INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

As at ($000)	Note	March 31, 2026	December 31, 2025
ASSETS			
Current Assets			
Cash		**24,419**	64,241
Restricted cash	4	**91,802**	39,306
Accounts receivable		**153,151**	151,605
Prepaid expenses and deposits		**26,919**	23,447
Derivative instruments	10	**2,123**	8,449
Total current assets		**298,414**	287,048
Prepaid expenses		**468**	1,753
Investment in associate		**24,608**	23,362
Derivative instruments	10	**530**	14,643
Right-of-use assets		**27,230**	29,430
Exploration and evaluation assets	6	**157,877**	138,860
Property, plant and equipment	5	**2,117,751**	2,034,591
Total assets		**2,626,878**	2,529,687
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		**198,157**	174,167
Taxes payable		**110,136**	105,997
Contingent consideration		**-**	14,729
Lease liabilities		**10,334**	10,334
Derivative instruments	10	**113,163**	74
Total current liabilities		**431,790**	305,301
Contingent consideration		**19,617**	5,565
Derivative instruments	10	**56,874**	-
Lease liabilities		**17,407**	17,978
Long-term debt	7	**347,451**	312,957
Deferred taxes		**1,030,321**	1,117,939
Decommissioning liability	8	**395,882**	331,860
Total liabilities		**2,299,342**	2,091,600
SHAREHOLDERS' EQUITY			
Share capital	9	**94,388**	92,909
Warrants	9	**182**	697
Contributed surplus	9	**12,762**	11,892
Retained earnings		**210,451**	323,135
Accumulated other comprehensive income		**9,753**	9,454
Total shareholders' equity		**327,536**	438,087
Total liabilities and shareholders' equity		**2,626,878**	2,529,687

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS (unaudited)

		Three months ended	
($000's except per share amounts)	Note	**March 31, 2026**	**March 31, 2025**
REVENUE			
Petroleum and natural gas sales		**133,291**	17,692
Royalties		**(2,131)**	(1,401)
Petroleum and natural gas revenue		**131,160**	16,291
EXPENSES			
Transportation		**3,652**	804
Operating		**45,702**	7,408
Income from associate		**(1,673)**	(1,144)
General and administrative		**1,693**	2,391
Transaction costs		**-**	2,691
Interest expense		**8,369**	3,404
Foreign exchange loss (gain)		**240**	(246)
Loss on derivative instruments	10	**194,950**	223
Share-based compensation		**3,002**	1,366
Depletion, depreciation and amortization	5	**47,003**	5,399
Accretion of decommissioning liability	8	**6,900**	1,672
Remeasurement of contingent consideration		**12,735**	-
Total expenses		**322,573**	23,968
Net loss before income taxes		**(191,413)**	(7,677)
Provision for income taxes			
Current expense		**4,948**	-
Deferred recovery		**(85,277)**	(2,369)
Total income taxes		**(80,329)**	(2,369)
Net loss		**(111,084)**	(5,308)
Other comprehensive income			
Currency translation adjustments		**299**	1,252
Comprehensive loss		**(110,785)**	(4,056)
Net loss per share			
Basic	9	**(3.48)**	(0.19)
Diluted	9	**(3.48)**	(0.19)

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

($000)	Note	Share capital	Warrants	Contributed surplus	Retained earnings	AOCI[1]	Total equity
December 31, 2024		63,405	2,774	12,090	12,906	950	92,125
Normal course issuer bid	9	(137)	-	-	(669)	-	(806)
Share-based compensation	9	-	-	1,366	-	-	1,366
Net loss		-	-	-	(5,308)	-	(5,308)
CTA[3]		-	-	-	-	1,252	1,252
March 31, 2025		63,268	2,774	13,456	6,929	2,202	88,629
December 31, 2025		92,909	697	11,892	323,135	9,454	438,087
Normal course issuer bid	9	(136)	-	-	(1,600)	-	(1,736)
Share-based compensation	9	-	-	952	-	-	952
PSUs and RSUs vested[2]	9	82	-	(82)	-	-	-
Warrants exercised	9	1,533	(515)	-	-	-	1,018
Net loss		-	-	-	(111,084)	-	(111,084)
CTA[3]		-	-	-	-	299	299
March 31, 2026		**94,388**	**182**	**12,762**	**210,451**	**9,753**	**327,536**

