626
June 2020	0.54	0.26	48,773,178
July 2020.....	0.355	0.30	10,188,258

	High (C\$)	Low (C\$)	Volume (#)
August 2020	0.355	0.295	18,536,129
September 2020.....	0.305	0.185	11,683,939
October 2020	0.20	0.143	18,924,044
November 2020.....	0.33	0.19	27,131,909
December 2020.....	0.39	0.275	24,879,662
January 2020	0.36	0.295	18,382,997
February 2020.....	0.58	0.31	42,732,579
March 2021	0.76	0.495	47,536,911
April 1 – 29, 2021	0.63	0.51	16,097,753

On April 28, 2021, being the last day on which the Common Shares traded prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was \$0.58 per Common Share. On April 29, 2021, being the last day on which the Common Shares traded prior to the date of this Prospectus, the closing price of the Common Shares on the TSX was \$0.53 per Common Share.

USE OF PROCEEDS

The following table sets forth the principal purposes for which the Corporation proposes to use the net proceeds available to it upon the completion of the Offering:

	Without including the exercise of the Over- Allotment Option	Including the exercise of the Over-Allotment Option
Gross proceeds of the Offering	\$20,001,000	\$23,001,150
Underwriters' Fee	(\$1,200,060)	(\$1,380,069)
Expenses and costs relating to the Offering	(\$200,000)	(\$200,000)
Total estimated net proceeds of the Offering	\$18,600,940	\$21,421,081

The Corporation intends to use an amount equal to the gross proceeds of the Offering for expenditures that qualify as CDE in furtherance of an expanded capital program for the second half of 2021 focused on the Corporation's Sparky area.

Currently, the Corporation is budgeting to drill and complete 23 gross (23.0 net) wells targeting the Sparky formation in Southeast Alberta at an average drilling and completion cost of \$1.1 million per well. The Corporation is budgeting to incur \$1.0 million per well in expenditures that qualify as CDE. On this basis, the Corporation anticipates total capital expenditures of \$23.0 million that qualify as CDE.

The Corporation intends to spend the funds available to it as stated above, subject to satisfying the CDE expenditure and renunciation commitment. However, due to the nature of the oil and natural gas industry, budgets are reviewed regularly in light of the success of expenditures and other opportunities which may become available to the Corporation and there may be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary. The actual amount that the Corporation spends in connection with each of the intended uses of proceeds will depend on a number of factors, including those referred to under "Risk Factors" in each of this Prospectus, the AIF and the Annual MD&A.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement dated April 30, 2021 among the Corporation and the Underwriters, the Corporation has agreed to sell and the Underwriters have agreed severally, and not jointly or jointly and severally, to purchase or arrange for purchase by substituted purchasers, on the Closing Date, of an aggregate of 33,900,000 Flow-Through Shares at the Offering Price for gross proceeds of \$20,001,000 payable in cash to the Corporation against delivery of the Flow-Through Shares, subject to the terms and conditions of the Underwriting Agreement. The obligations

of the Underwriters under the Underwriting Agreement may be terminated at their discretion on the basis of the “disaster out”, “regulatory out”, “material change out” and “breach out” provisions in the Underwriting Agreement and may also be terminated upon the occurrence of certain other stated events. The Underwriters are, however, obligated to take up and pay for all of the Flow-Through Shares if any of the Flow-Through Shares are purchased under the Underwriting Agreement. The Offering Price was determined by arm’s length negotiation between the Corporation and the Lead Underwriters, on behalf of the Underwriters, with reference to the prevailing market price of the Common Shares.

The Corporation has also granted the Underwriters the Over-Allotment Option, exercisable in whole or in part in the sole discretion of the Underwriters for a period of 30 days from and including the Closing Date, to purchase or arrange for purchase up to 5,085,000 Over-Allotment Shares at the Offering Price, to cover over-allotments, if any, and for market stabilization purposes.

If the Over-Allotment Option is exercised in full for Over-Allotment Shares, the total “*Price to the Public*”, “*Underwriters’ Fee*” and “*Net Proceeds to the Corporation*” (before payment of the expenses of the Offering) will be \$23,001,150, \$1,380,069 and \$21,621,081, respectively. This Prospectus also qualifies the distribution of the grant of the Over-Allotment Option and the distribution of the Over-Allotment Shares to be issued upon exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Underwriters’ over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases; provided, however, that the Underwriters have agreed not to fill any over-allocation position through secondary market purchases, as such Common Shares purchased in the secondary market would not be Flow-Through Shares.

In consideration for the services provided by the Underwriters in connection with the Offering and pursuant to the terms of the Underwriting Agreement, the Corporation has agreed to pay the Underwriters the Underwriters’ Fee, equal to 6.0% of the aggregate gross proceeds of the Offering (including, for greater certainty, any gross proceeds from any exercise of the Over Allotment Option). Pursuant to the terms of the Underwriting Agreement, the Corporation and Underwriters have agreed that the Corporation will be responsible for all expenses related to the Offering, whether or not the Offering is completed, including: (a) all expenses of or incidental to the creation, issue, sale or distribution of the Offered Shares and the filing of the Prospectus; (b) all other costs and expenses incurred in connection with the preparation of documentation relating to the Offering, and (iii) all reasonable disbursements incurred by the Underwriters in connection with the Offering. The Corporation has agreed to indemnify the Underwriters, their affiliates and their respective partners, directors, officers and employees against certain liabilities and expenses and to contribute to payments that the Underwriters may be required to make in respect thereof.

