

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("**MD&A**") of financial condition and results of operations for Tenaz Energy Corp. (formerly Altura Energy Inc. or "**Altura**") (the "**Company**" or "**Tenaz**") is dated November 10, 2022 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and related notes for the three and nine months ended September 30, 2022 and 2021, the audited consolidated financial statements and related notes for the year ended December 31, 2021, as well as the Company's Annual Information Form ("**AIF**") that is found on SEDAR at www.sedar.com. The Company's unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), and sometimes referred to in this MD&A as Generally Accepted Accounting Principles or ("**GAAP**"), specifically International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("**IASB**").

This MD&A includes references to certain financial and performance measures which do not have standardized meanings prescribed by IFRS ("**Non-GAAP**"). In addition, this MD&A includes references to certain Non-GAAP financial measures, Non-GAAP financial ratios, capital management measures and supplementary financial measures which are not specified, defined, or determined under IFRS and are therefore considered Non-GAAP and other financial measures. These Non-GAAP and other financial measures are unlikely to be comparable to similar financial measures presented by other issuers. For a full description of these Non-GAAP and other financial measures and a reconciliation of these measures to their most directly comparable GAAP measures, please refer to "Non-GAAP and Other Financial Measures" included in the "Advisories" section in this MD&A.

Readers are cautioned that the MD&A also contains forward-looking statements and should be read in conjunction with Tenaz's disclosure under "Forward-Looking Information" included in this MD&A.

All figures are in thousands of Canadian dollars unless otherwise noted.

Change in Accounting Policies

Effective December 31, 2021, Tenaz voluntarily changed its accounting policy with respect to the discounting of its decommissioning liability. As a result, certain comparative information has been restated in this MD&A. Refer to the "Change in Accounting Policies section" of this MD&A for a description of the changes and the impact on the Company's financial statements.

Share Consolidation

On December 23, 2021, the Company completed a 10-to-1 share consolidation. The number of common shares of the Company ("**Common Shares**"), warrants and stock options outstanding have been adjusted on a retroactive basis and have been presented in this MD&A on a post-consolidation basis.

DESCRIPTION OF BUSINESS

Tenaz is an energy company focused on the acquisition and sustainable development of international oil and gas assets capable of returning free cash flow to shareholders. In addition, Tenaz conducts development of a semi-conventional oil project in the Rex member of the Upper Mannville group at Leduc-Woodbend in central Alberta. Additional information regarding Tenaz is available on SEDAR and on its website at www.tenazenergy.com. Tenaz's Common Shares are listed for trading on the Toronto Stock Exchange under the symbol "TNZ".

TSX GRADUATION

On May 12, 2022, following approval from the Toronto Stock Exchange ("**TSX**"), Tenaz's Common Shares were listed on the TSX and commenced trading under the symbol "TNZ" at which time trading on the TSX Venture Exchange ceased (the "**TSX Graduation**").

Tenaz views the TSX Graduation as a natural step in executing the corporate strategy outlined at the time of the reorganization in 2021.

TERMINATION OF SDX ENERGY PLC ACQUISITION

On July 29, 2022, the Company terminated its previously proposed acquisition of SDX Energy Plc (“**SDX**”) (the “**SDX Transaction**”). The completion of the SDX Transaction required Tenaz and SDX shareholder and regulatory approvals. The results of the SDX shareholder vote held on July 29, 2022 did not meet the required threshold of 75% of voted shares in favour of the transaction. Based on the results of the SDX vote, Tenaz decided not to hold its Special Meeting of Shareholders on July 29, 2022 and terminated the proposed acquisition of SDX.

On August 4, 2022, following the termination of the SDX acquisition, the £25.0 million held in escrow as a deposit for a cash alternative to the SDX Transaction was refunded to Tenaz’s bank account, the outstanding balances on the Credit Facilities were repaid, and the foreign exchange swaps were settled.

For the three and nine months ended September 30, 2022, the Company recognized \$0.3 million and \$1.8 million, respectively, of transaction costs in net income related to the SDX Transaction.

CAPITAL AND PRODUCTION GUIDANCE

	November 10, 2022 Updated Guidance	August 5, 2022 Guidance
2022 average production volumes (boe/d)	1,200 to 1,300	1,200 to 1,300
Capital expenditures ⁽¹⁾ (\$000)	16,000 to 17,000	8,000
Wells:		
Drilled	4 (3.50 net)	2 (1.75 net)
Completed	4 (3.50 net)	2 (1.75 net)
		2023 Guidance
2023 average production volumes (boe/d)		1,450 to 1,550
Capital expenditures ⁽¹⁾ (\$000)		16,000 to 18,000
Wells:		
Drilled		4 (3.35 net)
Completed		4 (3.35 net)

We have announced an increase in 2022 capital guidance to reflect the addition of two (1.75 net) Rex wells and incremental facilities and pipeline activities. Our revised capital guidance range for 2022 is now \$16.0 to \$17.0 million for 2022, reflecting a total drill, complete, tie-in and equip program for 4 (3.5 net) wells, along with facility and pipeline expansions.

Guidance for 2023 has been approved by the Company’s Board of Directors and includes capital investment of \$16 to \$18 million to execute a four (3.35 net) well drilling program along with facility enhancements. Our production guidance for 2023 is 1450 - 1550 boe/d, approximately 20% higher than 2022.

¹ Non-GAAP and other financial measure. Refer to “Non-GAAP and Other Financial Measures” included in the “Advisories” section in the MD&A.

RESULTS OF OPERATIONS

Operational and Financial Review

	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Production					
Heavy crude oil (bbls/d)	687	636	496	613	507
Natural gas liquids ("NGLs") (bbls/d)	47	61	72	56	61
Natural gas (Mcf/d)	2,929	2,524	2,861	2,679	2,588
Total (boe/d)	1,222	1,117	1,045	1,116	999
Net income⁽¹⁾					
	224	769	10,105	4,490	8,597
Per share - basic ⁽¹⁾⁽³⁾	0.01	0.03	0.93	0.16	0.79
Per share – diluted ⁽¹⁾⁽³⁾	0.01	0.03	0.93	0.15	0.79
Cash flow from operating activities	1,444	1,936	1,982	4,538	3,572
Funds flow from operations ⁽²⁾	2,280	2,104	1,349	5,376	3,283
Per basic share ⁽²⁾⁽³⁾	0.08	0.07	0.12	0.19	0.30
Per basic diluted share ⁽²⁾⁽³⁾	0.08	0.07	0.12	0.18	0.30
Adjusted working capital (net debt) ⁽²⁾	13,887	19,431	(3,462)	13,887	(3,462)
Activity					
Capital expenditures (\$000) ⁽²⁾	7,882	3,512	2,614	12,113	4,551
Dispositions (\$000) ⁽²⁾	-	-	-	-	(1,750)
Wells drilled - Gross/(Net)	2 (1.75)	2 (1.75)	1 (0.88)	4 (3.50)	1 (0.88)
Wells completed - Gross/(Net)	2 (1.75)	-	1 (0.88)	2 (1.75)	2 (1.75)

(1) Prior period amounts have been restated. Refer to the "Change in Accounting Policies" section in the MD&A.