(1) Accumulated other comprehensive income ("AOCI")
(2) Performance share units ("PSUs") and restricted share units ("RSUs")
(3) Currency Translation Adjustments ("CTA")

See accompanying notes to the interim condensed consolidated Financial Statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

($000)	Note	Three months ended March 31, 2026	March 31, 2025
OPERATING ACTIVITIES			
Net loss		**(111,084)**	(5,308)
Items not involving cash:			
Income from associate		**(1,673)**	(1,144)
Deferred taxes		**(85,277)**	(2,369)
Depletion, depreciation and amortization	5	**47,003**	5,399
Accretion of decommissioning liability	8	**6,900**	1,672
Share-based compensation		**3,002**	1,366
Unrealized loss on derivative instruments	10	**190,874**	223
Unrealized foreign exchange loss (gain)		**178**	(267)
Amortization of deferred financing costs and premium		**(344)**	97
Remeasurement of contingent consideration		**12,735**	-
Decommissioning liabilities settled	8	**(404)**	(585)
Change in non-cash working capital		**(6,254)**	(2,895)
Cash flow from (used in) operating activities		**55,656**	(3,811)
INVESTING ACTIVITIES			
Property and equipment asset expenditures	5	**(72,963)**	(9,009)
Exploration and evaluation asset expenditures	6	**(19,044)**	(311)
Payment of contingent consideration		**(13,382)**	-
Restricted cash for security arrangements	4	**(52,900)**	4,282
Change in non-cash working capital		**29,444**	4,981
Cash flow used in investing activities		**(128,845)**	(57)
FINANCING ACTIVITIES			
Revolving facility	7	**34,838**	-
Exercise of warrants	9	**1,018**	-
Normal course issuer bid	9	**(1,736)**	(806)
Principal payments on lease liabilities		**(534)**	4
Cash flow from (used in) financing activities		**33,586**	(802)
Foreign exchange (loss) gain		**(219)**	437
CHANGE IN CASH		**(39,822)**	(4,233)
CASH, BEGINNING OF PERIOD		**64,241**	139,906
CASH, END OF PERIOD		**24,419**	135,673
Cash interest paid		**347**	332
Cash taxes paid		**-**	-

See accompanying notes to the interim condensed consolidated Financial Statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

For the three months ended March 31, 2026 and 2025

1. REPORTING ENTITY

Tenaz Energy Corp. is an energy company focused on the acquisition and sustainable development of international oil and gas assets. Tenaz is the largest producer of natural gas assets in the Dutch sector of the North Sea and develops crude oil and natural gas at Leduc-Woodbend in Alberta.

Tenaz is the corporation resulting from the amalgamation of Tenaz Energy Corp. and Altura Energy Inc. on October 15, 2021 under the Business Corporations Act (Alberta) ("ABCA"). The Company is headquartered in Calgary with its common shares listed on the Toronto Stock Exchange ("TSX") under the symbol "TNZ".

Tenaz's principal place of business is located at 700, 605 5th Avenue SW, Calgary, Alberta, T2P 3H5.

2. BASIS OF PRESENTATION

These interim condensed consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS" 34) and have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended December 31, 2025.

These financial statements should be read in conjunction with Tenaz's audited consolidated financial statements for the year ended December 31, 2025, which are available on SEDAR+ at www.sedarplus.ca and its website at www.tenazenergy.com.

These financial statements were approved by the Board of Directors on May 6, 2026.

All financial information is reported in Canadian dollars, unless otherwise noted. References to "EUR" or "€" are to Euros.

Tenaz's subsidiaries include entities in each of the jurisdictions that Tenaz operates as described in Note 3 (Segmented information), including Canada and the Netherlands.

Use of judgments, estimates and assumptions

The preparation of financial statements requires management to use judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingencies at the date of the financial statements, and revenues and expenses during the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Accordingly, actual results could differ from those estimated. Significant estimates and judgements used in the preparation of the financial statements are detailed in Note 5 of the audited consolidated financial statements for the year ended December 31, 2025.