The Offered Shares will be offered in the Offering Jurisdictions, through the Underwriters or their affiliates who are registered to offer the Offered Shares for sale in the Offering Jurisdictions and such other registered dealers as may be designated by the Underwriters. The Corporation has applied to list the Offered Shares on the TSX. Such listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX and there is no assurance that the TSX will approve the listing application.

Pursuant to the rules and policy statements of certain Canadian securities regulators, the Underwriters may not, throughout the period of distribution under this Prospectus, bid for or purchase Common Shares for their own account or for accounts over which they exercise control or direction. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Common Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market-making activities and a bid or purchase made for or on behalf of a client where the client’s order was not solicited during the period of distribution. Subject to applicable laws and in connection with the Offering, the Underwriters may over-allot or effect transactions in connection with the Offering intended to stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

Subscriptions for the Flow-Through Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is anticipated that the Flow-Through Shares will be delivered under the book based system through CDS or its nominee and deposited in registered or electronic

form with CDS on the Closing Date. Except in limited circumstances, a purchaser of Flow-Through Shares will receive only a customer confirmation from the registered dealer through which the Flow-Through Shares are purchased.

Pursuant to the Underwriting Agreement, the Corporation has also agreed that it will cause each of the directors and executive officers of the Corporation to enter into lock-up agreements in a form satisfactory to the Corporation and the Lead Underwriters, each acting reasonably, to be executed concurrently with the closing of the Offering, pursuant to which each such person agrees to not, for a period ending 90 days following the Closing Date, without the prior written consent of the Lead Underwriters, on behalf of the Underwriters, such consent not to be unreasonably withheld or delayed, directly or indirectly offer, sell, contract to sell, grant any option to purchase, make any short sale or otherwise dispose of, transfer, or announce any intention to do so, any Common Shares, with respect to which each has beneficial ownership or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of Common Shares, whether such transaction is settled by the delivery of Common Shares, other securities, cash or otherwise, other than pursuant to a takeover bid or any other similar transaction made generally to all of the shareholder of the Corporation.

Neither the initial distribution of the Flow-Through Shares and Over-Allotment Shares nor any secondary distribution of the Redistributed Shares have been or will be registered under the U.S. Securities Act or any U.S. state securities laws and, subject to registration under the U.S. Securities Act and applicable U.S. state securities laws or certain exemptions therefrom, may not be offered, sold, transferred, delivered or otherwise disposed of, directly or indirectly, within the United States. Each Underwriter has agreed that, except as permitted under the Underwriting Agreement, it will not offer, sell, transfer, deliver or otherwise dispose of, directly or indirectly, the Offered Shares at any time within the United States or to, or for the account or benefit of, any U.S. Person.

The Underwriting Agreement permits the Underwriters, acting through their registered United States broker-dealer affiliates, to offer and resell the Redistributed Shares to “qualified institutional buyers” (as such term is defined in Rule 144A under the U.S. Securities Act) in the United States, provided such offers and sales are made in accordance with Rule 144A under the U.S. Securities Act, and in compliance with similar exemptions under applicable state securities laws. Moreover, the Underwriting Agreement provides that the Offered Shares will only be offered and sold outside the United States only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The Redistributed Shares that are sold in the United States will be restricted securities within the meaning of Rule 144(a)(3) of the U.S. Securities Act and may only be offered, sold or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Offered Shares in the United States or to. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offered Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act and similar exemptions under applicable state securities laws.

SUBSCRIPTION FOR FLOW-THROUGH SHARES

The Flow-Through Shares will be Common Shares issued as “flow-through shares” under the Tax Act. Subscriptions for the Flow-Through Shares will be made pursuant to one or more subscription and renunciation agreements (collectively, the “**Flow-Through Share Subscription Agreements**” and each a “**Flow-Through Share Subscription Agreement**”) to be made between the Corporation and the purchasers, but executed by one or more of the Underwriters or one or more sub-agents of an Underwriter, as agent for, on behalf of and in the name of all purchasers of the Flow-Through Shares. The execution and delivery of a Flow-Through Share Subscription Agreement by the Underwriters or a sub-agent of an Underwriter, as agent on behalf of the purchaser, will bind such purchaser to the terms thereof as if such purchaser had executed the Flow-Through Share Subscription Agreement personally. Each purchaser who places an order to purchase Flow-Through Shares with an Underwriter or any sub-agent of an Underwriter will be deemed to have authorized any of such Underwriters or such sub-agents to execute and deliver, on the purchaser’s behalf, the Flow-Through Share Subscription Agreement. The Underwriters acknowledge that they will have the authority to bind a purchaser to the Flow-Through Share Subscription Agreement upon receipt of an order to purchase Flow-Through Shares from the said purchaser.

The Corporation understands that purchasers of Flow Through Shares may subsequently choose to dispose of some or all of the Flow-Through Shares in Follow-On Transactions, including by: (a) donating Redistributed Shares to registered charitable organizations who may in turn choose to sell such Redistributed Shares to purchasers arranged

by the Underwriters, or (b) selling Redistributed Shares to purchasers arranged by the Underwriters. The Redistributed Shares will only qualify as “flow-through shares” for purposes of the Tax Act for the original purchaser and will not qualify as “flow-through shares” for a registered charity or any subsequent purchaser and consequently the Corporation will only renounce CDE to the original purchaser of the Flow-Through Shares and Over-Allotment Shares, including the Redistributed Shares. This Prospectus qualifies the issuance of the Flow-Through Shares as well as the subsequent resale of the Redistributed Shares to purchasers in the Offering Jurisdictions on the Closing Date or the closing date for the Over-Allotment Option, as applicable, to purchasers arranged by the Underwriters.

