

# TENAZ ENERGY CORP. ANNOUNCES Q3 2025 RESULTS

CALGARY, ALBERTA--(Newsfile Corp. - November 5, 2025) - Tenaz Energy Corp. ("Tenaz", "We", "Our", "Us" or the "Company") (TSX: TNZ) is pleased to announce financial and operating results for the three and nine months ended September 30, 2025.

The unaudited interim condensed consolidated financial statements and related management's discussion and analysis ("MD&A") are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on Tenaz's website at [www.tenazenergy.com](http://www.tenazenergy.com). Select financial and operating information for the three and nine months ended September 30, 2025 appears below and should be read in conjunction with the related financial statements and MD&A.

## HIGHLIGHTS

### Third Quarter Operating and Financial Results

- Production volumes averaged 11,832 boe/d<sup>(1)</sup> in Q3 2025, up 48% from Q2 2025, reflecting a full quarter of production from Tenaz Energy Netherlands ("TEN"). In the Netherlands, results from both TEN and our legacy non-operated assets were in line with expectations. Canadian production was up modestly, reaching a record level.
- Funds flow from operations<sup>(2)</sup> ("FFO") for the third quarter was \$40.2 million (\$1.42/share<sup>(2)</sup>) as compared to \$17.2 million (\$0.61/share) in Q2 2025. This increase was driven by a full quarter contribution from TEN, which contributed approximately \$36.4 million to FFO, partially offset by \$2.9 million of residual transaction costs from the TEN acquisition.
- Operating netback improved to \$49.08/boe in Q3 2025, up 62% from the year-earlier period, driven by higher margins from the TEN assets.
- Net income for Q3 2025 was \$24.8 million (\$0.87/share), as compared to a loss of \$2.5 million (\$0.09/share) in Q3 2024. The increase in net income was due to the income contribution from TEN, partially offset by increased interest expense for the senior unsecured notes placed in November 2024.
- Tenaz ended Q3 2025 with a net debt position of \$55.0 million, as compared to \$100.2 million at the end of Q2 2025, driven primarily by free cash flow and, to a lesser extent, a reduction in estimated contingent earn-out consideration.

### Corporate Updates

- On October 6, 2025, we announced the signing and closing of the acquisition of all of the issued and outstanding shares of Hansa Hydrocarbons Limited (the "GEMS Acquisition"), with interests in the Gateway to the Ems ("GEMS") project in the Dutch and German sectors of the North Sea. Production and cash flow will begin to contribute to Tenaz's results in Q4 2025.
- Concurrent with the GEMS Acquisition, we announced the closing of an additional issuance under the November 2024 Senior Unsecured Notes with gross proceeds of \$178.9 million. In addition, we announced a new credit facility with a commitment amount of \$115 million.
- Also concurrent with the GEMS Acquisition, production guidance for 2025 was increased to a range of 9,500 to 10,000 boe/d, which reflects contributions from TEN and GEMS after the closing dates of both acquisitions. Our current production rate exceeds 16,000 boe/d, nearly a five-fold increase from this time last year.

- Drilling and development capital expenditure (“D&D CAPEX”) guidance was revised to a range of \$100 to \$110 million. Capital activity has increased significantly in Q4 2025 with the arrival of a workover barge at TEN and the expected start-up of offshore drilling rigs at TEN, GEMS, and our legacy non-operated Netherlands assets. By early 2026, we expect three offshore rigs and one onshore rig to be active on Tenaz assets in the Dutch North Sea and in Canada, respectively.
- In February 2025, we renewed our Normal Course Issuer Bid (“NCIB”) with approval to purchase up to 2.5 million additional shares. As of September 30th, we have deployed \$3.8 million in our renewed NCIB program, repurchasing and retiring 0.2 million shares at an average price of \$15.54/share. Since the beginning of the NCIB program in Q3 2022, we have retired 2.3 million common shares (8.2% of basic common shares) at an average price of \$4.15/share.