(2) Non-GAAP and other financial measure. Refer to "Non-GAAP and Other Financial Measures" included in the "Advisories" section in the MD&A.

(3) On December 23, 2021, the Company completed a 10 to 1 common share consolidation. All per share and common share values have been presented on a post-consolidation basis.

Production

Tenaz's production in Q3 2022 increased 9% and 17% to 1,222 boe/d compared to the prior quarter and Q3 2021, respectively. The change in quarter-over-quarter production reflected contributions from two (1.75 net) Rex wells brought online in the third quarter. The increased production from the new wells along with reduced downtime more than offset natural decline of the base wells.

Production in Q3 2022 and the first nine months of 2022 was higher than the same periods in the prior year largely as a result of increased production from new wells brought on production, but partially offset by natural declines and higher than expected downtime during the first half of the year. Production is expected to continue to increase in Q4 2022 as new wells brought on in Q3 2022 contribute for a full quarter.

Net Income

The Company's Q3 2022 net income was \$0.2 million compared to \$10.1 million in Q3 2021. The decrease is attributable to the absence of a \$10.0 million impairment reversal in Q3 2021. The impairment reversal was recorded on the strengthening of commodity prices in the second half of 2021.

Comparing the nine months ended September 30, 2022 (\$4.5 million) to the same period in the prior year (\$8.6 million), the difference is largely due to a differential in the recognized impairment reversal of \$4.2 million in 2022 compared to \$9.7 million in the same period for 2021. Overall, current period earnings reflect increased sales revenue from higher commodity prices and production volumes, partially offset by higher royalties and other expenses. Higher expenses resulted from increased activity levels, inflation and the execution of the Company's acquisition strategy.

Funds flow from operations

In Q3 2022, funds flow from operations of \$2.3 million increased 69% over Q3 2021 and 8% compared to Q2 2022. The increase in funds flow from Q3 2021 primarily reflects increased sales revenue from higher commodity prices and production volumes, partially offset by higher royalties and costs associated with Tenaz's acquisition strategy, including both ongoing general and administrative expenses and transaction costs from the SDX Transaction. The change in funds flow from operations from Q2 2022 to Q3 2022 reflects higher production, partially offset by a reduction in energy prices.

Benchmark Commodity Prices

	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Average Benchmark Prices					
WTI crude oil (US\$/bbl) ⁽¹⁾	91.64	108.41	70.56	98.09	64.82
WCS differential (US\$/bbl) ⁽²⁾	(19.79)	(12.77)	(13.58)	(15.71)	(12.51)
US\$/CAD\$ exchange rate	0.766	0.783	0.794	0.780	0.799
WCS (CAD\$/bbl)	93.72	122.08	71.88	105.58	65.40
AECO daily spot (CAD\$/Mcf)	4.45	7.26	3.58	5.49	3.26
Average Realized Prices⁽³⁾					
Heavy crude oil (\$/bbl)	99.73	120.21	72.81	107.14	65.56
Natural gas liquids (\$/bbl)	71.12	94.99	56.23	75.24	48.32
Natural gas (\$/Mcf)	4.00	8.11	3.87	5.66	3.54
Petroleum and natural gas sales (\$/boe)	68.39	91.90	49.04	76.25	45.38

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

(2) WCS differential represents the difference between the average market price for the benchmark Western Canadian Select ("WCS") heavy crude oil and WTI.

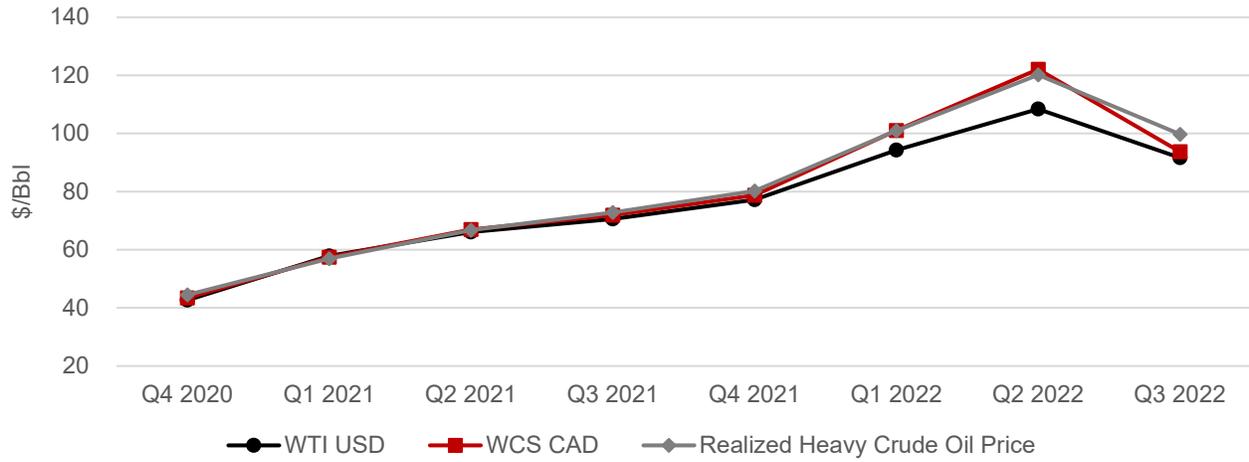
(3) Non-GAAP and other financial measure. Refer to "Non-GAAP and Other Financial Measures" included in the "Advisories" section in the MD&A.

Tenaz currently sells its crude oil on a monthly index basis and natural gas production at the daily index. The average realized price the Company receives for its crude oil and natural gas production depends on several factors, including the average benchmark prices for crude oil and natural gas, the US-to-Canadian dollar exchange rate as well as transportation and product quality differentials.