The Subscription Agreements will also provide representations, warranties and agreements of the purchaser, and by its purchase of Flow-Through Shares each purchaser of Flow-Through Shares offered under this short form prospectus will be deemed to have represented, warranted and agreed, for the benefit of the Corporation and the Underwriters that is signatory thereto that:

- (a) the purchaser is not a non-resident of Canada or a partnership that is not a “Canadian Partnership” for purposes of the Tax Act;
- (b) the purchaser, and any beneficial purchaser for whom it is acting, and if the purchaser is a partnership, its members, deal, and at all relevant times will continue to deal, at arm’s length with the Corporation for the purposes of the Tax Act;
- (c) the purchaser has not entered into and will not enter into any agreement or arrangement which will cause the Flow-Through Shares to become “prescribed shares” within the meaning of section 6202.1 of the regulations to the Tax Act, except for the entering into of the Flow-Through Subscription Agreement;
- (d) the liability of the Corporation to the Subscriber to renounce to renounce CDE is limited to the extent specifically stated in the Prospectus and in the Subscription Agreement;
- (e) the Underwriter is executing the Flow-Through Share Subscription Agreement on behalf of the purchaser as beneficial purchaser, and is the duly authorized agent of the purchaser with due and proper power and authority to execute and deliver, on behalf of the purchaser, the Flow-Through Share Subscription Agreement, any supplement or amendment thereto, and all other documentation in connection with the purchase of the Flow-Through Shares thereunder, to agree to the terms and conditions therein set out and to make the representations, warranties, acknowledgments, and covenants therein contained, all as if the purchaser were subscribing as principal for its own account and not for the benefit of any other person and the actions of the Underwriter as agent are in compliance with applicable law and the purchaser acknowledges that the Corporation may be required by law to disclose to certain regulatory authorities the identity of the purchaser for whom the Underwriter is acting on behalf of;
- (f) if an individual, the purchaser is of the full age of majority and is otherwise legally competent to enter into the Flow-Through Share Subscription Agreement and take all action pursuant thereto;
- (g) if a corporation, the purchaser is a valid and subsisting corporation, it has the necessary corporate capacity and authority to enter into the Flow-Through Share Subscription Agreement and to observe and perform its covenants and obligations thereunder and it has taken all necessary corporate action in respect thereof, or, if it is a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to enter into the Flow-Through Share Subscription Agreement and to observe and perform its covenants and obligations thereunder and, in either case, it has obtained all necessary approvals in respect thereof;
- (h) the purchaser has such knowledge, or has received advice, in financial and business affairs as to be capable of evaluating the merits and risks of the investment and the purchaser is able to bear the economic risk of loss of its entire investment;
- (i) the purchaser has received and reviewed a copy of the Prospectus;

- (j) if required by applicable securities legislation, policy or order of a securities commission or other regulatory authority, the purchaser will execute, deliver, file and otherwise assist the Corporation in filing such reports, undertakings and other documents with respect to the issue of the Flow-Through Shares;
- (k) the entering into of the Flow-Through Subscription Agreement and the transactions contemplated thereby will not result in a violation of any of the terms and provisions of any law applicable to the purchaser, or, if the purchaser is not a natural person, any of its constating documents, or of any agreement to which the purchaser is a party or by which it is bound;
- (l) the purchaser waives any right that the purchaser may have to any potential incentive grants, credits and similar or like payments or benefits which accrue as a result of the operations relating to the Qualifying Expenditures as contemplated herein and acknowledges that all such grants, credits, payments or benefits accrue to the benefit of the Corporation;
- (m) the purchaser is aware that the Flow-Through Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state and that these securities may not be offered or sold in the United States without registration under the U.S. Securities Act or compliance with requirements of an exemption from registration, and the applicable laws of all applicable states or an exemption from such registration requirements is available and acknowledges that the Corporation has no present intention of filing a registration statement under the U.S. Securities Act in respect of the Flow-Through Shares;
- (n) the Flow-Through Shares have not been offered to the purchaser in the United States, and the purchaser was not in the United States when the order was placed and the Flow-Through Share Subscription Agreement was executed and delivered, and the purchaser is not purchasing the Flow-Through Shares for the account or benefit of a "U.S. person", as defined in Regulation S under the U.S. Securities Act;
- (o) the purchaser undertakes and agrees that the purchaser will not offer or sell the Flow-Through Shares in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available, and further that the purchaser will not resell the Flow-Through Shares except in accordance with the provisions of applicable securities legislation, regulations, rules, policies and orders and stock exchange rules;
- (p) neither the Corporation nor any person affiliated with the Corporation has made to the purchaser any written or oral representations:
 - (i) that any person will resell or repurchase the Flow-Through Shares;
 - (ii) that any person will refund the purchase price of the Flow-Through Shares; or
 - (iii) as to the future price or value of the Flow-Through Shares;
- (q) the covenants, representations and warranties of the purchaser stated or referred to therein will be true and correct both as of the execution of the Flow-Through Subscription Agreement and as of the Closing Time on the Closing Date as if repeated at such time, and will survive the completion of the issuance of the Flow-Through Shares and the completion of the transactions contemplated under the Flow-Through Subscription Agreement and the Underwriting Agreement; and
- (r) if the purchaser chooses to dispose of some or all of the Flow-Through Shares, including by donating any of the Flow-Through Shares to a registered charity (a "Follow-On Transaction"), the purchaser acknowledges and confirms that it will obtain independent tax, financial and legal advice from its own advisers with respect to any such Follow-On Transaction, and acknowledges and confirms that it is relying solely on its own advisers and not on the Corporation or its counsel or the Underwriters or their affiliates or any of their counsel (a) regarding any representations and warranties in respect of the tax consequences or potential tax benefits of participating in the Follow-On Transaction, and (b) to ensure