## Resource Report for TEN Assets

- We engaged McDaniel & Associates Consultants Ltd. (“McDaniel”) to independently evaluate the resource potential of our Dutch North Sea (“DNS”) operated TEN assets (the “Resource Report”). The Resource Report has an effective date of July 1, 2025 and was prepared in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (“NI 51-101”) and uses the resources and reserves definitions, standards and procedures set forth in the Canadian Oil and Gas Evaluation Handbook (“COGEH”). The Resource Report includes contingent and prospective resources attributable to the Netherlands offshore TEN assets acquired on May 1, 2025. The unrisks low (1C), best (2C), and high (3C) estimates for Tenaz’s share of contingent resources are 11.8, 20.2, and 29.0 million boe (“MMboe”), respectively, with a risked best estimate of 12.9 MMboe. McDaniel conducted an economic evaluation of the best estimate case (2C) for the contingent resources using the three consultant average forecast prices and costs as of July 1, 2025. The contingent resource report indicates unrisks after-tax net present value discounted at 10% for 2C contingent resources of \$248.4 million (€152.4 million)<sup>3</sup>.
- The unrisks low, best, and high estimates for Tenaz’s share of prospective resources are 81.9, 179.3, and 412.3 MMboe, respectively, with a risked mean of 60.7 MMboe after applying chance of discovery and chance of development on a prospect-by-prospect basis. The prospective resource report includes an economic evaluation of a subset of two prospects expected to be drilled in the next two years. These two prospects, representing 4.4 MMboe unrisks best estimate resources, have an estimated mean unrisks after-tax net present value discounted at 10% of \$90.0 million (€55.2 million)<sup>3</sup>.

(1) The term barrels of oil equivalent (“boe”) may be misleading, particularly if used in isolation. Per boe amounts have been calculated by using the conversion ratio of six thousand cubic feet (6 Mcf) of natural gas to one barrel (1 bbl) of crude oil. Refer to “Barrels of Oil Equivalent” section included in the “Advisories” section.

(2) This is a non-GAAP and other financial measure. Refer to “Non-GAAP and Other Financial Measures” included in the “Advisories” section.

(3) The forecast prices used are based on an average of the price decks of three independent engineering firms, GLJ Ltd., Sproule Associates Limited and McDaniel & Associates Consultants Ltd. (the “Consultant Average Price Forecast”). Euro denominated amounts have been translated by Tenaz to Canadian dollars at a 1.63 CAD per EUR exchange rate.

## FINANCIAL AND OPERATIONAL SUMMARY

(\$000 CAD, except per share and per boe amounts)	Three months ended			Nine months ended	
	Sep 30 2025	Jun 30 2025	Sep 30 2024	Sep 30 2025	Sep 30 2024
<b>FINANCIAL</b>					
Petroleum and natural gas sales	95,636	60,108	14,822	173,436	46,715
Cash flow from operating activities	34,587	49,837	11,923	80,613	6,221
Funds flow from operations <sup>(1)</sup>	40,196	17,214	3,360	58,363	16,225
Per share - basic <sup>(1)</sup>	1.42	0.61	0.12	2.08	0.60
Per share - diluted <sup>(1)</sup>	1.22	0.53	0.11	1.78	0.54
Net income (loss)	24,756	188,610	(2,454)	208,058	(1,676)
Per share - basic	0.87	6.73	(0.09)	7.43	(0.06)
Per share - diluted	0.75	5.77	(0.09)	6.36	(0.06)
Capital expenditures <sup>(1)</sup>	13,096	10,834	6,946	33,250	13,263