The average benchmark prices for crude oil are impacted by global and regional events that dictate the level of supply and demand for these commodities. The principal crude oil benchmarks that Tenaz compares its oil price to are the West Texas Intermediate (WTI) oil price and the Western Canadian Select (WCS) oil price. The differential between WTI and WCS oil prices can widen due to several factors, including, but not limited to, downtime in North American refineries, rising domestic and international production, the US-to-Canadian dollar exchange rate, inventory levels in North America and lack of pipeline infrastructure or takeaway capacity connecting key consuming oil markets.

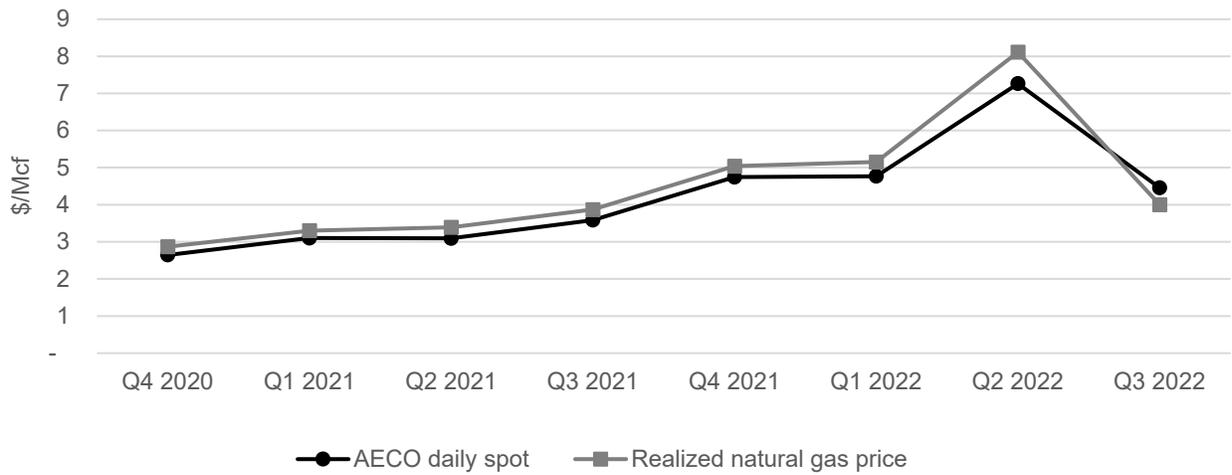
In Q3 2022, oil and gas prices retreated from the Q2 2022 highs as global recessionary fears, Strategic Petroleum Reserve (SPR) releases in the United States, and Covid-19 lockdowns in China more than offset tight global supply and demand balances. In Canada, the differential between WTI and WCS oil prices increased in this period, impacted by a combination of higher natural gas prices for refiners, discounted Russian heavy barrels, and US refinery outages, as well as the US SPR release which consisted of mostly heavier barrels. The decrease in WTI and a wider WCS differential in relation to the underlying WTI price resulted in WCS decreasing by 23% from Q2 2022 to \$93.72 per barrel in Q3 2022. Crude sold by Tenaz closely tracks WCS, but the exact price of crude received is a function of the sales point to which the product is delivered.

Oil Prices



In Q3 2022, Tenaz's realized natural gas price decreased by 51% to \$4.00 per Mcf from Q2 2022 while the AECO daily spot price decreased 39% to \$4.45 per Mcf from Q2 2022.

Natural Gas Prices



Financial Review

(\$000)	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Sales					
Heavy crude oil	6,304	6,953	3,325	17,938	9,071
Natural gas liquids	307	527	374	1,160	803
Natural gas	1,079	1,864	1,018	4,137	2,503
Petroleum and natural gas sales	7,690	9,344	4,717	23,235	12,377
Royalties	(1,712)	(1,740)	(532)	(4,392)	(1,382)
Operating	(1,917)	(1,471)	(1,391)	(5,293)	(3,787)
Transportation	(197)	(318)	(168)	(657)	(559)
General and administrative expenses	(1,183)	(1,410)	(413)	(3,839)	(1,288)
Transaction costs	(295)	(1,457)	-	(1,752)	-
Interest and financing, net of income	(103)	9	(66)	(99)	(265)
Realized foreign exchange loss	(3)	-	-	(3)	-
Realized loss on derivatives	-	(853)	(798)	(1,824)	(1,813)
Funds flow from operations ⁽¹⁾	2,280	2,104	1,349	5,376	3,283
Changes in non-cash operating working capital	(836)	(168)	633	(838)	289
Cash flow from operating activities	1,444	1,936	1,982	4,538	3,572

(1) Non-GAAP and other financial measure. Refer to "Non-GAAP and Other Financial Measures" included in the "Advisories" section in the MD&A.

Petroleum and Natural Gas Sales

Petroleum and natural gas sales in Q3 2022 decreased 18% to \$7.7 million compared to \$9.3 million in Q2 2022 and increased 63% compared to \$4.7 million in Q3 2021. The quarter-over-quarter decrease resulted from lower commodity prices offset by an increase in production. Petroleum and natural gas sales in the first nine months of 2022 increased 88% to \$23.2 million compared to \$12.4 million in the same period in 2021. The increases in 2022 compared to the prior year periods resulted primarily from increased realized commodity prices and higher production.

Royalties

In Q3 2022, royalty expense as a percentage of sales was 22.3% (\$15.23 per boe) compared to 11.3% of sales (\$5.53 per boe) in Q3 2021 and 18.6% of sales (\$17.11 per boe) in Q2 2022. In the nine months ended September 30, 2022, royalty expense increased to 18.9% of sales (\$14.41 per boe) compared to 11.2% of sales (\$5.07 per boe) in the same period of 2021. These increases are reflective of higher average royalty rates on Crown lands as Crown royalty rates vary depending on the product reference price, well production rates and the vintage of wells coming off royalty holidays. Partially offsetting the higher commodity prices were a number of recently drilled wells that benefit from the Crown's flat royalty rate of 5% for early production under the Drilling and Completion Cost Allowance program.

Operating

Operating expenses increased in Q3 2022 to \$1.9 million or \$17.04 per boe compared to \$1.5 million (\$14.47 per boe) in Q2 2022 and \$1.4 million (\$14.44 per boe) in Q3 2021. Higher current quarter operating costs are primarily attributable to increases in electricity and chemical costs in addition to increases in carbon taxes incurred for third party gas processing. The Alberta power pool price significantly increased to an average of \$221.40/MWh in Q3 2022 compared to \$100.35/MWh in Q2 2022.