that the Follow-On Transaction does not result in the Flow-Through Shares being “prescribed shares” within the meaning of section 6202.1 of the regulations to the Tax Act, and the purchaser assumes all risk of any such Follow-On Transaction resulting in the Flow-Through Shares being “prescribed shares” within the meaning of section 6202.1 of the regulations to the Tax Act.

Notwithstanding the foregoing, the Corporation may enter into one or more subscription and renunciation agreements for Flow-Through Shares on such other terms as may be agreed to by the Corporation, the Underwriters and the applicable purchaser.

RELATIONSHIP BETWEEN THE CORPORATION AND CERTAIN UNDERWRITERS

Each of National Bank Financial Inc., ATB Capital Markets Inc., Scotia Capital Inc. and CIBC Capital Markets Inc. is a direct or indirect wholly-owned subsidiary of a Canadian chartered bank which is a lender to the Corporation and to which the Corporation is presently indebted. The fees payable to each of these Underwriters may be paid, directly or indirectly, out of the proceeds of the Offering. Consequently, the Corporation may be considered to be a connected issuer of each of these Underwriters. under applicable Canadian securities laws.

As at December 31, 2020, the Corporation had approximately \$293.6 million owing under the Credit Facilities. The Corporation is in compliance with all terms of the Credit Facilities and none of the lenders thereunder (the “**Lenders**”) has waived any breach by the Corporation of any agreements relating thereto since the execution of the Credit Facilities. The Credit Facilities are secured by a general assignment of book debts, debenture of \$1,500,000,000 with a floating charge over all of the assets of the Corporation with a negative pledge and undertaking to provide fixed charges on the major producing petroleum and natural gas properties at the request of the Lenders. Under the terms of the Credit Facilities, the Corporation is required to meet certain financial and engineering reporting requirements. Neither the financial position of the Corporation nor the value of the security under the Credit Facilities has changed substantially since the indebtedness of the Corporation under the Credit Facilities was incurred, other than in the ordinary course of the Corporation’s business. None of the net proceeds of the Offering will be used to repay a portion of the Corporation’s outstanding indebtedness under the Credit Facilities.

The decision to distribute the Offered Shares and the determination of the terms of the Offering were made through negotiations between the Corporation and the Lead Underwriters, on their own behalf and on behalf of the other Underwriters. None of the Lenders had any involvement in such decision or determination; however, each of the Lenders has been advised of the issuance and the terms thereof. On completion of the Offering, each of the Underwriters will receive its respective share of the Underwriters’ Fees payable by the Corporation to the Underwriters in accordance with the Underwriting Agreement.

Certain of the Underwriters and their respective affiliates, including as discussed above, have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Corporation, for which they received or will receive customary fees.

ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel to the Corporation, and Borden Ladner Gervais LLP, counsel to the Underwriters, based on the provisions of the Tax Act in force on the date of this Prospectus, the Offered Shares will be a “qualified investment” under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts (collectively, “**Registered Plans**”) and deferred profit sharing plans (“**DPSPs**”), all as defined in the Tax Act, provided that the Offered Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSX) or the Corporation is a “public corporation” (other than a mortgage investment corporation) as defined in the Tax Act.

Notwithstanding that an Offered Share may be a qualified investment for a Registered Plan, if the Offered Share is a “prohibited investment” within the meaning of the Tax Act for the Registered Plan, the annuitant, holder or subscriber, as the case may be (the “**Controlling Individual**”) of the Registered Plan, will be subject to a penalty tax under the Tax Act. The Offered Shares generally will not be a prohibited investment for a Registered Plan provided the Controlling Individual of the Registered Plan: (i) deals at arm’s length with the Corporation for the purposes of the Tax Act; and (ii) does not have a “significant interest” (as defined in the Tax Act for purposes of the prohibited investment rules) in the Corporation. In addition, the Offered Shares will not be a prohibited investment if such securities are “excluded

property” (as defined in the Tax Act for purposes of the prohibited investment rules) for the Registered Plan. Persons who intend to hold Offered Shares in a Registered Plan should consult their own tax advisors in regard to the application of these rules in their particular circumstances.