3. SEGMENTED INFORMATION

Tenaz has a business unit structure designed to manage assets in each country in which the Company operates. Tenaz's operating segments derive their revenues solely from the production and sale of petroleum and natural gas. Tenaz has two key operating segments: the Canadian business unit and the Netherlands business unit. Tenaz's Canadian business unit includes costs incurred at the Company's corporate head office located in Calgary, Alberta, Canada. Results from the Company's investment in associate are included in the Netherlands business unit.

Tenaz's chief operating decision maker regularly reviews funds flow from operations generated by each of Tenaz's operating segments. Funds flow from operations is a similar measure of earnings that provides the chief operating decision maker with the ability to assess the profitability of each operating segment and, correspondingly, the ability of each operating segment to fund its share of decommissioning liabilities and capital investments.

As at and for the period ended			March 31 2025			**March 31 2026**
($000)	Netherlands	Canada	Total	**Netherlands**	**Canada**	**Total**
Total assets	170,810	223,383	394,193	**2,189,078**	**437,800**	**2,626,878**
Exploration and evaluation asset expenditures	311	-	311	**19,044**	**-**	**19,044**
Property, plant and equipment asset expenditures	1,069	7,940	9,009	**64,025**	**8,938**	**72,963**
Capital expenditures	1,380	7,940	9,320	**83,069**	**8,938**	**92,007**
Heavy crude oil	-	7,123	7,123	**-**	**7,886**	**7,886**
Natural gas liquids	53	323	376	**2,095**	**511**	**2,606**
Natural gas	9,046	1,147	10,193	**121,571**	**1,228**	**122,799**
Petroleum and natural gas sales	9,099	8,593	17,692	**123,666**	**9,625**	**133,291**
Royalties	-	(1,401)	(1,401)	**(572)**	**(1,559)**	**(2,131)**
Petroleum and natural gas revenue	9,099	7,192	16,291	**123,094**	**8,066**	**131,160**
Transportation expenses	(372)	(432)	(804)	**(3,105)**	**(547)**	**(3,652)**
Operating expenses	(4,965)	(2,443)	(7,408)	**(43,489)**	**(2,213)**	**(45,702)**
Midstream income[(1)]	1,381	-	1,381	**1,916**	**-**	**1,916**
General and administrative expenses	-	-	(2,391)	**-**	**-**	**(1,693)**
Current income taxes	-	-	-	**(4,948)**	**-**	**(4,948)**
Transaction costs	-	-	(2,691)	**-**	**-**	**-**
Interest and financing	-	-	(3,404)	**-**	**-**	**(8,369)**
Realized foreign exchange loss	-	-	(21)	**-**	**-**	**(62)**
Realized loss on derivative instruments	-	-	-	**-**	**-**	**(4,076)**
Funds flow from operations	5,143	4,317	953	**73,468**	**5,306**	**64,574**

(1) Midstream income from Noordgastransport BV

(2) Prior year general and administrative expenses, interest and financing, realized foreign exchange and realized derivative instruments have been presented on a total basis to conform with current period presentation.

Reconciliation of funds flow from operations to net loss

($000)	Three months ended March 31 **2026**	2025
Funds flow from operations	**64,574**	953
Unrealized foreign exchange (loss) gain	**(178)**	267
Unrealized loss on derivatives	**(190,874)**	(223)
Share-based compensation	**(3,002)**	(1,366)
Amortization of fair value increment of NGT	**(243)**	(237)
Depletion, depreciation and amortization	**(47,003)**	(5,399)
Accretion of decommissioning liability	**(6,900)**	(1,672)
Remeasurement of contingent consideration	**(12,735)**	-
Deferred tax recovery	**85,277**	2,369
Net loss	**(111,084)**	(5,308)

4. RESTRICTED CASH

As at ($000)	**March 31 2026**	December 31 2025
Restricted cash (€000)	**57,119**	24,430
Restricted cash ($000)	**91,802**	39,306

Restricted cash consists of moneys deposited as decommissioning security for Tenaz's interest in Netherlands assets, pursuant to decommissioning security agreements ("DSA") in place for the offshore licenses. Under the DSAs, decommissioning security is calculated and posted annually

The decommissioning security can be provided in various acceptable forms, such as letters of credit, cash deposits and decommissioning surety bonds. The calculation of required security is determined through agreed-upon calculations within the DSAs.