Operating expenses increased to \$17.37 per boe in the nine months ended September 30, 2022 compared to \$13.88 per boe in the first nine months of 2021. The year-over-year increase in unit operating expense was driven by general inflation on key input costs including large increases in electricity and other input costs along with higher-than-expected well servicing activity.

Transportation

Transportation expenses decreased in Q3 2022 to \$0.2 million or \$1.75 per boe compared to \$0.3 million or \$3.12 per boe in Q2 2022 and was consistent with \$0.2 million or \$1.75 per boe in the same period in 2021. The increase in Q2 2022 costs related to trucking of crude to various sales points for optimal blending of the crude produced in the quarter. In the first nine months of 2022, transportation costs of \$2.16 per boe were largely consistent on a per unit basis with costs in the same period in 2021.

Operating Netback Summary

(\$/boe)	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Petroleum and natural gas sales	68.39	91.90	49.04	76.25	45.38
Royalties	(15.23)	(17.11)	(5.53)	(14.41)	(5.07)
Operating	(17.04)	(14.47)	(14.44)	(17.37)	(13.88)
Transportation	(1.75)	(3.12)	(1.75)	(2.16)	(2.05)
Operating netback ⁽¹⁾	34.37	57.20	27.32	42.31	24.38

(1) Non-GAAP and other financial measure. Refer to "Non-GAAP and Other Financial Measures" included in the "Advisories" section in the MD&A.

In Q3 2022 and YTD 2022, operating netback increased compared to the prior periods in 2021 due to the increase in commodity prices, partially offset by higher royalty rates and higher unit operating costs.

General and Administrative ("G&A") Expenses

(\$000)	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Gross G&A	1,385	1,559	563	4,453	1,700
Capitalized G&A and overhead recoveries	(203)	(149)	(150)	(615)	(412)
G&A expenses	1,183	1,410	413	3,839	1,288

G&A expenses increased to \$1.2 million in Q3 2022 compared to \$0.4 million in Q3 2021 and decreased from \$1.4 million in Q2 2022. For the nine months ended September 30, 2022, G&A expenses increased to \$3.8 million from \$1.3 million in the same period of 2021. The increase in 2022 is due to additional staff following the reorganization for the Company's new strategy of evaluating and acquiring oil and gas assets in global markets, and increased professional services, specifically regarding the TSX Graduation and the pursuit of international opportunities.

The G&A decrease in Q3 2022 as compared to Q2 2022 is primarily driven by the TSX graduation fees incurred in Q2 2022 and higher capitalized G&A as a result of higher capital expenditures in Q3 2022.

Transaction Costs

For the three and nine months ended September 30, 2022, the Company recognized \$0.3 million and \$1.8 million of transaction costs, respectively, in net income (2021 - \$nil). These costs were incurred for professional services and other transaction expenses directly related to the SDX transaction prior to its termination.

Business development costs associated with pursuing the Company's new strategy are included in G&A expenses.

Interest and Financing, net of Income

For the three and nine months ended September 30, 2022, Tenaz recognized net interest and financing charges pertaining to Tenaz's bank facility which was used to fund the cash deposit for the terminated SDX acquisition. The 2021 periods reflected interest on the bank facility that existed prior to the recapitalization which was repaid in October 2021.

Realized loss on derivative instruments

The Company has a risk management program in place with the objectives of reducing the volatility of crude oil and natural gas sales, increasing the certainty of funds flow from operations, protecting development economics, complying with its banking covenant and reducing foreign currency risk. Prior to the reorganization in 2021, Altura had drawn on its credit facility and under the terms of the lending agreement was required to hedge a minimum percentage of its production for a rolling three-quarter period. Tenaz is not required to continue hedging on its credit facility while the Company's credit facility is undrawn. Following the reorganization in 2021, the Company had paid off its bank indebtedness.

The Company's realized losses on derivative instruments are detailed in the following table:

(\$000)	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Commodity contracts					
Crude oil contracts	-	(606)	(123)	(1,423)	(179)
Natural gas contracts	-	(247)	(675)	(401)	(1,634)
Realized loss on derivative instruments	-	(853)	(798)	(1,824)	(1,813)

Tenaz has recognized realized losses on commodity contracts in 2022 and 2021 due to the increase in commodity prices compared to the prices at the time the contracts were entered into. At September 30, 2022, Tenaz held no crude oil and natural gas contracts as these contracts expired on May 31, 2022.

Net Income and Funds Flow from Operations

The following table reconciles funds flow from operations to net income:

(\$000)	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Funds flow from operations ⁽¹⁾	2,280	2,104	1,349	5,376	3,283
Unrealized foreign exchange loss (gain)	329	(329)	-	-	-
Unrealized gain (loss) on derivative instruments	(295)	918	35	600	(1,426)
Share-based compensation expense	(339)	(330)	(63)	(981)	(240)
Depletion, depreciation and amortization	(1,702)	(1,545)	(1,187)	(4,596)	(3,360)
Impairment reversal	-	-	10,021	4,240	9,683
Accretion of decommissioning liability	(49)	(49)	(50)	(149)	(147)
Gain on dispositions	-	-	-	-	804
Deferred tax recovery	-	-	-	-	-
Net income	224	769	10,105	4,490	8,597

(1) Non-GAAP and other financial measure. Refer to "Non-GAAP and Other Financial Measures" included in the "Advisories" section in the MD&A.

Share-based compensation

(\$000)	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Share-based compensation:					
Options	341	344	83	1,022	285
Performance share units ("PSUs")	16	-	-	16	-
Total share-based compensation	357	344	83	1,038	285
Capitalized share-based compensation	(18)	(14)	(20)	(57)	(45)
Share-based compensation expense	339	330	63	981	240

Tenaz's share-based compensation in 2022 is related to the granting of stock options under the Company's Stock Option Plan. The Company estimates the fair value of the incentive award based on a Black Scholes valuation

model for the determination of non-cash related share-based compensation, and the expense is recorded over the expected life of the award. Share-based compensation expense increased to \$0.3 million in Q3 2022, compared to \$0.1 million in Q3 2021 and was consistent with \$0.3 million in Q2 2022. For the nine months ended September 30, 2022, share-based compensation was \$1.0 million, compared to \$0.2 million in the same time period of 2021. The increases in 2022 are due to increased awards issued to the employees and staff following the recapitalization and change in strategy.