It is not anticipated that Registered Plans or a DPSP will subscribe for Flow-Through Shares as Registered Plans and DPSPs, or the holders, annuitants, beneficiaries or subscribers of such Registered Plans or DPSPs, as the case may be, would not benefit from the deduction of CDE renounced by the Corporation.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as at the date of this Prospectus, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a purchaser who acquires Flow-Through Shares as a beneficial owner pursuant to the Offering and who, at all relevant times for purposes of the Tax Act, hold the Flow-Through Shares as capital property, deals at arm’s length with the Corporation and each Underwriter, is not affiliated with the Corporation or any of the Underwriters, and is resident or is deemed to be resident in Canada (a “**Resident Holder**”). The Flow-Through Shares will generally be considered to be capital property to a Resident Holder unless either the Resident Holder holds or uses or is deemed to hold or use such Flow-Through Shares in the course of carrying on a business of buying and selling securities or the purchaser has acquired or has been deemed to acquire the Flow-Through Shares in a transaction or transactions considered to be an adventure in the nature of trade.

This summary is not applicable to a Resident Holder (i) that is a “principal-business corporation” within the meaning of the Tax Act, (ii) whose business includes trading or dealing in rights, licences or privileges to explore for, drill or take minerals, oil, natural gas or other related hydrocarbons, (iii) an interest in which constitutes a “tax shelter investment” within the meaning of the Tax Act, (iv) that is a “financial institution” as defined in the Tax Act for the purpose of the “mark-to-market” provisions of the Tax Act, (v) that is a partnership or a trust, (vi) that is a “specified financial institution” for purposes of the Tax Act; (vii) that reports its “Canadian tax results” within the meaning of the Tax Act in a currency other than the Canadian currency; (viii) that has entered or will enter into a “derivative forward agreement” or “synthetic disposition arrangement” (each as defined in the Tax Act) in respect of Flow-Through Shares; (ix) that is exempt from tax under Part I of the Tax Act; or (x) that is a corporation resident in Canada that is, or becomes, controlled by a non-resident person (or group of non-resident persons that do not deal with each other at arm’s length) for purposes of the “foreign affiliate dumping” rules in Section 212.3 of the Tax Act. Such Resident Holders should consult their own tax advisors.

In addition, this summary does not address the deductibility of interest by a Resident Holder of Flow-Through Shares that has borrowed money or otherwise incurred debt to acquire Flow-Through Shares pursuant to the Offering.

This summary is based on the current provisions of the Tax Act in force as at the date hereof taking into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and upon counsel’s understanding of the current administrative policies and practices of the Canada Revenue Agency (“**CRA**”) published in writing prior to the date hereof. This summary assumes that the Proposed Amendments will be enacted substantially as proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or the CRA’s administrative policies or practices, whether by legislative, governmental, administrative or judicial decision or action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Resident Holder of Flow-Through Shares. This summary is not exhaustive of all Canadian federal income tax considerations and in particular does not discuss all of the tax consequences to purchasers of Redistributed Shares. Accordingly, prospective Resident Holders of Flow-Through Shares should consult their own tax advisors having regard to their own particular circumstances.

This summary assumes that (i) the Corporation will incur CDE in an amount not less than the aggregate gross subscription proceeds for the issuance of the Flow-Through Shares (the “**Commitment Amount**”), (ii) CDE in an amount equal to the Commitment Amount will be renounced to Resident Holders who purchase Flow-Through Shares hereunder with an effective date or dates of no later than December 31, 2021, (iii) such CDE will be incurred during a period (the “**Expenditure Period**”) commencing on the Closing Date and ending on the earlier of (A) the date on which

the Commitment Amount has been fully incurred in accordance with the terms of the relevant subscription agreements and (B) December 31, 2021, and (iv) all expenses discussed herein will be reasonable in amount. This summary also assumes that the Corporation will make all filings in respect of the issuance of the Flow-Through Shares and the renunciation of CDE in the manner and within the time required by the Tax Act and that all renunciations will be validly made. In addition, while the Corporation will furnish each Resident Holder of Flow-Through Shares hereunder with information with respect to renounced CDE for purposes of filing income tax returns, the preparation and filing of returns will remain the responsibility of each Resident Holder. This summary is based upon the representation of the Corporation that it will be a “principal-business corporation” at all material times and that its Flow-Through Shares, when issued, will be “flow-through shares” and will not be “prescribed shares”, all within the meaning of the Tax Act. If any of the above assumptions are incorrect, the Corporation may be unable to renounce some or all of the CDE which it has agreed to renounce under the Flow-Through Subscription Agreements.

The Canadian federal income tax consequences to a particular Resident Holder of Flow-Through Shares will vary according to a number of factors, including the particular province in which the Resident Holder resides, carries on business or has a permanent establishment, the legal characterization of the Resident Holder as an individual or a corporation, the amount that would be the Resident Holder’s taxable income but for the investment in the Flow-Through Shares and the manner in which the proceeds from the issuance of the Flow-Through Shares are expended.

Canadian Development Expense

The Corporation will be entitled to renounce to a Resident Holder of Flow-Through Shares hereunder certain CDE incurred by the Corporation during the Expenditure Period in an amount equal to the relevant subscription price of the Flow-Through Shares as permitted by and in accordance with the Tax Act. The CDE will be renounced to the Resident Holder with an effective date or dates on or before December 31, 2021. Such CDE that is properly renounced to a purchaser will be deemed to have been incurred by that Resident Holder on the effective date of the renunciation and will be added to such Resident Holder’s “cumulative Canadian development expense” (as defined in the Tax Act) (“**CCDE**”) account.