Net debt <sup>(1)</sup>	(55,041)	(100,248)	8,999	(55,041)	8,999
Common shares outstanding (000)					
End of period - basic	28,374	28,391	27,426	28,374	27,426
Weighted average for the period - basic	28,377	28,017	27,360	27,998	26,959
Weighted average for the period - diluted	33,081	32,669	31,368	32,721	30,293
<b>OPERATING</b>					
<u>Average daily production</u>					
Heavy crude oil (bbls/d)	1,282	1,244	794	1,160	951
Natural gas liquids (bbls/d)	111	103	54	95	65
Natural gas (Mcf/d)	62,634	39,909	10,119	38,111	9,777
Total (boe/d) <sup>(2)</sup>	11,832	7,998	2,535	7,608	2,646
<u>Netbacks (\$/boe)</u>					
Petroleum and natural gas sales	87.86	82.58	63.57	83.51	64.45
Royalties	(1.70)	(2.33)	(4.45)	(2.38)	(5.49)
Transportation expenses	(2.15)	(2.56)	(1.97)	(2.41)	(2.79)
Operating expenses	(36.53)	(32.56)	(33.89)	(34.12)	(31.86)
Midstream income <sup>(1)</sup>	1.60	2.00	7.13	2.21	5.78
Operating netback <sup>(1)</sup>	49.08	47.13	30.39	46.81	30.09
<b>BENCHMARK COMMODITY PRICES</b>					
WTI <sup>(3)</sup> crude oil (US\$/bbl)	64.95	63.71	75.20	100.56	77.56
WCS (\$/bbl)	75.15	73.93	85.02	77.80	84.78
AECO <sup>(4)</sup> (\$/Mcf)	0.63	1.69	0.71	1.48	1.35
TTF <sup>(5)</sup> (\$/Mcf)	15.34	16.27	15.66	17.40	13.74

(1) This is a non-GAAP measure. Refer to "Non-GAAP and Other Financial Measures" included in the "Advisories" section.

(2) The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. Per boe amounts have been calculated by using the conversion ratio of six thousand cubic feet (6 Mcf) of natural gas to one barrel (1 bbl) of crude oil. Refer to "Barrels of Oil Equivalent" section included in the "Advisories" section.

(3) WTI represents posting price of West Texas Intermediate ("WTI") crude oil.

(4) AECO is the natural gas price index for Alberta.

(5) TTF is the price for natural gas in the Netherlands.

## PRESIDENT'S MESSAGE

Our business has changed dramatically since the beginning of this year. We built on our earlier entry into the Netherlands to establish a material Dutch business with the closing of the TEN acquisition. Subsequent to Q3 2025, we announced the simultaneous signing and closing of the acquisition of the GEMS assets. Tenaz is now the largest gas producer in the Netherlands.

After taking over operations in Q2, we successfully conducted major turnarounds on the TEN assets. A workover barge campaign and preparations for the arrival of a jack-up drilling rig are now underway at TEN. At GEMS, operator ONE-Dyas has completed the electric cable lay and is preparing to begin drilling prior to year-end. Following the TEN turnarounds and initial results from the barge campaign, our company-wide production rate currently exceeds 16,000 boe/d.

As a result of these and other non-operated activities, Q4 2025 will be the most active period in Tenaz history. We are positioned for significant increases in our natural gas production over the next few years, using our expanding asset base and extensive infrastructure to provide additional domestic energy for the European market.

### GEMS Acquisition

On October 6, 2025, we announced the signing and closing of the acquisition of all of the issued and outstanding shares of Hansa Hydrocarbons Limited, with interests in the GEMS project on the boundary of the Dutch and German sectors of the North Sea. The GEMS properties consist of five highly prospective licenses, three in the Netherlands and two in Germany, that cover 1,811 km<sup>2</sup> (447,000 acres) at an average distance of 30 km offshore in water depth of approximately 25 meters. Our non-operated working interests in the licenses range from 22.5% to 45%.

The purchase price for the GEMS Acquisition was US\$232 million (\$323 million) in cash and US\$12 million (\$17 million) in Tenaz common shares. In November 2025, 648,584 Tenaz common shares are issuable to the seller pursuant to the transaction. Additional contingent consideration of up to US\$60 million (\$83 million) may be paid in cash based on the success of future exploration prospects.