In Q2 2022, the Company's shareholders approved a new omnibus security-based compensation arrangement referred to as the Tenaz Incentive Plan (the "TIP") pursuant to which the Company is able to issue share-based long-term incentives to directors, officers, employees and independent contractors of the Company and/or its affiliates. The types of awards available under the TIP include options, restricted share units ("RSUs"), performance share units ("PSUs"), deferred share units ("DSUs") and dividend-equivalent rights (collectively, "Awards"). Under the TIP, the maximum number of Common Shares issuable from treasury pursuant to Awards shall not exceed 10% of the total outstanding Common Shares from time to time (on a non-diluted basis) less the number of Common Shares issuable pursuant to all other security-based compensation arrangements of the Company (being the Stock Option Plan).

On August 31, 2022, Tenaz issued 179,500 PSUs to employees of the Company with a grant date fair value of \$1.98 per award. The PSUs are an equity-settled long-term incentive and vest evenly over a period of three service years. The PSUs are subject to a performance factor on the annual vesting date which can be in the range of 0 to 2. This performance factor will be multiplied by the number of PSUs each employee holds at the time of vesting. The performance factor is determined by the Board of Directors based on the Company's performance during the vesting period. Share-based compensation expense for the PSUs is calculated based on the \$1.98 grant date fair value and the number of awards outstanding multiplied by the estimated performance factor (September 30, 2022 – 1.0) that will be realized upon vesting, net of an estimated forfeiture rate of 10%.

Depletion, Depreciation and Amortization ("DD&A")

For the three and nine month period ended September 30, 2022, DD&A expense was higher than the same periods of 2021 due to higher production volumes and higher DD&A rates.

On a per unit basis, DD&A was \$15.14 per boe in Q3 2022, compared to \$12.35 per boe in Q3 2021 and \$15.20 per boe in Q2 2022. For the nine months ended September 30, 2022 the DD&A rate was \$15.08 per boe compared to \$12.32 per boe in the same period of 2021. The increased per unit depletion in 2022 is mainly due to the impairment reversals recorded in Q2 2022 and Q3 2021, as well as estimated future development cost increases, which increased the net asset value subject to depletion relative to the same periods in 2021.

Impairment reversal

Impairment is recognized when the carrying value of an asset or group of assets exceeds its estimated recoverable amount, defined as the higher of its value in use or fair value less cost to sell. Any asset impairment that is recorded is recoverable to its original value less any associated DD&A expense should there be indicators that the recoverable amount of the asset has increased in value since the time of recording the initial impairment.

Developed and Producing ("D&P") Assets

March 31, 2022

At March 31, 2022, the significant increases in forecast benchmark commodity prices since the last impairment test at December 31, 2021, were considered indicators of impairment reversal. As a result, a test for impairment reversal was conducted on Tenaz's D&P assets in Tenaz's only cash-generating unit ("CGU"), Leduc-Woodbend. The Company recognized an impairment reversal of \$4.2 million, net of depletion, in the three months ended March 31, 2022 (2021 - \$nil) due to the estimated recoverable amount of \$51.1 million, using value in use, exceeding the carrying amount of these assets. Subsequent to the impairment reversal, no CGUs had any prior impairments that can be reversed in future periods.

The estimated recoverable amount of the CGU is the greater of (i) its value in use, and (ii) its fair value less cost to sell. The estimated recoverable amount for the Leduc-Woodbend CGU was based on the proved and probable

oil and gas reserves and related cash flows from Tenaz's December 31, 2021 reserve report prepared by its independent third-party reserve evaluators, updated using forecast oil and gas commodity prices at April 1, 2022, revised forecasted future development costs and operating expenses assumptions and removed production for the first three months of 2022, as updated by the Company's internal reserve evaluator. The estimated recoverable amount was determined to be value in use and was based on before-tax discount rates specific to the underlying composition of reserve categories and risk profile residing in the Leduc-Woodbend CGU, net of decommissioning obligations and included recoverable value for certain undeveloped land included in property and equipment related to this CGU, based on management's estimates as at March 31, 2022 which were established principally on relevant land sales. The discount rates used in the valuation ranged from 12% to 30%, with an overall weighted average discount rate of approximately 20%.

Accretion of decommissioning liability

Accretion expense is the increase in the decommissioning liability resulting from the passage of time. Accretion expense was consistent for the three and nine months ended September 30, 2022 and 2021.

Unrealized and Realized foreign exchange loss

In Q3 2022, the Company reversed the \$0.3 million unrealized foreign exchange loss as the £25.0 million held in escrow was returned to Tenaz upon termination of the SDX transaction for a minor realized foreign exchange loss. The corresponding foreign currency swaps related to the funds held in escrow were also settled in Q3 2022.

Unrealized gain (loss) on derivative instruments

The Company's unrealized gain (loss) on derivative instruments is detailed in the following table:

(\$000)	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Commodity contracts	-	623	35	600	(1,426)
Foreign currency swaps	(295)	295	-	-	-
Unrealized gain (loss) on derivative instruments	(295)	918	35	600	(1,426)

At September 30, 2022, Tenaz had no active commodity contract hedging arrangements with the final contracts expiring at the end of May 2022. At September 30, 2022, the liabilities associated with prior commodity contracts had been realized in normal course. At December 31, 2021, Tenaz had a liability of \$0.6 million recorded on the balance sheet.

In September 2022, Tenaz entered into foreign currency swaps in order to mitigate the foreign exchange exposure of the £25.0 million transferred into escrow to provide the Cash Alternative for the SDX Transaction. The \$0.3 million unrealized loss reversed and was settled in Q3 2022.

Deferred Taxes

Tenaz has not recognized a deferred tax asset at September 30, 2022, December 31, 2021 and September 30, 2021 for its estimated tax pools as management did not find it probable that the benefit will be realized. As such, the Company did not recognize a deferred tax expense or recovery in the three and nine months ended September 30, 2022 and 2021.

Estimated tax pools at September 30, 2022 and December 31, 2021 are as follows:

(\$000)	September 30, 2022	December 31, 2021
Canadian development expenses	16,917	12,832
Canadian exploration expenses	3,127	3,088
Canadian oil and gas property expenses	177	-
Non-capital losses	27,519	24,463
Undepreciated capital cost	7,827	8,170
Share issue costs	1,176	1,447
	56,743	50,000

At September 30, 2022, Tenaz has non-capital losses of \$27.5 million that expire between 2025 and 2042.