A Resident Holder may deduct in computing such Resident Holder’s income from all sources for a taxation year an amount not exceeding 30% of the balance of such Resident Holder’s CCDE account at the end of that taxation year. Deductions claimed by a Resident Holder reduce the Resident Holder’s CCDE account. To the extent that a Resident Holder does not deduct the balance of such purchaser’s CCDE account at the end of the taxation year, the balance may be carried forward and deducted in subsequent taxation years in accordance with the provisions of the Tax Act. The right to deduct CCDE accrues to the initial purchaser of Flow-Through Shares and is not transferable. A Resident Holder may generally deduct in respect of the purchaser’s CCDE account an additional 15% of the Resident Holder’s “accelerated Canadian development expense” as defined in, and subject to the detailed rules contained in, the Tax Act. The amount of aggregate CCDE deductions is not increased, rather, the deduction for the first year is generally increased from 30% to 45% with the Resident Holder being able to deduct 30% of the Resident Holder’s remaining CCDE account in subsequent years.

Certain restrictions apply in respect of the deduction of CCDE following an acquisition of control and on certain reorganizations of a corporate Resident Holder. **Corporate Resident Holders should consult their own independent tax advisors for advice with respect to the potential application of these rules to them having regard to their own particular circumstances.**

If a Resident Holder acquires Flow-Through Shares through a Registered Plan (as defined above under the heading “**Eligibility for Investment**”), the CDE renounced will not be available as a deduction against the income of the annuitant, holder or beneficiary of such plan and the associated tax benefits will be lost.

Dividends on Flow-Through Shares

Dividends received or deemed to be received on a Resident Holder’s Flow-Through Shares will be included in the Resident Holder’s income as taxable dividends received from a taxable Canadian corporation. The normal gross-up and dividend tax credit rules applicable to taxable dividends received from a taxable Canadian corporation, including the enhanced dividend tax credit in respect of “eligible dividends” designated by the Corporation to a Resident Holder,

will apply to dividends received by a Resident Holder who is an individual. There may be limitations on the ability of the Corporation to designate dividends as eligible dividends.

In the case of a Resident Holder that is a corporation, the amount of any such taxable dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain, to the extent and under the circumstances specified in the Tax Act. Resident Holders that are corporations should consult their own tax advisors having regard to their own particular circumstances.

A Resident Holder that is a “private corporation” or a “subject corporation”, as defined in the Tax Act, will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Flow-Through Shares to the extent such dividends are deductible in computing the Resident Holder’s taxable income for the year.

Disposition of Flow-Through Shares

A disposition or deemed disposition of a Flow-Through Share (other than a disposition to the Corporation, unless purchased by the Corporation in the open market in the manner in which shares are normally purchased by any member of the public in the open market), will result in the realization of a capital gain (or capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition exceed (or are less than) the adjusted cost base of such share and reasonable expenses incurred by the Resident Holder for the purposes of making such disposition. One-half of any capital gain (a “**taxable capital gain**”) must be included in computing the income of a Resident Holder for the year in which the disposition takes place, while one-half of any capital loss (an “**allowable capital loss**”) will be required to be deducted against taxable capital gains realized by the Resident Holder in the same taxation year. Allowable capital losses not deducted in the year in which they arise may be deducted by a Resident Holder from taxable capital gains realized in any of the three preceding years, or any subsequent year, subject to the detailed provisions of the Tax Act in that regard.

Flow-Through Shares purchased hereunder will be deemed to have been acquired by the Resident Holder for an initial cost of nil regardless of the subscription price paid.

Generally, the cost of a Common Share (other than a “flow-through share” as defined in the Tax Act) for tax purposes will be the amount paid to acquire such shares and reasonable costs associated with the acquisition. The adjusted cost base to a Resident Holder of a Flow-Through Share will generally be the average tax cost of all Common Shares held by such Resident Holder as capital property at a particular time. Any tax consequences arising from a subsequent disposition of a Flow-Through Share will be measured by reference to the adjusted cost base of the Flow-Through Shares based on this averaging rule.

A Resident Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on its “aggregate investment income” (as defined in the Tax Act) for the year, which is defined to include an amount in respect of taxable capital gains. A Resident Holder who disposes of Flow-Through Shares will retain the entitlement to the renunciation of CDE from the Corporation as described above as well as the ability to deduct any CCDE not previously deducted, and a subsequent purchaser of such shares will not be entitled to any renunciations of CDE.

Minimum Tax

Under the Tax Act, an alternative minimum tax is payable by an individual, other than certain trusts, equal to the amount by which the alternative minimum tax exceeds the tax otherwise payable. In calculating adjusted taxable income for the purpose of determining minimum tax, certain deductions and credits otherwise available, such as the deduction for CDE not used to reduce resource income, are disallowed and certain amounts not otherwise taxable are included in income, such as 80% of net capital gains. Whether and to what extent the tax liability of a particular Resident Holder will be increased by the minimum tax will depend upon the amount of such Resident Holder’s income, the sources from which it is derived and the nature and amounts of any deductions that such Resident Holder claims. Any additional tax payable for a year from the application of the minimum tax provisions is recoverable in subsequent years to the extent that tax otherwise determined exceeds the minimum tax for any of the following seven taxation years. **Resident Holders should**

consult their own independent tax advisors with respect to the potential alternative minimum tax consequences to them having regard to their own particular tax circumstances.