In Q1 2026, Tenaz posted an additional €55.3 million (approximately $89.6 million) in decommissioning security, consisting of an additional €17.5 million (approximately $28.3 million) in cash, €27.4 million ($44.4 million) in decommissioning surety bonds, and €10.4 million ($16.8 million) in cash collateralized letters of credit.

5. PROPERTY, PLANT AND EQUIPMENT

($000)	
Cost	
Balance, December 31, 2025	2,213,091
Additions	72,963
Decommissioning cost additions and change in estimates (Note 8)	55,726
Foreign exchange	(226)
Balance, March 31, 2026	**2,341,554**
Depletion, depreciation, amortization and impairment	
Balance, December 31, 2025	(178,500)
Depletion and depreciation	(44,861)
Foreign exchange	(442)
Balance, March 31, 2026	**(223,803)**

Carrying amounts

($000)	
As at December 31, 2025	2,034,591
Canada	68,563
Netherlands	1,966,028
As at March 31, 2026	**2,117,751**
Canada	**80,847**
Netherlands	**2,036,904**

6. EXPLORATION AND EVALUATION ASSETS

($000)	
Balance, December 31, 2025	138,860
Additions	19,044
Foreign exchange	(27)
Balance, March 31, 2026	**157,877**
Netherlands	**157,877**

7. LONG-TERM DEBT

Long-term debt is comprised of the following:

As at ($000)	**March 31 2026**	December 31 2025
Revolving facility	**34,838**	-
Senior unsecured notes	**312,613**	312,957
Total	**347,451**	312,957

Senior unsecured notes

Tenaz has issued $305 million of senior unsecured notes by way of private placement with institutional investors. The notes have a coupon of 12%, paid semi-annually on May 14 and November 14, and mature on November 14, 2029.

The initial $140 million tranche of the notes were placed at par in November 2024. An additional $165 million tranche was issued at an 8.4% premium to underlying par value for gross proceeds of $178.9 million (net proceeds of $175.1 million) in October 2025.

The senior unsecured notes were recognized at amortized cost and include the transaction costs directly related to the issuance.

Tenaz may, at its option, redeem the notes prior to maturity at the redemption prices set forth below, together with accrued and unpaid interest.

Year	Redemption price
May 14, 2027 to May 13, 2028	**106%**
May 14, 2028 to May 13, 2029	**103%**
May 14, 2029 and thereafter	**100%**

Prior to May 14, 2027, early redemption is permitted at 106% of principal plus the present value of future interest payments. This redemption feature is an embedded derivative that has been separately accounted for, however a fair value of zero has been determined given it is out-of-the-money.

Syndicated revolving facility

Tenaz has a $150 million secured revolving reserve based lending facility with a syndicate of lenders including National Bank Capital Markets, Canadian Imperial Bank of Commerce, Goldman Sachs and DNB Bank ASA. The facility matures on October 2027 with semi-annual borrowing base redeterminations. Interest rates are determined using a benchmark rate plus a rate margin based on the applicable benchmark and our total net debt-to-EBITDA ratio. The facility is subject to customary conditions for such facilities.

As at March 31, 2026, the Company had drawn $34.8 million on its syndicated revolving facility, classified in long-term debt on balance sheet.

The following table lists Tenaz's financial covenants at March 31, 2026. Tenaz was in compliance with all financial covenants.

Covenant Description		March 31, 2026
Debt to EBITDA[1]	Maximum Ratio 3.50	1.11

(1) This financial covenant uses financial measures defined in the syndicated revolving facility that are not defined under IFRS Accounting Standards. The debt used in the covenant calculation includes bank indebtedness and senior unsecured notes. The earnings before interest, taxes and amortization (EBITDA) used in the covenant calculation is adjusted for non-cash items and items considered in the syndicated revolving facility agreement as extraordinary and non-recurring items.

