



**NOTICE OF SPECIAL MEETING**

**and**

**INFORMATION CIRCULAR AND PROXY STATEMENT**

**WITH RESPECT TO THE SPECIAL MEETING OF SHAREHOLDERS TO BE HELD  
ON JULY 29, 2022**

**JUNE 30, 2022**

These materials are important and require your immediate attention. They require holders of common shares of Tenaz Energy Corp. (“**Tenaz Shareholders**”) to make important decisions. The Board of Directors of Tenaz Energy Corp. recommends that Tenaz Shareholders vote **FOR** the Tenaz Share Issuance Resolution as described in this Information Circular, at the special meeting of Tenaz Shareholders.

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- Appendix B — Pro Forma Consolidated Financial Statements of Tenaz
- Appendix C — Co-operation Agreement



June 30, 2022

Dear Tenaz Shareholders:

You are invited to attend a special meeting (the “**Tenaz Meeting**”) of holders (“**Tenaz Shareholders**”) of common shares (“**Tenaz Shares**”) of Tenaz Energy Corp. (“**Tenaz**”, “**we**”, “**us**” or “**our**”) to be held by way of live webcast at 2:30 p.m. (Mountain time) on July 29, 2022. At the Tenaz Meeting, Tenaz Shareholders will be asked, among other things, to consider and vote upon an ordinary resolution (the “**Tenaz Share Issuance Resolution**”) approving the issuance of such number of Tenaz Shares as are required to be issued in connection with the proposed acquisition (the “**Combination**”) by Tenaz of all of the issued and to be issued ordinary shares (“**SDX Shares**”) of SDX Energy plc (“**SDX**”), currently anticipated to be 15,614,224 Tenaz Shares (assuming no elections are made for the Cash Alternative (as defined herein)). Tenaz Shareholders will also be asked to elect, conditional upon the completion of the Combination, two (2) directors, being Michael Doyle and Catherine Stalker (the “**Board Nominees**”), to the board of directors of Tenaz.

Tenaz and SDX entered into a definitive Co-operation Agreement (the “**Co-operation Agreement**”) dated May 25, 2022, as amended on June 30, 2022, which was unanimously approved by the boards of directors of Tenaz and SDX. The Co-operation Agreement provides for, among other things, the acquisition by Tenaz of all of the issued and to be issued SDX Shares pursuant to a court-sanctioned scheme of arrangement under Part 26 of the UK Companies Act 2006.

Pursuant to the Combination, holders of SDX Shares (“**SDX Shareholders**”) can elect to receive, for each SDX Share held on the effective date of the Combination, either: (a) 0.075 of a Tenaz Share; or (b) £0.11 in cash under the alternative whereby SDX Shareholders receive cash instead of the Tenaz Shares which they would otherwise be entitled to receive under the Combination (the “**Cash Alternative**”).

The Cash Alternative values the issued, and to be issued SDX Shares, on a fully diluted basis, at approximately \$35.8 million on an enterprise value basis. The Cash Alternative represents a premium of approximately:

- (a) 33.3% to the Closing Price per SDX Share of £0.0825 on May 24, 2022 (being the Latest Practicable Date); and
- (b) 29.7% to the SDX 3-month VWAP of £0.084802 per SDX Share on June 29, 2022.

The Cash Alternative will not affect the entitlements of those SDX Shareholders who do not elect for it, each of whom will receive 0.075 Tenaz Shares for each SDX Share in accordance with the terms of the Scheme. The Cash Alternative is conditional upon the Scheme becoming effective. All valid elections under the Cash Alternative will be satisfied in full by Tenaz.

If no elections are made for the Cash Alternative, immediately following Completion, existing Tenaz Shareholders will own approximately 65% of the Tenaz Shares and SDX Shareholders will own approximately 35% of the Tenaz Shares.

While the Combination itself does not require the approval of Tenaz Shareholders, the rules of the Toronto Stock Exchange provide that a listed issuer must obtain approval of its shareholders in instances where the number of securities issued or issuable in payment of the purchase price for an acquisition exceeds 25% of the number of securities of the listed issuer which are outstanding, on a fully-diluted basis. As Tenaz will be required to issue approximately 55% of the number of Tenaz Shares currently outstanding pursuant to the Combination (assuming no elections are made for the Cash Alternative), Tenaz Shareholders are being asked to consider and vote upon the Tenaz Share Issuance Resolution at the Tenaz Meeting.

**The board of directors of Tenaz has unanimously determined after considering, among other things: (i) the anticipated benefits of the Combination; and (ii) the risks associated with completing the Combination, that the Combination is in the best interests of Tenaz and the Tenaz Shareholders and unanimously recommends that Tenaz Shareholders vote in favour of the Tenaz Share Issuance Resolution and the election of the Board Nominees, conditional on the completion of the Combination.**

The Tenaz Share Issuance Resolution must be approved by a majority of the votes cast by the Tenaz Shareholders present in person virtually or by proxy at the Tenaz Meeting. Completion of the Combination is subject to, among other things, the approval by Tenaz Shareholders of the Tenaz Share Issuance Resolution and receipt of all necessary regulatory approvals.