Cumulative Net Investment Loss

One-half of the amount of the CDE renounced to and deducted by a Resident Holder will be added to the Resident Holder's cumulative net investment loss ("**CNIL**") account, as defined in the Tax Act. A Resident Holder's CNIL account may impact a Resident Holder's ability to access the lifetime capital gains exemption available on the disposition of certain qualified small business corporation shares and qualified farm property.

RISK FACTORS

An investment in the Common Shares, as well as the Corporation's prospects, are speculative

Investors should carefully consider the risk factors described below and under the heading "*Risk Factors*" in each of the AIF and the Annual MD&A. The risks described below, in the AIF and the Annual MD&A are not the only ones facing the Corporation. Additional risks not currently known to the Corporation, or that the Corporation currently deems immaterial, may also impair the Corporation's operations. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks. If any of the risks described below, in the AIF or in the Annual MD&A actually occur, the Corporation's business, financial condition and operating results could be adversely affected. Investors should carefully consider the risks below, in the AIF, in the Annual MD&A and the other information elsewhere in this Prospectus and consult with their professional advisors to assess any investment in the Corporation.

A positive return in an investment in the Common Shares is not guaranteed

There is no guarantee that an investment in the Common Shares, including the Offered Shares, will earn any positive return in the short term or long term. An investment in the Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Common Shares is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Market Price of Common Shares

There can be no assurance that an active market for the Common Shares, including the Offered Shares, will be sustained after the Offering. Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Common Shares will be subject to market trends generally and the value of the Common Shares on the TSX may be affected by such volatility in response to numerous factors. Factors unrelated to the financial performance or prospects of the Corporation include macroeconomic developments, and market perceptions of the attractiveness of particular industries. There can be no assurance that continued fluctuations in commodity prices will not occur. As a result of any of these factors, the market price of the securities of the Corporation at any given point in time may not accurately reflect the long term value of the Corporation. In addition, the market price of the Common Shares is also likely to be significantly affected by changes, from time to time, in the Corporation's operating results, financial condition, acquisition opportunities, liquidity and other internal factors.

Canadian Tax Treatment of Flow-Through Shares

The tax treatment applicable to oil and gas activities and flow-through shares constitutes a major factor when considering an investment in the Flow-Through Shares. Investors are cautioned that the taxation laws and regulations and the current administrative practices of both the federal and provincial tax authorities may be amended or construed in such a way that the tax considerations for a purchaser of Flow-Through Shares will be altered and, moreover, there may be differences of opinion between the federal and provincial tax authorities with respect to the tax treatment of the Flow-Through Shares, the status of such Flow-Through Shares and the activities contemplated by the Corporation's

development programs. See “*Flow-Through Shares – Renunciation of CDE*” and “*Certain Canadian Federal Income Tax Considerations*” above.

The Flow-Through Shares are designed for investors whose income is subject to high marginal tax rates. The right to deduct CDE accrues to the initial purchaser of the Flow-Through Shares and is not transferable. No guarantee can be given that Canadian tax laws will not be amended, that the amendments announced with respect to such laws will be adopted or that the current administrative practices of the tax authorities will not be modified. In addition, there is no guarantee that the CDE incurred (or deemed to be incurred) by the Corporation or the expected tax deductions will be accepted by the Canada Revenue Agency. Consequently, the tax considerations for purchasers acquiring, holding or selling Flow-Through Shares may be fundamentally altered. See “*Flow-Through Shares – Renunciation of CDE*” and “*Certain Canadian Federal Income Tax Considerations*” above.

There is no guarantee that an amount equal to the total proceeds of the sale of the Flow-Through Shares will be expended on or prior to December 31, 2021 as CDE resulting in the deductions described under “*Flow-Through Shares – Renunciation of CDE*” and “*Certain Canadian Federal Income Tax Considerations*” above. In addition, the Corporation may renounce a portion of the Flow-Through Funds in favour of certain purchasers before other purchasers in accordance with the Flow-Through Subscription Agreements, provided that the Corporation will still be obligated to renounce all Flow-Through Funds on or before December 31, 2021. Due to the potential for multiple dates for such renunciation, there is a risk that the Corporation may renounce Flow-Through Funds in favour of certain purchasers and not others. If the Corporation does not renounce to the purchaser, effective on or before December 31, 2021, CDE in an amount equal to the aggregate purchase price paid by such purchaser for the Flow-Through Shares, or if there is a reduction in such amount renounced pursuant to the provisions of the Tax Act, the Corporation shall indemnify the purchaser for an amount equal to the amount of any tax payable or that may become payable under the Tax Act (and under any corresponding provincial legislation) by the purchaser (or if the purchaser is a partnership, the partners thereof) as a consequence of such failure or reduction; however, there is no guarantee that the Corporation will have the financial resources required to satisfy such indemnity.

The Corporation has discretion to use the net proceeds from this Offering

The Corporation currently intends to allocate the net proceeds received from the Offering as described under “*Use of Proceeds*” in this Prospectus. However, management will have discretion in the actual application of the net proceeds, and may elect to allocate proceeds differently from that described in “*Use of Proceeds*” if it is believed it would be in the best interests of the Corporation to do so as circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Corporation.