Subsequent to March 31, 2026, Tenaz increased the syndicated revolving facility to $250 million and extended the maturity to April 2028, with a new institution (Macquarie Bank Limited) joining the lending syndicate.

8. DECOMMISSIONING LIABILITY

($000)	
Balance, December 31, 2025	331,860
Additions	2,733
Changes in estimates	52,993
Settled	(404)
Accretion	6,900
Foreign exchange	1,800
Balance, March 31, 2026	**395,882**
Canada	**7,193**
Netherlands	**388,689**

The country specific rates used as inputs to inflate cost estimates and discount the obligations were as follows:

	March 31 2026	December 31 2025
Credit spread	**5.6%**	7.1%
Risk-free rates		
Canada	**3.9%**	3.9%
Netherlands	**3.1%**	3.0%
Inflation rates		
Canada	**2.0%**	2.0%
Netherlands	**2.0%**	2.0%

9. SHARE CAPITAL

Issued and outstanding

	Number of Common Shares (000's)	**Amount ($000)**
Balance, December 31, 2025	31,789	92,909
PSUs and RSUs vested	21	82
Warrants exercised	446	1,533
Normal course issuer bid	(47)	(136)
Balance, March 31, 2026	**32,209**	**94,388**

Normal Course Issuer Bid ("NCIB")

The following table summarizes the share repurchase activities during the period:

	Three months ended March 31 2026	Year ended December 31 2025
Share repurchase activities (000's of common shares)		
Shares repurchased	**(47)**	(336)
Amounts charged to ($000):		
Share capital	**(136)**	(748)
Retained earnings	**(1,600)**	(5,384)
Share repurchase cost	**(1,736)**	(6,132)
Average cost ($/share)	**36.94**	18.25

Weighted average common shares

	Three months ended March 31	
	2026	2025
Net loss ($000)	**(111,084)**	(5,308)
Weighted average common shares (000s)		
Basic	**31,900**	27,595
Diluted	**31,900**	27,595
Net income per share		
Basic	**(3.48)**	(0.19)
Diluted	**(3.48)**	(0.19)

Per share information is calculated based on the weighted average number of common shares outstanding during the period.

Diluted per share information reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. Diluted per share information is calculated using a method which assumes that any proceeds received by the Company upon the exercise of in-the-money stock options or warrants plus unamortized share-based compensation expense would be used to buy back common shares at the average market price for the period.

10. FINANCIAL INSTRUMENTS

At March 31, 2026, Tenaz's financial instruments include cash, restricted cash, accounts receivable, derivative instruments, accounts payable and accrued liabilities, and long-term debt.

Classification of financial instruments

The carrying value of accounts receivable, accounts payable, accrued liabilities and syndicated revolving facility are a reasonable approximation of their fair value due to the short maturity of these financial instruments.

Fair value measurements are categorized into a fair value hierarchy based on the lowest level input that is significant to the fair value measurement:

- Level 1 inputs are determined by reference to unadjusted quoted prices in active markets for identical assets or liabilities. Inputs used in fair value measurement of cash are categorized as Level 1.

- Level 2 inputs are determined based on inputs other than unadjusted quoted prices that are observable, either directly or indirectly. The fair value of Tenaz's derivative assets and liabilities and senior unsecured notes are determined using pricing models that incorporate future price forecasts (supported by prices from observable market transactions) and credit risk adjustments. Tenaz's derivative assets and liabilities are carried at fair value. The fair value of Tenaz's senior unsecured notes as at March 31, 2026 was $335.7 million.

- Level 3 inputs are not based on observable market data. Tenaz does not have any financial instruments classified as Level 3.

Risks associated with financial assets and liabilities

Tenaz is exposed to credit risk, liquidity risk and market risk as part of its normal course of business.

Credit risk

Tenaz is exposed to credit risk on cash, restricted cash, accounts receivable, and derivative assets. The credit exposure on cash and restricted cash pertain to cash deposited with financial institutions with high third party credit ratings. Cash and restricted cash balances held with these institutions are subject to credit risk, which is the risk that the counterparty may default on its obligations, leading to a loss of the Company's cash assets.