**If the Tenaz Share Issuance Resolution is not approved at the Tenaz Meeting, the Combination cannot be completed.**

If the requisite shareholder and regulatory approvals are obtained and if the other conditions to the Combination becoming effective are satisfied or waived, it is expected that the Combination will become effective between August and October, 2022.

The accompanying information circular and proxy statement contains a detailed description of the Combination, as well as detailed information regarding Tenaz and SDX and certain pro forma and other information regarding Tenaz after giving effect to the Combination. It also includes certain risk factors relating to the completion of the Combination. Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors.

**To be represented at the Tenaz Meeting, registered Tenaz Shareholders must either attend the Tenaz Meeting virtually or complete and sign the enclosed form of proxy and deposit it with Odyssey Trust Company at Stock Exchange Tower, Suite 1230, 300 - 5th Avenue S.W., Calgary, Alberta T2P 3C4, Attention: Proxy Department in the enclosed self-addressed envelope, by no later than 2:30 p.m. (Mountain Time) on July 27, 2022 or not less than 48 hours (excluding Saturdays, Sundays and holidays) preceding any adjournment(s) or postponement(s) of the Tenaz Meeting. Registered Tenaz Shareholders may also cast their vote by faxing their proxy to 1-800-517-4553 or by internet (<https://login.odysseystrust.com/pxlogin>) by following the instructions provided on the form. Registered Tenaz Shareholders who choose to vote by internet, must cast their vote no later than 48 hours, excluding Saturdays, Sundays and holidays prior to the time of the Tenaz Meeting. A proxy is valid only at the Tenaz Meeting in respect of which it is given or any adjournment(s) or postponement(s) of the Tenaz Meeting.**

**If you are unable to attend the Tenaz Meeting, we encourage you to complete the enclosed instrument of proxy as soon as possible.**

**If you are a non-registered holder of Tenaz Shares and have received these materials from your broker or another intermediary, please complete and return the instrument of proxy or other authorization form provided to you by your broker or intermediary in accordance with the instructions provided. Failure to do so may result in your Tenaz Shares not being eligible to be voted at the Tenaz Meeting.**

On behalf of the Tenaz Board, I would like to express our gratitude for the support our shareholders have demonstrated with respect to our decision to move forward with the proposed Combination. We look forward to seeing you at the Tenaz Meeting.

Yours very truly,

(signed) "*Anthony Marino*"

Anthony Marino  
Chief Executive Officer  
Tenaz Energy Corp.

**TENAZ ENERGY CORP.****NOTICE OF SPECIAL MEETING OF TENAZ SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the Tenaz Meeting will be held by way of live webcast on July 29, 2022 at 2:30 p.m. (Mountain time) for the following purposes:

1. to consider and, if deemed advisable, to approve, with or without variation, the Tenaz Share Issuance Resolution in connection with the acquisition by Tenaz of all of the issued and to be issued shares of SDX Energy plc pursuant to a court-sanctioned scheme of arrangement under Part 26 of the UK Companies Act 2006;
2. to elect, conditional upon the completion of the Combination, two (2) directors (the “**Board Nominees**”) to the board of directors of Tenaz, being Michael Doyle and Catherine Stalker; and
3. to transact such further and other business as may properly be brought before the Tenaz Meeting or any adjournment(s) or postponement(s) thereof.

Specific details of the matters to be put before the Tenaz Meeting are set forth in the accompanying information circular and proxy statement of Tenaz dated June 30, 2022 (the “**Information Circular**”).

**If the Tenaz Share Issuance Resolution is not approved by the Tenaz Shareholders at the Tenaz Meeting, the Combination cannot be completed. The completion of the Combination is not conditional on the election of the Board Nominees. Should the Tenaz Shareholders fail to elect the Board Nominees, the Combination may still be completed. The election of the Board Nominees will only take effect if and when the Combination is completed.**

**The board of directors of Tenaz unanimously recommends that Tenaz Shareholders vote in favour of the Tenaz Share Issuance Resolution.**

Each Tenaz Share entitled to be voted at the Tenaz Meeting will entitle the holder to one vote at the Tenaz Meeting. The Tenaz Share Issuance Resolution and the election of the Board Nominees must be approved by a majority of the votes cast by the Tenaz Shareholders present in person or by proxy at the Tenaz Meeting.

The record date (the “**Record Date**”) for determination of Tenaz Shareholders entitled to receive notice of and to vote at the Tenaz Meeting is the close of business on June 10, 2022. Only Tenaz Shareholders whose names have been entered in the register of holders of Tenaz Shares, on the close of business on the Record Date, will be entitled to receive notice of and to vote at the Tenaz Meeting, provided that, to the extent that a Tenaz Shareholder transfers the ownership of any Tenaz Shares after the Record Date and the transferee of those Tenaz Shares establishes ownership of such Tenaz Shares and demands, not later than ten (10) days before the Tenaz Meeting, to be included in the list of Tenaz Shareholders eligible to vote at the Tenaz Meeting, such transferee will be entitled to vote those Tenaz Shares at the Tenaz Meeting.

