September 28, 2023

SURGE ENERGY INC.

BOUGHT PUBLIC OFFERING OF CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

A preliminary short form prospectus containing important information relating to the securities described in this document has not yet been filed with the securities regulatory authorities in each of the provinces of Canada, except for Quebec. A copy of the preliminary short form prospectus is required to be delivered to any investor that received this document and expressed an interest in acquiring the securities.

There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued.

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary short form prospectus, final short form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

Issuer: Surge Energy Inc. ("**Surge**" or the "**Company**")

Offering: $42,000,000 treasury offering of Convertible Unsecured Subordinated Debentures.

Offering Price: $1,000 per Debenture.

Over-Allotment Option: The Underwriters will have an option to purchase up to an additional 15% of the Offering at the Offering Price to cover over-allotments, exercisable in whole or in part at any time until 30 days after Closing.

Coupon: 8.50% per annum payable semi-annually in arrears on December 31 and June 30 of each year (each an "Interest Payment Date"), with the first such payment to be made June 30, 2024.

Unless an event of default has occurred and is continuing, the Company may elect, from time to time, subject to applicable regulatory approval, to satisfy the obligation to pay interest on the Debentures, on the date it is payable under the indenture governing the Debentures: (a) in cash; (b) by delivering treasury common shares ("Shares") of the Company to a trustee for sale, in which event holders of the Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Shares; or (c) any combination of (a) and (b) above.

Neither the Company's making of such election nor the consummation of sales of Shares will: (a) result in the holders of Debentures not being entitled to receive the full amount of interest due on any interest payment date; or (b) entitle such holders to receive any Shares in satisfaction of the Company's obligation to pay interest on the Debentures.

Maturity: December 31, 2028 (the "Maturity Date").

Use of Proceeds: The net proceeds of the Offering are intended to be used to fund the redemption of the Company's 6.75% convertible unsecured subordinated debentures due June 30, 2024 (the "2019 Debentures"), as well as for general corporate purposes. Pending any such use, the net proceeds of the Offering may temporarily be used to reduce general corporate indebtedness.

Conversion:	The Debentures will be convertible at the holder's option into Shares of the Company at any time prior to the close of business on the earlier of Maturity and the business day immediately preceding the date fixed for redemption of the Debentures at a conversion price of $13.25 per Share (the "Conversion Price"), representing an approximately 39.0% premium on a reference price of $9.53, being a ratio of 75.4717 shares per $1,000 principal amount of Debentures, subject to adjustment in certain events. If a holder elects to convert its Debentures in connection with a Change of Control that occurs prior to Maturity, the holder will be entitled to receive additional Shares as a make-whole premium on conversion in certain circumstances.
Dividend Adjustment and Anti-Dilution:	**Dividend Adjustment:** The conversion right will be subject to standard anti-dilution provisions, including an adjustment to the Conversion Price for any cash or stock dividends or distributions paid to holders of Shares in excess of $0.04 per Share per month. **Anti-Dilution:** The Conversion Price will also be subject to standard anti-dilution adjustments upon, inter alia, share consolidations, share splits, spin-off events, rights issues and reorganizations.
Redemption:	The Debentures will not be redeemable before December 31, 2026 (the "First Call Date"). On and after the First Call Date and prior to December 31, 2027, the Debentures will be redeemable at the Company's option at par plus accrued and unpaid interest, provided that the volume weighted average trading price of the Shares on the TSX during the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price. On and after December 31, 2027, the Debentures will be redeemable at the Company's option at any time at par plus accrued and unpaid interest. The Company shall provide not more than 60 nor less than 30 days' prior notice of redemption.
Share Redemption Right:	Subject to any required regulatory approval and provided no event of default has occurred, the Company has the option to satisfy its obligation to repay the principal amount of the Debentures, in whole or in part, due upon redemption or at maturity upon at least 40 days' and not more than 60 days' prior notice, by delivering that number of freely tradable Shares obtained by dividing the principal amount of the Debentures to be redeemed or which have matured by 95% of the Current Market Price (as defined below) on the date of redemption or maturity, as applicable.
Restriction on Share Redemption Right:	The Company shall not, directly or indirectly (through a Subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of the Shares, dividend or other distribution on the Shares or any other securities, capital reorganization, reclassification or any similar type of transaction in which: (a) the number of securities to be issued; (b) the price at which securities are to be issued, converted or exchanged; or (c) any property or cash that is to be distributed or allocated, is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly, (i) the exercise or potential exercise of the Share Redemption Right, or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Share Redemption Right.
Current Market Price:	Current Market Price is defined as the volume weighted average trading price of the Shares on the TSX for the 20 consecutive trading days ending five trading days prior to the applicable date.