Management mitigates this risk by maintaining cash balances with reputable financial institutions with strong credit ratings and a proven track record of financial stability and reliability. The aforementioned banks are globally recognized banking institutions with robust risk management practices and strong capital positions. These banks are well-regarded for their stability, liquidity, and adherence to regulatory standards. The Company regularly monitors the financial health and credit ratings of its banking partners and limits the concentration of cash deposits with any single institution to manage exposure. As of March 31, 2026 the Company has assessed the credit risk associated with its cash balances and considers the risk of default to be low.

The majority of the credit exposure on accounts receivable at March 31, 2026, pertain to revenue for accrued March 2026 crude oil and natural gas sales volumes and receivables from joint interest partners. The Canadian and Dutch customers typically remit revenue amounts to Tenaz by the 25th day of the month following delivery. As at March 31, 2026, receivables for revenue and joint interest partners were $50.4 million and $92.3 million, respectively, which are included in accounts receivable (December 31, 2025 - $42.9 million and $83.0 million). For the three months ended March 31, 2026, the Company received approximately 97% of its revenue from five purchasers (December 31, 2025 – 87% of its revenue from five purchasers). As at March 31, 2026, 0.1% (December 31, 2025 – 0.1%) of the accounts receivable balance was outstanding for more than 90 days. When determining whether amounts that are past due are collectible, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. Tenaz considers the balance of accounts receivable to be collectible.

Tenaz's derivative assets relate to the fair value of financial instruments used as part of the Company's risk management program to mitigate the effects of changes in commodity prices on future cash flows. Tenaz manages this risk by monitoring the credit worthiness of counterparties and transacting primarily with counterparties that have investment grade third party credit ratings. Tenaz has not obtained collateral or other security to support its derivative assets.

Liquidity risk

Liquidity risk is the risk that Tenaz will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through its capital management and an actively managed operating and capital expenditure budgeting process.

Accounts payable and accrued liabilities are due in less than one year. The senior unsecured notes are due in November 2029. The syndicated revolving facility matures on October 6, 2027 with semi-annual borrowing base redeterminations. Subsequent to March 31, 2026, Tenaz increased the syndicated revolving facility to $250 million and extended the maturity to April 2028, with a new institution (Macquarie Bank Limited) joining the lending syndicate.

Management believes that funds available from its credit and working capital facilities are adequate to settle the Company's financial liabilities and obligations as they come due.

As at March 31, 2026, we had the following contractual obligations and commitments:

($000)	Less than 1 year	2-3 years	4-5 years	5+ years	Total
Long-term debt and associated interest payments	36,600	108,038	341,600	-	486,238
Lease obligations	12,219	21,559	3,886	975	38,639
Contingent consideration	-	19,617	-	-	19,617
Software subscriptions	3,568	3,634	811	-	8,013
Service commitments	28,761	-	-	-	28,761
Total contractual obligations and commitments	**81,148**	**152,848**	**346,297**	**975**	**581,268**

Subsequent to March 31, 2026, the Company has entered into a five-year contract, with extension options, for a jack-up barge vessel, expected to commence in the second half of 2026. Annual payments are expected to be approximately $25 million gross prior to allocations to joint venture partners.

The vessel will provide year-round access to all operated platforms and has sufficient capacity to support a range of well intervention activities, including recompletions, perforations, coiled tubing, and related services, as well as ongoing maintenance and integrity work.

Market risk

Market price movements that could adversely affect the value of the Company’s financial assets, liabilities and expected future cash flows include commodity price risk (crude oil and natural gas), foreign currency exchange risk and interest rate risk.

Commodity price risk

Tenaz is exposed to commodity price risk on its derivative assets and liabilities which are used as part of the Company’s risk management program to mitigate the effects of changes in commodity prices on future cash flows. As such, changes in commodity prices impact the fair value of derivative instruments and the corresponding gains or losses recognized on derivative instruments.

As at March 31, 2026, Tenaz had the following outstanding commodity price risk derivative contracts.