Pursuant to the GEMS Acquisition, we have hedged 13,785 MMBtu/d over the October 2025 to December 2027 period using a combination of swaps and collars. Swaps transacted over the full hedge period average €29.86/MWh (\$14.27/MMbtu). Collars transacted for the October 2025 to March 2026 period average a floor of €30.00/MWh and a ceiling of €36.43/MWh (\$14.33/MMbtu and \$17.40/MMbtu, respectively). The hedges protect €99.5 million (\$162.2 million) of revenue during the hedge period.

### *Netherlands Activity*

During the third quarter, we successfully completed two additional offshore turnarounds. The first turnaround project was a thirty-day shut down at the L02 platform to overhaul the gas compressor package. The second shut down was a twenty-day project at the K08 platform to re-wheel a gas compressor to reduce suction pressure and thereby increase production rates and ultimate recovery on several mature fields. Unplanned downtime included a successful workover to restore injectivity on a water injection well for the HiCal gas processing system. Despite the combination of planned and unplanned downtime, net production for our Netherlands assets averaged 9,506 boe/d for Q3 2025.

Redevelopment activities commenced in mid-October following the arrival and connection of the Seafox-4 jack-up barge to the K15-FK platform. The barge will be used for platform maintenance along with a series of well interventions targeting shut-in wells and non-optimized producing wells. Following the campaign at K15-FK, the barge will move to the K15-FA platform for a similar set of activities. In aggregate, we are planning a five-month program to enhance production from the existing well stock and to conduct maintenance to extend platform life.

During November, we expect to have the Shelf Drilling “Winner” jack-up rig arrive at the K07-FB platform following an extensive refit at the Esbjerg, Denmark shipyard. Shelf Drilling upgraded key rig components and installed NO<sub>x</sub> abatement equipment to improve operational reliability and environmental performance prior to starting our multi-well drilling campaign. Tenaz technical personnel and management toured the rig and held planning meetings with Shelf Drilling in October and left with very positive impressions of our new contractor. We subsequently conducted a multi-day drill-well-on-paper (“DWOP”) exercise with our Tenaz technical team, Shelf Drilling, and other major contractors in preparation for our first planned well at K07-FB.

In addition to our operated capital program and the previously-mentioned GEMS drilling campaign, Eni is making final preparations for the arrival of a jack-up drilling rig for the Malachite well (21.3% Tenaz working interest), which is expected to spud in December 2025. By early 2026, we expect three offshore rigs to be operating on Tenaz assets in the Dutch North Sea (GEMS, our K07-FB operated well, and Malachite).

### *Canadian Activity*

Canadian production reached a new record level, up 2% from Q2 2025 and 51% from Q3 2024. During the quarter, we installed a new compressor and debottlenecked gas handling to allow for increased throughput of both oil and gas. The three gross (2.4 net) wells drilled in Q1 2025 continue to have strong production performance with a current aggregate rate of approximately 1,020 boe/d gross (885 boe/d net at a 65% oil weighting). In early 2026, we plan to execute new drilling from our multi-zone development project inventory. While our 2026 capital plan is still being formulated, we expect it to include both unstimulated multi-lateral and single-lateral multi-stage frac wells at Leduc-Woodbend.

### *Commodity Environment*

During Q3 2025, TTF gas prices averaged €32.43/MWh (\$15.30/Mcf), holding a range-bound pattern for

most of the quarter. EU gas storage was in focus over the summer, requiring higher year-over-year LNG imports into Europe which lent support to a TTF price floor above €30.00/MWh (\$14.33/Mcf). European gas supply is highly dependent on LNG, and competition for cargoes supports TTF prices. Positive factors for the upcoming winter include the lowest end-of-injection season EU storage since 2021 at 83% full, increased demand from Ukraine due to war damage, and geopolitical uncertainty.

At present, the TTF marker price is approximately €31.48/MWh (\$14.95/Mcf), with the price for the remainder of 2025 at €31.70/MWh (\$15.05/Mcf). On a proforma basis, we have hedged approximately 56% of our Q4 2025 TTF gas production at an average price of €34.21/MWh (\$16.31/Mcf), 43% for 2026 at an average price of €30.89/MWh (\$14.76/Mcf) and 14% for 2027 at an average price of €29.81/MWh (\$14.24/Mcf).