Capital Expenditures

(\$000)	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
By classification					
Exploration and evaluation expenditures	-	-	-	-	80
Property and equipment expenditures	7,882	3,512	2,614	12,113	4,471
Capital expenditures ⁽¹⁾	7,882	3,512	2,614	12,113	4,551
By category					
Geological and geophysical	7	30	-	39	4
Land	81	157	80	283	220
Drilling and completions	7,086	3,319	2,064	10,498	2,981
Workovers and recompletions	4	-	147	41	650
Equipping and tie-in	510	11	264	831	437
Facilities and pipelines	277	3	-	444	75
Other	(83)	(8)	59	(23)	184
Capital expenditures ⁽¹⁾	7,882	3,512	2,614	12,113	4,551

(1) Non-GAAP and other financial measure. Refer to "Non-GAAP and Other Financial Measures" included in the "Advisories" section in the MD&A.

In Q3 2022, Tenaz invested \$7.9 million in capital expenditures which primarily related to the completion, equipping and tie-in of the two (1.75 net) horizontal wells at Leduc-Woodbend spud in late June 2022 and the drilling costs of a further two (1.75 net) horizontal wells at Leduc-Woodbend which spud in September 2022. In the first nine months of 2022, Tenaz invested \$12.1 million in capital expenditures which included the equipping and tie-in of two (1.75 net) horizontal wells at Leduc-Woodbend drilled in December 2021, the drilling and completion, equipping and tie-in of two (1.75 net) horizontal wells at Leduc-Woodbend drilled in late June 2022, as well as the drilling costs related to two (1.75 net) horizontal wells at Leduc-Woodbend spud in September 2022.

Acquisitions (Dispositions)

During 2021, the Company closed asset dispositions for cash proceeds of \$1.75 million for a working interest of 2.75% in the Company's production, wells, lands and facilities through staged dispositions. From December 2019 to June 2021, the Company sold a combined 12.5% interest for the Canadian asset.

Acquisitions (Dispositions) in a non-GAAP and other financial measure. Refer to "Non-GAAP and Other Financial Measures" included in the "Advisories" section in the MD&A.

Decommissioning Liability

At September 30, 2022, Tenaz's decommissioning liability was \$1.3 million (December 31, 2021 - \$2.6 million) for the future abandonment and reclamation of Tenaz's properties. The estimated decommissioning liability includes cost assumptions to abandon wells or reclaim the property, the time frame in which such costs will be incurred as well as annual inflation factors used to calculate the undiscounted total future liability. The future liability has been inflated at 1.65% (December 31, 2021 – 1.82%) and discounted at a credit-adjusted risk-free rate of 15.87% (December 31, 2021 – 8.38%).

Abandonment cost estimates are derived from both industry and government sources and operational knowledge of the properties.

The Company's Liability Management Rating ("LMR") with the Alberta Energy Regulator ("AER") was 6.47 at October 1, 2022. The LMR is the ratio of the Company's deemed assets to its deemed liabilities and is updated monthly. An LMR rating less than 1.0 would require the Company to pay a deposit to the AER. Additionally, Tenaz's revolving Credit Facilities includes a covenant requiring the Company to maintain a LMR in Alberta, Saskatchewan and British Columbia, in each case, of no less than 2.0. At September 30, 2022, Tenaz was in compliance with this covenant.

CAPITAL RESOURCES AND LIQUIDITY

Adjusted working capital as at September 30, 2022 and December 31, 2021 is summarized as follows:

(\$000)	September 30, 2022	December 31, 2021
Current assets	21,516	27,499
Current liabilities	(7,629)	(7,411)
Working capital surplus	13,887	20,088
Exclude fair value of derivative instruments	-	600
Adjusted working capital ⁽¹⁾	13,887	20,688

(1) Non-GAAP and other financial measure. Refer to "Non-GAAP and Other Financial Measures" included in the "Advisories" section in the MD&A.

The Company's policy is to maintain a strong capital base to enhance investor, creditor and market confidence and to sustain the future development of the business. Tenaz's adjusted working capital of \$13.9 million as at September 30, 2022 decreased from \$20.7 million at December 31, 2021 primarily due to \$12.1 million in capital expenditures offset by \$5.4 million of funds flow from operations generated in the period.

Credit Facilities

At September 30, 2022, Tenaz's credit facilities with ATB Financial (the "Lender") consists of an undrawn, revolving operating demand loan (the "Operating Loan") in the principal amount of up to \$10.15 million (December 31, 2021 - \$4.0 million) accruing interest at a rate of prime + 3.5% per annum and subject to redetermination at least annually with the next redetermination date expected December 31, 2022 (the "Credit Facilities").

During the three months ended September 30, 2022 the Company repaid bank debt of \$15.9 million outstanding at the end of the second quarter of 2022 (December 31, 2021 - \$nil), which had been drawn to fund the cash deposit for the terminated SDX acquisition.

The Operating Loan is revolving, payable on demand and contains customary material adverse change clauses. The borrowing base of the Operating Loan is based on the Lender's interpretation of Tenaz's estimated proved and probable oil and natural gas reserves and forecasted commodity prices. As a result, there can be no assurance as to the amount of available limit that will be determined at each scheduled review. The Operating Loan can be drawn in whole multiples of a minimum of \$10,000, and letters of credit and/or letters of guarantee can be issued not exceeding an aggregate of \$0.75 million.

Fees for Letters of Credit issued under the Operating Loan are 3.5% and standby fees on the unused portion of the authorized amount of the Operating Loan are 0.875%.

The Credit Facilities are secured by a general security agreement providing a security interest over all present and after acquired property, a floating charge on all lands, and a \$30.0 million debenture with a first floating charge over all assets of the Company.

Tenaz is subject to certain reporting and financial covenants including:

- the Company is required to maintain a working capital ratio of at least 1:1, but for the purposes of the covenant, the Credit Facilities drawn and the fair value of any risk management contracts are excluded and the unused portion of the Credit Facilities is added to current assets; and
- the Company will maintain a liability management rating ("LMR") in Alberta, Saskatchewan and British Columbia, in each case, of no less than 2.0.