Change of Control: Upon a change of control involving the acquisition of voting control over 50% or more of the then outstanding Shares or by the sale or other transfer of all or substantially all of the Company's consolidated assets, excluding a sale, merger, reorganization or other similar transaction if the previous holders of the Shares hold at least 50% of the voting control in such merged, reorganized or other continuing entity ("Change of Control"), the Company shall be required to purchase in cash any Debentures then outstanding tendered by any Debenture holders at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest.

Additionally, if a Change of Control occurs in which 10% or more of the consideration for the Shares in the transaction or transactions constituting a Change of Control consists of: (i) cash; (ii) equity securities that are not traded or intended to be traded immediately following such transactions on a recognized stock exchange; or (iii) other property that is not traded or intended to be traded immediately following such transactions on a recognized stock exchange, then, subject to regulatory approvals, during the period beginning ten trading days before the anticipated date on which the Change of Control becomes effective and ending 30 days after the Change of Control purchase offer is delivered, holders of Debentures will be entitled to convert their Debentures and, subject to certain limitations, receive, in addition to the number of Shares they would otherwise be entitled to receive, an additional number of Shares per $1,000 principal amount of Debentures as set forth in the Indenture.

Events of Default: An "Event of Default" will be as defined in the Indenture, including if any one or more of the following described events has occurred and is continuing with respect of the Debentures: (a) failure for 30 days to pay interest on the Debentures when due; (b) failure to pay principal or premium (whether by way of payment of cash or delivery of Shares), if any, on the Debentures when due, whether at maturity, upon redemption, on a Change of Control, by declaration or otherwise; (c) default in the delivery, when due, of any Shares or other consideration, including any make whole premium, payable upon conversion with respect to the Debentures, which default continues for 15 days; (d) default in the observance or performance of any covenant or condition of the Indenture and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the trustee for the Debentures or from holders of not less than 25% in aggregate principal amount of the Debentures to the Company specifying such default and requiring the Company to rectify or obtain a waiver for same; I certain events of bankruptcy, insolvency or reorganization of the Company or any material subsidiary under bankruptcy or insolvency laws; (f) if an event of default occurs or exists under any indenture, agreement or other instrument evidencing or governing indebtedness for borrowed money of the Company or any material subsidiary thereof and as a result of such event of default (i) indebtedness for borrowed money thereunder in excess of $10,000,000 (or the equivalent amount in any other currency) has become due and payable before the date it would otherwise have been due and payable and (ii) the holders of such indebtedness are entitled to commence, and have commenced, the enforcement of security they hold for such indebtedness (if any) or the exercise of any other creditors' remedies to collect such indebtedness.

Purchase for Cancellation: The Company will have the right at any time to purchase the Debentures in the market, by tender, or by private contract.

Rank:	The Debentures will be direct unsecured obligations of the Company's ranking subordinate to all liabilities, except liabilities which by their terms rank in right of payment equally with or subordinate to the Debentures. The Debentures will rank pari passu with all subordinate debentures issued by the Company from time to time, and subordinate to all existing and future senior secured and senior unsecured indebtedness.
Form of Offering:	Bought underwritten public issue, eligible for sale in all provinces in Canada, except for Quebec, pursuant to a short form prospectus and to Qualified Institutional Buyers in the United States pursuant to the registration exemptions provided by Rule 144A of the Securities Act of 1933, and internationally as permitted.
Form of Underwriting:	Bought deal, subject to the entering into an underwriting agreement containing "Disaster Out", "Regulatory Out", "Cease Trade Out" and "Material Adverse Change Out" clauses running until the closing date, and other industry standard provisions.
Eligibility:	Eligible under the usual Canadian statutes as well as for RRSPs, RESPs, RRIFs, RDSPs, TFSAs, DPSP and HFSAs.
Lead-Underwriter:	National Bank Financial Inc.
Listing:	Subject to the receipt of all necessary approvals, the Debentures will be listed on the TSX.
Underwriting Fee:	4.0%.
Closing Date:	On or about October 19, 2023.