Continuing a trend of narrower differentials than typically experienced in past years, WCS differentials averaged US\$10.39/bbl during Q3 2025. Differential strength was supported by adequate downstream pipeline capacity, low WCSB storage levels, and healthy demand from US and Asian refiners. We hedged 21% of our exposure to WTI prices for the second half of 2025, using a collar with a floor price of US\$60/bbl and ceiling of US\$75/bbl (as compared to a current forward market price of approximately US\$59.84/bbl), but remained unhedged for WCS differential exposure.

AECO gas prices averaged \$1.17/MMBtu for the Summer 2025 season, with the low price reflecting a combination of higher gas production in anticipation of LNG Canada startup, limited egress capacity, and high AECO gas storage levels. We have hedged 13% of our AECO exposure for the remainder of 2025 at a price of \$3.50/MMBtu as compared to a current forward market price of \$2.95/MMBtu. For 2026 and 2027, we are hedged at 48% and 45% respectively, at \$3.17/MMBtu.

### *Senior Unsecured Notes*

The GEMS Acquisition was partially funded by an additional issuance under our November 2024 Senior Unsecured Notes. Gross proceeds raised from the additional notes were \$178.9 million, placed at an 8.4% premium to underlying par value of \$165 million. Call and maturity dates are the same as in the original issue, May 2027 and November 2029 respectively. While the notes have a 12% coupon as in the original issue, the premium at issuance results in a yield-to-maturity of approximately 9.5% on the new tranche. We believe the lower yield-to-maturity is indicative of our improved credit profile since the placement of the original tranche in November 2024.

The additional tranche of notes was issued on the same terms as those currently issued and outstanding, including interest rate, maturity date and terms and conditions within the indenture. Combined with the original \$140 million tranche, the principal due at maturity for the senior unsecured notes is now \$305 million.

### *Reserve Based Lending Facility*

To further enhance our available liquidity, we established a new secured revolving reserve-based lending facility ("RBL Facility") with a syndicate of lenders including National Bank Capital Markets, Canadian Imperial Bank of Commerce, and Goldman Sachs. The new \$115 million RBL Facility replaces our previous \$20 million revolving credit facility. The RBL Facility is undrawn at present.

The new RBL Facility has a two-year term, with semi-annual borrowing base redeterminations. Interest rates are determined using a benchmark rate plus a rate margin based on our net debt-to-EBITDA ratio. The RBL Facility is subject to customary conditions for such facilities.

### *Net Debt*

Tenaz ended Q3 2025 with a net debt position of \$55.0 million, as compared to \$100.2 million at the end of Q2 2025, driven primarily by free cash flow and, to a lesser extent, a reduction in estimated contingent earn-out consideration. Our net debt position at Q3 2025 largely pertains to contingent earn-out

consideration, of which \$47.8 million has been recorded as a current liability and \$25.4 million has been recorded as a long-term liability. These amounts represent Tenaz's current estimate of the payments due in Q1 2026 (for the 2025 portion of the earn-out) and for later periods, respectively. This estimate was reduced during the current quarter by \$17.7 million due to a reduction in the forecasted price for TTF. The amount paid may differ from the estimate, due to changes in commodity prices, activity levels, production results and cost results, among other factors.

### *Updated 2025 Corporate Guidance*

Following the announcement of the acquisition of the GEMS assets, we updated our guidance to reflect the incremental production and capital for GEMS during Q4 2025. Production guidance for 2025 was revised to a range of 9,500 to 10,000 boe/d. D&D CAPEX guidance was revised to a range of \$100 to \$110 million.

We remain aligned throughout our organization on the creation of shareholder value. Our NCIB program continues to return capital to shareholders, and we are committed to disciplined share repurchases in 2025 and beyond. Although we have had recent success in the M&A sphere, we have not let up in progressing and refilling our acquisition pipeline. Any further transactions that we pursue will focus on accretion in all key aspects for our existing shareholders.