As at September 30, 2022, Company was in compliance with all debt covenants. The working capital ratio as defined was 4.13:1 (December 31, 2021 – 4.60:1) and the Company was compliant with the LMR covenant (6.47 at October 1, 2022).

Shareholders' Equity

At September 30, 2022, there were 28,405,374 Common Shares, 2,778,000 warrants, 1,845,500 stock options and 179,500 PSUs outstanding. A summary of the Company's change in Common Shares from December 31, 2021 to September 30, 2022 is presented below:

	Number of Common Shares
Balance, December 31, 2021	28,438,074
Exercise of stock options	110,000
Normal course issuer bid	(142,700)
Balance, September 30, 2022	28,405,374

Share Repurchases

On August 5, 2022, the Toronto Stock Exchange approved the Company to commence a normal course issuer bid ("**NCIB**"). The NCIB will allow Tenaz to purchase up to 2,619,970 common shares (approximately 9.2% of the outstanding common shares) over a twelve-month period beginning August 12, 2022 with a daily maximum purchase of 6,108 Common Shares.

The Company has entered into an automatic share purchase plan ("**ASPP**") with National Bank Financial which will allow for continued and consistent purchases of common shares at pre-determined levels. The ASPP will allow for the purchase of Common Shares at times when Tenaz would not be active in the market due to applicable regulatory restrictions or internal trading black-out periods.

During the three and nine months ended September 30, 2022 Tenaz purchased 142,700 common shares under the NCIB for total consideration of \$255,112. The common shares purchased under the NCIB were cancelled following the settlement of the transactions.

(\$000, except as noted)	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Share repurchase activities					
Common Shares repurchased	(142,700)	-	-	(142,700)	-
Amounts charged to:					
Share capital	(324)	-	-	(324)	-
Retained earnings	69	-	-	69	-
Share repurchase cost	255	-	-	255	-
Average cost per share (\$)	1.79	-	-	1.79	-

At November 10, 2022, there were 28,253,874 Common Shares, 2,778,000 warrants, 1,605,500 stock options and 179,500 PSUs outstanding.

Capital Resources

Tenaz has adequate liquidity to fund its remaining planned 2022 and budgeted 2023 capital expenditures through a combination of cash flow from operating activities, and cash on its balance sheet.

SUMMARY OF QUARTERLY INFORMATION

Quarters Ended (\$000, except per share)	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Petroleum and natural gas sales	7,690	9,344	6,201	5,453	4,717	4,220	3,440	2,659
Cash flow from operating activities	1,444	1,936	1,158	373	1,982	763	827	206
Net income (loss)	224	769	3,497	(258)	10,105	(532)	(976)	10,730
Per share – basic	0.01	0.03	0.12	(0.01)	0.93	(0.05)	(0.09)	0.99
Per share – diluted ⁽¹⁾	0.01	0.03	0.12	(0.01)	0.93	(0.05)	(0.09)	0.99
Shareholders' equity ⁽²⁾	70,819	70,493	69,191	65,315	35,950	25,264	25,625	26,570

(1) Basic weighted average shares are used to calculate diluted per share amounts when the Company is in a loss position.

(2) Prior period amounts have been restated. Refer to the "Change in Accounting Policies" section in the MD&A.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Tenaz has contractual obligations in the normal course of operations including operating agreements, transportation commitments, royalty obligations, lease rental obligations and employee agreements. These obligations are of a recurring, consistent nature and impact Tenaz's cash flows in an ongoing manner.

OFF BALANCE SHEET ARRANGEMENTS

Tenaz does not have any off-balance sheet arrangements that would result in a material change to its financial position, performance or funds flow from operations during the reporting periods.

RELATED PARTY TRANSACTIONS

The Company has not entered into any related party transactions.

ACCOUNTING STANDARDS, CHANGE IN ACCOUNTING POLICIES AND PRONOUNCEMENTS

Tenaz's interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards as issued by the IASB. These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021. There were no new or amended accounting standards or interpretations issued during the three and nine months ended September 30, 2022 that are expected to have a material impact on the interim condensed consolidated financial statements.

A summary of significant accounting policies can be found in note 3 to the annual consolidated financial statements for the year ended December 31, 2021.

Change in Accounting Policy – Decommissioning Liability

As described in Notes 1 and 18 of the audited consolidated financial statements for the year ended December 31, 2021 and as described in Notes 2 and 13 of the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2022, effective December 31, 2021, Tenaz voluntarily changed its accounting policy with respect to decommissioning liability to utilize a credit-adjusted risk-free discount rate to determine the discounted amount of the liability presented at each balance sheet date. The Company had previously utilized a risk-free discount rate to determine the discounted amount of the liability. Tenaz believes that discounting asset retirement obligations based on a credit-adjusted risk-free discount rate more closely approximates the value at which such liabilities could be transferred to a third party, increases the comparability of its financial statements to certain peer companies, provides a better indication of the risk associated with such obligations and results in reliable and more relevant information for the readers of the Company's financial statements.

The change in accounting policy did not have an impact on the Company's operations, cash flows, capital expenditures or strategic objectives and was applied retrospectively, resulting in the restatement of previously reported amounts as follows:

Consolidated Balance Sheets

As at	September 30, 2021			December 31, 2020		
	Previous accounting policy	Effect of change	Restated	Previous accounting policy	Effect of change	Restated
(\$000)						
E&E Assets	-	-	-	260	-	260
Property and equipment	43,338	-	43,338	32,872	-	32,872
Decommissioning liability	5,466	(2,956)	2,510	5,802	(3,672)	2,130
Retained earnings (deficit)	(12,750)	2,956	9,794	(22,063)	3,672	(18,391)

Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)

	For the year ended December 31 2021	For the three months ended September 30, 2021			For the nine months ended September 30, 2021		
	Effect of change	Previous accounting policy	Effect of change	Restated	Previous accounting policy	Effect of change	Restated
(\$000)							
Depletion, depreciation and amortization	31	1,176	11	1,187	3,319	41	3,360
Impairment	487	(10,500)	479	(10,021)	(10,170)	487	(9,683)
Accretion of decommissioning liability	96	26	24	50	77	70	147
(Gain) loss on dispositions	118	-	-	-	(922)	118	(804)
Net income (loss) and comprehensive income (loss)	(732)	10,619	(514)	10,105	9,313	(716)	8,597
Net income (loss) per share (\$/share)							
Basic	(0.05)	0.97	(0.04)	0.93	0.86	(0.07)	0.79
Diluted	(0.05)	0.97	(0.04)	0.93	0.86	(0.07)	0.79

Consolidated Statements of Cash Flows

The change in accounting policy did not have an impact on the Company's cash flows.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make certain judgments, accounting estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses.