Reference Price [1]	Currency	Unit	Swap Volume	Price	Bought Put Volume	Price	Sold Put Volume	Price	Sold Call Volume	Price
TTF Heren DA										
Q2 2026	EUR	MWh/d	14,612	32.21	-	-	-	-	-	-
Q3 2026	EUR	MWh/d	15,452	30.44	2,880	30.00	1,440	17.50	2,880	35.94
Q4 2026	EUR	MWh/d	16,772	30.47	3,600	30.00	1,440	17.50	3,600	35.95
Q1 2027	EUR	MWh/d	11,300	32.27	3,600	35.10	1,440	15.00	3,600	44.85
Q2 2027	EUR	MWh/d	9,860	31.76	2,880	30.63	1,440	15.00	2,880	37.31
Q3 2027	EUR	MWh/d	9,860	31.76	2,880	30.63	1,440	15.00	2,880	37.31
Q4 2027	EUR	MWh/d	9,860	31.76	2,160	27.50	1,440	15.00	2,160	33.75
Q1 2028	EUR	MWh/d	720	36.25	-	-	-	-	-	-
Q2 2028	EUR	MWh/d	720	36.25	-	-	-	-	-	-
Q3 2028	EUR	MWh/d	720	36.25	-	-	-	-	-	-
Q4 2028	EUR	MWh/d	720	36.25	-	-	-	-	-	-
THE Heren DA										
Q4 2026	EUR	MWh/d	-	-	1,440	27.50	1,440	15.00	1,440	31.50
Q1 2027	EUR	MWh/d	-	-	1,440	27.50	1,440	15.00	1,440	31.50
Q2 2027	EUR	MWh/d	-	-	1,440	27.50	1,440	15.00	1,440	31.50
Q3 2027	EUR	MWh/d	-	-	1,440	27.50	1,440	15.00	1,440	31.50
Q4 2027	EUR	MWh/d	-	-	1,440	27.50	1,440	15.00	1,440	31.50
AECO 5a										
Q2 2026	CAD	GJ/d	4,000	2.96	-	-	-	-	-	-
Q3 2026	CAD	GJ/d	4,000	2.96	-	-	-	-	-	-
Q4 2026	CAD	GJ/d	3,000	2.99	-	-	-	-	-	-
Q1 2027	CAD	GJ/d	2,500	3.00	-	-	-	-	-	-
Q2 2027	CAD	GJ/d	2,500	3.00	-	-	-	-	-	-
Q3 2027	CAD	GJ/d	2,500	3.00	-	-	-	-	-	-
Q4 2027	CAD	GJ/d	2,500	3.00	-	-	-	-	-	-
WTI, CMA										
Q2 2026	USD	bbl/d	300	65.00	300	60.00	-	-	-	-
Q3 2026	USD	bbl/d	300	65.00	300	60.00	-	-	-	-
Q4 2026	USD	bbl/d	300	65.00	300	60.00	-	-	-	-
Q1 2027	USD	bbl/d	300	65.00	-	-	-	-	-	-

Contracts entered into subsequent to March 31, 2026:

Reference Price	Currency	Unit	Swap Volume	Price	Bought Put Volume	Price	Sold Put Volume	Price	Sold Call Volume	Price
TTF Heren DA										
Q1 2027	EUR	MWh/d	-	-	360	29.60	360	15.00	360	40.00
Q2 2027	EUR	MWh/d	-	-	360	29.60	360	15.00	360	40.00
Q3 2027	EUR	MWh/d	-	-	360	29.60	360	15.00	360	40.00
Q4 2027	EUR	MWh/d	-	-	360	29.60	360	15.00	360	40.00
Q1 2028	EUR	MWh/d	-	-	360	29.60	360	15.00	360	40.00
Q2 2028	EUR	MWh/d	-	-	360	29.60	360	15.00	360	40.00
Q3 2028	EUR	MWh/d	-	-	360	29.60	360	15.00	360	40.00
Q4 2028	EUR	MWh/d	-	-	360	29.60	360	15.00	360	40.00
THE Heren DA										
Q1 2027	EUR	MWh/d	-	-	1,440	32.40	1,440	15.00	1,440	40.00
Q2 2027	EUR	MWh/d	-	-	1,440	32.40	1,440	15.00	1,440	40.00
Q3 2027	EUR	MWh/d	-	-	1,440	32.40	1,440	15.00	1,440	40.00
Q4 2027	EUR	MWh/d	-	-	1,440	32.40	1,440	15.00	1,440	40.00