We extend our gratitude to our shareholders for their continued confidence in Tenaz. We are pleased to report the year-to-date total shareholder return ("TSR") from Tenaz shares is 88%. Since the announcement of our recapitalization in 2021, our TSR is 1380%, placing Tenaz among the very top issuers in the entire TSX list.

/s/ Anthony Marino

President and Chief Executive Officer  
November 5, 2025

## **TEN CONTINGENT RESOURCES AND PROSPECTIVE RESOURCES**

The Resource Report<sup>1</sup> for TEN assets was prepared by McDaniel, the Company's independent qualified reserves evaluator, in accordance with the COGE Handbook and NI 51-101. The Resource Report has an effective date of July 1, 2025.

Contingent and prospective resources evaluated in the Resource Report are located offshore in the Dutch North Sea in the Netherlands. Contingent resources reflect the undeveloped fields in the K08, K15, K17 and L13 blocks. Prospective resources reflect sixty-seven exploration prospects. Two of these prospects are in progress for development over the next two years and have been economically evaluated in the Resource Report.

The Resource Report summarizes estimates of crude oil and natural gas contingent resources and prospective resources of the Company and the net present value of future net revenue of best estimate contingent (2C) resources using forecast prices and costs. Before and after-tax results are discounted at 10 percent and have been evaluated using the July 1, 2025 Consultant Average Price Forecast.<sup>2</sup> Estimated values of future net revenue do not represent fair market value.

**Estimates of risked net present value of future net revenue of contingent and prospective resources are preliminary in nature and provided to assist the reader in reaching an opinion on the merit and likelihood of the Company proceeding with the required investments. It includes resources that are considered too uncertain with respect to the chance of development and/or chance of discovery to be classified as reserves. There is uncertainty that it will be commercially viable to produce any portion of the resources or that the net present value of future net revenue will be realized.**

Information relating to resources contains forward-looking information and statements. See "Forward-looking Information" included in the "Advisories" section.

(1) Independent engineering resources evaluation prepared by McDaniel dated October 1, 2025 and effective July 1, 2025 and evaluated in Euros.

(2) The forecast prices used are based on an average of the price decks of three independent engineering firms, GLJ Ltd., Sproule Associates Limited and McDaniel & Associates Consultants Ltd. (the "Consultant Average Price Forecast"). Euro denominated amounts have been translated by Tenaz to Canadian dollars at a 1.63 CAD per EUR exchange rate.

The tables below summarize the volumes and economic values in the Resource Report.

## TEN Contingent Resources

Contingent Resources	Unrisked					Risked <sup>1</sup>	
	1C	2C	3C	2C Btax NPV10	2C Atax NPV10	2C	2C Atax NPV10
	MMboe	MMboe	MMboe	MM€	MM€	MMboe	MM€
Discovered - Development on Hold - Ten Fields	11.8	20.2	29.0	261.7	152.4	12.9	96.9

## TEN Prospective Resources

Prospective Resources <sup>2</sup>	Unrisked						Risked <sup>1</sup>	
	Low	Best	High	Mean	Mean Btax NPV10	Mean Atax NPV10	Mean Volume	Mean Atax NPV10
	MMboe	MMboe	MMboe	MMboe	MM€	MM€	MMboe	MM€
Prospective Development - Two Prospects	2.6	4.4	7.5	4.8	104.1	55.2	2.9	18.1
Prospective Inventory - 65 Prospects	79.3	174.8	404.8	215.2	N/A	N/A	57.8	N/A
<b>Total Prospective Resources - 67 prospects</b>	<b>81.9</b>	<b>179.3</b>	<b>412.3</b>	<b>220.1</b>	<b>N/A</b>	<b>N/A</b>	<b>60.7</b>	<b>N/A</b>

(1) The risked result is the product of the unrisked volume of the same category multiplied by the chance of discovery and the chance of development by prospect. The chance of development is defined as the probability of a project being commercially viable. Quantifying the chance of development requires consideration of economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing.