A summary of Tenaz's critical accounting estimates, judgments and assumptions can be found in Note 2 to the annual consolidated financial statements for the year ended December 31, 2021. There have been no significant changes to the use of estimates, judgements or assumptions since December 31, 2021.

RISK FACTORS AND RISK MANAGEMENT

Tenaz monitors and complies with current government regulations that affect its activities, although operations may be adversely affected by changes in government policy, regulations or taxation. In addition, Tenaz maintains a level of liability, and property insurance, which is believed to be adequate for the Company's size and activities but is unable to obtain insurance to cover all risks within the business or in amounts to cover all possible claims.

Natural disasters, wars, terrorist attacks, riots or civil unrest, could materially and negatively impact the Company's business, its revenues and ultimately its profitability. Such events or occurrences may have a materially negative affect on one or more factors upon which the Company's business relies, including without limitation the demand for, and therefore the price of, the natural resource products produced by the Company, supply chains operate its business, and the availability of capital required by the Company to fund its operations.

See "Forward-Looking Information" in this MD&A and "Risk Factors" in Tenaz's most recently filed AIF information, available on SEDAR at www.sedar.com, for additional information.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer are responsible for the establishment and maintenance of internal controls over financial reporting ("ICFR") including disclosure controls and procedures ("DC&P").

The Company began trading on the TSX on May 12, 2022, having previously been listed on the TSX Venture Exchange. The Company is in the process of reviewing and enhancing its internal control environment, including the Company's ICFR and DC&P, in accordance with National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*. There have been no changes to the design of ICFR that occurred during the three month and nine month periods ended September 30, 2022 that have materially affected or are reasonably likely to materially affect the ICFR.

ADVISORIES

Non-GAAP and Other Financial Measures

This MD&A and quarterly report contains the terms funds flow from operations, capital expenditures, and capital expenditures, net of dispositions 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 MD&A contains the term adjusted working capital (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.

a) Non-GAAP Financial Measures

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 to settle liabilities. Funds flow from operations is calculated as cash flow from operating activities before changes in non-cash operating working capital. Funds flow from operations is not intended to represent cash flows from operating activities calculated in accordance with IFRS. A summary of the reconciliation of cash flow from operating activities to funds flow from operations, is set forth below:

(\$000)	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Cash flow from operating activities	1,444	1,936	1,982	4,538	3,572
Change in non-cash working capital	836	168	(633)	838	(289)
Funds flow from operations	2,280	2,104	1,349	5,376	3,283

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 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 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Exploration and evaluation expenditures	-	-	-	-	80
Property and equipment expenditures	7,882	3,512	2,614	12,113	4,471
Capital expenditures	7,882	3,512	2,614	12,113	4,551

Acquisitions (Dispositions)

Tenaz considers acquisitions (dispositions) to be a useful measure of the economic investment associated with the Company's acquisition and disposition activity. Acquisitions (dispositions) are calculated as the sum of acquisitions and dispositions from the consolidated statements of cash flows, Tenaz Common Shares issued as consideration, the estimated value of contingent consideration, the amount of an acquiree's outstanding long-term debt assumed plus or net of acquired working capital deficit or surplus. A reconciliation to the acquisitions and dispositions line items in the consolidated Statements of cash flows is set forth below:

(\$000)	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Dispositions	-	-	-	-	(1,750)

b) Non-GAAP Financial Ratio

Operating Netback

Tenaz calculates operating netback on a per boe basis, as petroleum and natural gas sales less royalties, operating costs and transportation costs. 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. Tenaz's operating netback is disclosed in the "Operating Netback" section of this MD&A.

c) Capital Management Measure

Adjusted working capital (net debt)

Management views adjusted working capital (net debt) as a key industry benchmark and measure to assess the Company's financial position and liquidity. Adjusted working capital (net debt) is calculated as current assets less current liabilities, excluding the fair value of derivative instruments. Tenaz's adjusted working capital (net debt) is disclosed in the "Capital Resources and Liquidity" section of this MD&A.

d) Supplementary Financial Measures

"**DD&A expense per boe**" is comprised of DD&A expense, as determined in accordance with IFRS, divided by the Company's total production.

"**Funds flow from operations per basic share**" is comprised of funds from operations divided by basic weighted average Common Shares.

"**Funds flow from operations per diluted share**" is comprised of funds from operations divided by diluted weighted average Common Shares.

"**Operating expense per boe**" is comprised of operating expense, as determined in accordance with IFRS, divided by the Company's total production.

"**Realized heavy crude oil price**" is comprised of heavy crude oil commodity sales from production, as determined in accordance with IFRS, divided by the Company's crude oil production.

"**Realized natural gas liquids price**" is comprised of NGLs commodity sales from production, as determined in accordance with IFRS, divided by the Company's NGLs production.

"**Realized natural gas price**" is comprised of natural gas commodity sales from production, as determined in accordance with IFRS, divided by the Company's natural gas production.

"**Realized petroleum and natural gas sales price**" is comprised of total commodity sales from production, as determined in accordance with IFRS, divided by the Company's total production.

"**Royalties as a percentage of sales**" is comprised of royalties, as determined in accordance with IFRS, divided by commodity sales from production as determined in accordance with IFRS.

“Royalties per boe” is comprised of royalties, as determined in accordance with IFRS, divided by the Company's total production.

“Transportation expense per boe” is comprised of transportation expense, as determined in accordance with IFRS, divided by the Company's total production.

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 MD&A and quarterly report 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", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "strategy" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this MD&A and quarterly report contains forward-looking information and statements pertaining to: the TIP and Awards thereunder, the NCIB and expected share buybacks thereunder, Tenaz's capital plans, activities and budget for 2022 and 2023, expected well performance, forecasted average production volumes and capital expenditures for 2022 and 2023, and the Company's strategy.

The forward-looking information and statements contained in this MD&A and quarterly report 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; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; the accuracy of the estimates of Tenaz's reserves and resource volumes; certain commodity price and other cost assumptions; 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 MD&A and quarterly report 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, 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 Tenaz's oil and gas reserve volumes; 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 MD&A and quarterly report speak only as of the date of this MD&A and quarterly report, and Tenaz does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.