Additional Financings by the Corporation

The Corporation may issue additional equity or debt in the future, which may dilute a shareholder’s interest in the Corporation. The Corporation’s articles permit the issuance of an unlimited number of Common Shares and an unlimited number of preferred and shareholders will have no pre-emptive rights in connection with such further issuances. The directors of the Corporation have the discretion to determine the provisions attaching to any series of preferred and the price and the terms of issue of further issuances of Common Shares. There can be no assurance that the Corporation will be successful in obtaining additional financing when required in the future or that any such financing will be available on terms acceptable to the Corporation.

COVID-19 Public Health Crisis

The Corporation’s business, operations and financial condition, and the market price of the Common Shares, including the Offered Shares, could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in a number of countries, including Canada. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Corporation cannot estimate whether, or to what extent, this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Such public health crises can result in volatility and disruptions in the supply and demand for gold and other metals and minerals, global supply chains and financial

markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk, share prices and inflation.

The risks to the Corporation of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labor and fuel costs, regulatory changes, political or economic instabilities or civil unrest. At this point, the extent to which COVID-19 will or may impact the Corporation is uncertain and these factors are beyond the Corporation's control; however, it is possible that COVID-19 and its related impacts may affect the Corporation's ability to service its debt obligations, and over a longer term may have a material adverse effect on the Corporation's business, results of operations and financial condition and the market price of the Common Shares.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS OR COMPANIES

Mr. Robert Leach, a director of the Corporation, resides outside of Canada. Mr. Leach has appointed McCarthy Tétrault LLP, 4000, 421 – 7th Avenue S.W., Calgary, Alberta T2P 4K9 as his agent for service of process in Alberta. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against a person that resides outside of Canada, even if the party has appointed an agent for service of process.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditor of the Corporation is KPMG LLP, Chartered Professional Accountants, of Calgary, Alberta.

The transfer agent and registrar for the Common Shares is Odyssey Trust Company at its principal offices located in Calgary, Canada.

LEGAL MATTERS

Certain legal matters relating to the Offering and this Prospectus will be passed upon by McCarthy Tétrault LLP, on behalf of the Corporation, and Borden Ladner Gervais LLP, on behalf of the Underwriters.

INTERESTS OF EXPERTS

As at the date hereof, McCarthy Tétrault LLP and the designated professionals of McCarthy Tétrault LLP as a group, own, directly or indirectly, less than 1% of the outstanding Common Shares. As at the date hereof, Borden Ladner Gervais LLP and the designated professionals of Borden Ladner Gervais LLP as a group, own, directly or indirectly, less than 1% of the outstanding Common Shares.

Mr. James Pasioka, a director of the Corporation, is counsel of McCarthy Tétrault LLP, which law firm renders legal services to the Corporation. Mr. Michael Bennett, the corporate secretary of the Corporation, is a partner of McCarthy Tétrault LLP, which law firm renders legal services to the Corporation.

The reserve estimates contained in the Corporation's documents incorporated by reference herein have been prepared by Sproule Associates Limited. As of the date hereof, Sproule Associates Limited and the designated professionals of Sproule Associates Limited, as a group, own, directly or indirectly, less than 1% of the outstanding Common Shares.

KPMG LLP are the auditors of the Corporation and have confirmed that they are independent with respect to the Corporation within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

LEGAL PROCEEDINGS

There are no legal proceedings that the Corporation is or was party to, or that any of its property is or was subject of, during the last completed financial year, nor are there any such legal proceedings known to the Corporation to be

contemplated that involve a claim for damages, exclusive of interest and costs, exceeding 10% of the current assets of the Corporation.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE CORPORATION

Date: April 30, 2021

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, other than Québec.

SURGE ENERGY INC.

(signed) "Paul Colborne"
President and
Chief Executive Officer

(signed) "Jared Ducs"
Chief Financial Officer

On behalf of the Board of Directors

(signed) "Allison Maher"
Director

(signed) "Marion Burnyeat"
Director

CERTIFICATE OF THE UNDERWRITERS

Date: April 30, 2021

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, other than Québec.

CORMARK SECURITIES INC.

By: (signed) "Erik Pederson"
Managing Director,
Investment Banking

NATIONAL BANK FINANCIAL INC.

By: (signed) "Ian Charles"
Managing Director,
Investment Banking

CANACCORD GENUITY CORP.

By: (signed) "Andrew D. Birkby"
Managing Director,
Investment Banking

ATB CAPITAL MARKETS INC.

By: (signed) "Patrick Stables"
Managing Director,
Investment Banking

BMO NESBITT BURNS INC.

By: (signed) "Nick Graham"
Director,
Investment and Corporate
Banking

SCOTIA CAPITAL INC.

By: (signed) "Ian Huston"
Director,
Investment Banking

CIBC CAPITAL MARKETS INC.

By: (signed) "Jon Peltier"
Executive Director,
Investment Banking

STIFEL NICOLAUS CANADA INC.

By: (signed) "Nicholas Johnson"
Vice Chairman, Managing Director
Head of Energy, Investment Banking

PETERS & CO. LIMITED

By: (signed) "Jeff
Lawson"
Managing Director,
Corporate Finance

**ACUMEN CAPITAL FINANCE
PARTNERS LIMITED**

By: (signed) "Kelly Hughes"
Head of Investment
Banking

RAYMOND JAMES LTD.

By: (signed) "Dion
Degrand"
Managing Director,
Head of Canadian
Oil & Gas Investment
Banking

**VELOCITY TRADE
CAPITAL LTD.**

By: (signed) "Simon
Grayson"
Chief Executive
Officer