(2) There is no certainty that any portion of the prospective resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources.

## About Tenaz Energy Corp.

Tenaz is an energy company focused on the acquisition and sustainable development of international oil and gas assets. Tenaz is the largest gas producer in the Dutch sector of the North Sea and develops crude oil and natural gas at Leduc-Woodbend in Alberta. Additional information regarding Tenaz is available on SEDAR+ and at [www.tenazenergy.com](http://www.tenazenergy.com). Tenaz's Common Shares are listed for trading on the Toronto Stock Exchange under the symbol "TNZ".

## ADVISORIES

### Non-GAAP and Other Financial Measures

*This press release contains the terms funds flow from operations and capital expenditures which are considered "non-GAAP financial measures" and operating netback which is considered a "non-GAAP financial ratio". These terms do not have a standardized meaning prescribed by GAAP. In addition, this press release contains the term net debt, which is considered a "capital management measure". Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Investors are cautioned that these measures should not be construed as an alternative to net income (loss) determined in accordance with GAAP and these measures*

should not be considered to be more meaningful than GAAP measures in evaluating the Company's performance.

### Funds flow from operations

Tenaz considers funds flow from operations to be a key measure of performance as it demonstrates the Company's ability to generate the necessary funds for sustaining capital, future growth through capital investment, and settling liabilities. Funds flow from operations is calculated as cash flow from operating activities plus income from associate and before changes in non-cash operating working capital and decommissioning liabilities settled. Funds flow from operations is not intended to represent cash flows from operating activities. A summary of the reconciliation of cash flow from operating activities to funds flow from operations, is set forth below:

(\$000)	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Cash flow from operating activities	34,587	49,837	11,923	80,613	6,221
Change in non-cash operating working capital	3,746	(34,623)	(10,469)	(27,982)	1,527
Decommissioning liabilities settled	187	613	243	1,385	4,285
Midstream income	1,745	1,454	1,663	4,580	4,192
Amortization of deferred financing costs	(69)	(67)	-	(233)	-
Funds flow from operations <sup>(1)</sup>	40,196	17,214	3,360	58,363	16,225

(1) FFO per share (basic) is calculated as FFO divided by the weighted average common shares outstanding. Diluted FFO per share adjusts for the impact of potentially dilutive securities using the treasury stock method. For the periods presented, FFO per share was as follows: Q3 2025: \$1.42 basic, \$1.22 diluted; Q2 2025: \$0.61 basic, \$0.53 diluted; Q3 2024: \$0.12 basic, \$0.11 diluted; YTD 2025: \$2.08 basic, \$1.78 diluted; YTD 2024: \$0.60 basic, \$0.54 diluted.

### Capital Expenditures

Tenaz considers capital expenditures to be a useful measure of the Company's investment in its existing asset base calculated as the sum of exploration and evaluation asset expenditures and property, plant and equipment expenditures from the consolidated statements of cash flows that is most directly comparable to cash flows used in investing activities. The reconciliation to primary financial statement measures is set forth below:

(\$000)	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Exploration and evaluation	285	198	462	794	1,447
Property, plant and equipment	12,811	10,636	6,484	32,456	11,816
Capital expenditures	13,096	10,834	6,946	33,250	13,263

### Free Cash Flow ("FCF")

Tenaz considers free cash flow to be a key measure of performance as it demonstrates the Company's excess funds generated after capital expenditures for potential shareholder returns, acquisitions, or growth in available liquidity. FCF is a non-GAAP financial measure and is comprised of funds flow from operations less capital expenditures. A summary of the reconciliation of the measure, is set forth below:

(\$000)	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Funds flow from operations	40,196	17,214	3,360	58,363	16,225
Less: Capital expenditures	(13,096)	(10,834)	(6,946)	(33,250)	(13,263)
Free cash flow	27,100	6,380	(3,586)	25,113	2,962