(1) A *swaption* is an option that provides the holder with the right, but not the obligation, to enter into a swap agreement at a predetermined price and date in the future. In this context, swaptions allow the counterparty to elect to enter into a natural gas or crude oil price swap on the expiry date at the specified strike price(s), for the remaining term noted.

Foreign currency risk

Foreign currency risk is the risk that future cash flows will fluctuate because of changes in foreign currency exchange rates. In addition, the Company may be exposed to foreign exchange risk in relation to foreign denominated cash, foreign currency swaps as well as other foreign-denominated working capital. Tenaz may manage the risks associated with changes in foreign currency by entering foreign currency swaps. As at March 31, 2026, Tenaz had no outstanding foreign exchange derivative contracts.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's revolving bank debt is exposed to interest rate risk on floating interest rate indebtedness due to fluctuations in market interest rates.

Derivative instruments

The table below summarizes the fair values as at March 31, 2026 and December 31, 2025 in the balance sheet:

As at ($000)	**March 31** **2026**	December 31 2025
Derivative instrument assets		
Commodity contracts	**2,653**	23,092
Derivative instrument assets	**2,653**	23,092
Derivative instrument liabilities		
Commodity contracts	**170,037**	74
Derivative instrument liabilities	**170,037**	74
Net financial derivative instrument (liability) asset	**(167,384)**	23,018

The table below summarizes the loss on derivative instruments in net income:

As at ($000)	**March 31** **2026**	March 31 2025
Realized loss		
Commodity contracts	4,076	-
Unrealized loss		
Commodity contracts	190,874	223
Loss on derivatives	**194,950**	**223**

11. CAPITAL MANAGEMENT

($000)	**March 31** **2026**	December 31 2025
Current assets	**298,414**	287,048
Current liabilities	**431,790**	305,301
Net working capital	**133,376**	18,253
Fair value of net derivative instruments	**(111,040)**	8,375
Long-term debt	**347,451**	312,957
Contingent consideration, non-current portion	**19,617**	5,565
Net debt	**389,404**	345,150
Funds flow from operations	**64,574**	120,426
Net debt to quarterly annualized funds flow from operations (ratio)	**1.5**	1.4

BOARD OF DIRECTORS

Marty Proctor
Chair

Anna Alderson
Independent Director

John Chambers
Independent Director

Mark Rollins
Independent Director

Varinia Radu
Independent Director

Anthony Marino
President and Chief Executive Officer and Director

OFFICERS

Anthony Marino
President and Chief Executive Officer and Director

Bradley Bennett
Chief Financial Officer

Jenson Tan
Chief Operating Officer

Jonathan Balkwill
Vice President, Business Development

Mirzeta Delkic
Vice President, Human Resources and Sustainability

Jamie Gagner
Vice President and General Counsel

Brian Giang
Vice President, Finance

Adam Iwanicki
Vice President, Marketing

Jennifer Russel-Houston
Vice President, Geoscience

Kyle Preston
Vice President, Investor Relations

LEGAL COUNSEL

Torys LLP
Calgary, Alberta

AUDITORS

Deloitte LLP
Calgary, Alberta

BANKERS

National Bank of Canada
Calgary, Alberta

Canadian Imperial Bank of Commerce
Calgary, Alberta

DNB Bank ASA
Oslo, Norway

Macquarie Bank Limited
Sydney, Australia

Goldman Sachs
Calgary, Alberta

EVALUATION ENGINEERS

McDaniel & Associates Consultants Ltd.
Calgary, Alberta

REGISTRAR & TRANSFER AGENT

Odyssey Trust Company
Calgary, Alberta

STOCK TRADING

Toronto Stock Exchange (“TSX”)

Trading Symbol: TNZ

TENAZ ENERGY