### Midstream Income

Tenaz considers midstream income an integral part of determining operating netbacks. Operating netbacks assists management and investors with evaluating operating performance. Tenaz's midstream income consists of the income from its associate, Noordtgastransport B.V. ("NGT") and excludes the amortization of fair value increment of NGT that is included in the equity investment on the balance sheet. Under IFRS Accounting Standards, investments in associates are accounted for using the equity method of accounting. Income from associate is Tenaz's share of the investee's net income and comprehensive income:

(\$000)	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Income from associate	1,497	1,214	1,418	3,855	3,466
Plus: Amortization of fair value increment of NGT	248	240	245	725	726
Midstream income	1,745	1,454	1,663	4,580	4,192

### Net debt

Management views net debt as a key industry benchmark and measure to assess the Company's financial position and liquidity. Net debt is calculated as current assets less current liabilities, long term debt and contingent consideration, excluding the fair value of derivative instruments. If positive, the amount is referred to as adjusted working capital. Tenaz's net debt as at September 30, 2025 and December 31, 2024 is summarized below.

(\$000)	September 30 2025	December 31 2024
Current assets	359,539	188,537
Current liabilities	(249,743)	(40,304)
Net current assets	109,796	148,233
Fair value of net derivative instruments	(960)	(5)
Long-term debt	(138,508)	(138,275)
Contingent consideration, non-current portion	(25,369)	-
Net debt <sup>(1)</sup>	(55,041)	9,953

### Operating Netback

Tenaz calculates operating netback on a dollar or per boe basis, as petroleum and natural gas sales less royalties, operating costs and transportation costs, plus midstream income. Operating netback is a key industry benchmark and a measure of performance for Tenaz that provides investors with information that is commonly used by other crude oil and natural gas producers. The measurement on a per boe basis assists management and investors with evaluating operating performance on a comparable basis.

### Per Share Ratios

FFO per share (basic) is calculated as FFO divided by the weighted average common shares outstanding. Diluted FFO per share adjusts for the impact of potentially dilutive securities using the treasury stock method.

### **Barrels of Oil Equivalent**

The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. Per boe amounts have been calculated by using the conversion ratio of six thousand cubic feet (6 Mcf) of natural gas to one barrel (1 bbl) of crude oil. The boe conversion ratio of 6 Mcf to 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalent of 6:1, utilizing a

conversion on a 6:1 basis may be misleading as an indication of value.

### **Forward-looking Information**

*This press release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "budget", "forecast", "guidance", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "potential", "intends", "strategy" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this press release contains forward-looking information and statements pertaining to our beliefs about estimated contingent earn-out consideration; capital plans and activities; expected well performance; the anticipated timing and scope of barge and jack-up drilling rig activities; increased future production; cash flow growth; our production and capital guidance for 2025; estimated resources and future net revenue; and the Company's strategy including further acquisitions and accretion.*

*The forward-looking information and statements contained in this press release reflect several material factors and expectations and assumptions of Tenaz including, without limitation: the continued performance of Tenaz's oil and gas properties in a manner consistent with its past experiences; that Tenaz will continue to conduct its operations in a manner consistent with past operations; expectations regarding future development; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty, tariff and regulatory regimes; expectations regarding future acquisition opportunities; the continued availability of oilfield services; and the continued availability of adequate debt and equity financing and cash flow from operations to fund its planned expenditures.*

*Tenaz believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable, but no assurance can be given that these factors, expectations, and assumptions will prove to be correct.*

*The forward-looking information and statements included in this press release are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of Tenaz's products; unanticipated operating results or production declines; changes in tax or environmental laws, tariffs, royalty rates or other regulatory matters; changes in development plans of Tenaz or by third party operators of Tenaz's properties; increased debt levels or debt service requirements; inaccurate estimation of reserves or resources; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; a failure to obtain necessary approvals as proposed or at all and certain other risks detailed from time to time in Tenaz's public documents.*

*The forward-looking information and statements contained in this press release speak only as of the date of this press release and, except as may be required pursuant to applicable laws, Tenaz does not assume any obligation to publicly update or revise them to reflect new events or circumstances.*

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**TENAZ ENERGY**

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