**Registered Tenaz Shareholders may attend the Tenaz Meeting in person virtually or may be represented by proxy. Tenaz Shareholders who are unable to attend the Tenaz Meeting or any adjournments thereof in person are requested to date, sign and return the accompanying instrument of proxy for use at the Tenaz Meeting or any adjournment thereof. To be effective, the enclosed instrument of proxy must be received by Odyssey Trust Company at Stock Exchange Tower, Suite 1230, 300 - 5th Avenue S.W., Calgary, Alberta T2P 3C4, Attention: Proxy Department in the enclosed self-addressed envelope, by no later than 2:30 p.m. (Mountain Time) on July 27, 2022 or not less than 48 hours (excluding Saturdays, Sundays and holidays) preceding any adjournment(s) or postponement(s) of the Tenaz Meeting. Registered Tenaz Shareholders may also cast their vote by faxing their proxy to 1-800-517-4553 or by internet (<https://login.odysseustrust.com/pxlogin>) by following the instructions provided on the form. If you choose to vote by internet, your vote must also be cast no later than 48 hours, excluding Saturdays, Sundays and holidays prior to the time of the Tenaz Meeting. A proxy is valid**

**only at the Tenaz Meeting in respect of which it is given or any adjournment(s) or postponement(s) of the Tenaz Meeting.**

If a Tenaz Shareholder receives more than one instrument of proxy because such holder owns Tenaz Shares registered in different names or addresses, each instrument of proxy should be completed and returned.

**If you are a beneficial holder of Tenaz Shares and receive these materials through your broker or through another intermediary, please complete the form of proxy or voting instructions form provided to you by your broker or other intermediary in accordance with the instructions provided therein.**

A proxyholder has discretion under the accompanying instrument of proxy in respect of amendments or variations to matters identified in this Notice and with respect to other matters which may properly come before the Tenaz Meeting, or any adjournment thereof. As of the date hereof, management of Tenaz knows of no amendments, variations or other matters to come before the Tenaz Meeting other than the matters set forth in this Notice. Tenaz Shareholders who are planning on returning the instrument of proxy are encouraged to review the Information Circular carefully before submitting the instrument of proxy.

**It is the intention of the persons named in the enclosed instrument of proxy, if not expressly directed to the contrary in such instrument of proxy, to vote in favour of the Tenaz Share Issuance Resolution and the election, conditional upon the completion of the Combination, of the Board Nominees.**

Dated at Calgary, Alberta, this 30<sup>th</sup> day June, 2022.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
TENAZ ENERGY CORP.**

(signed) "*Anthony Marino*"

Anthony Marino  
Chief Executive Officer  
Tenaz Energy Corp.

## GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Information Circular including the “*Summary Information*” and Appendix A hereto. Terms and abbreviations used in the Appendices to this Information Circular, other than Appendix A, are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

“**ABCA**” means the *Business Corporations Act* (Alberta), including the regulations promulgated thereunder, as amended from time to time;

“**Affiliate**” has the meaning ascribed thereto in Section 1.3 of National Instrument 45-106 — *Prospectus Exemptions* as in effect on the date hereof, provided that, for greater certainty, Tenaz and SDX are not Affiliates;

“**AIM**” means the AIM market of the London Stock Exchange;

“**AIM Rules**” means the rules governing the admission to, and operation of, AIM as set out in the AIM Rules for Companies published by the London Stock Exchange from time to time;

“**Announcement**” means the Rule 2.7 Announcement of the Parties dated the Announcement Date;

“**Announcement Date**” means May 25, 2022;

“**Applicable Laws**”, in the context that refers to one or more Persons, means the laws that apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

“**Beneficial Shareholders**” means Tenaz Shareholders who do not hold their Tenaz Shares in their own name;

“**Board Nominees**” has the meaning set forth in “*Matters to be Considered at the Tenaz Meeting – Election of Directors*”;

“**Broadridge**” means Broadridge Financial Solutions, Inc. formerly ADP Investor Communications;

“**Business Day**” means a day other than a Saturday, Sunday, bank holiday or other public holiday in the UK or Canada, as the context may require, on which banks are generally open in London and Calgary, as the context may require, for the transaction of normal banking business;

“**Cash Alternative**” means the alternative whereby SDX Shareholders may elect to receive £0.11 in cash per SDX Share instead of the Consideration Shares which they would otherwise be entitled to receive under the Scheme;

“**CBCA**” means the *Canada Business Corporations Act*;

“**Closing Price**” means the last trading price of a SDX Share or a Tenaz Share (as the case may be) as derived from the websites of the London Stock Exchange and TSX, respectively;

“**Combination**” means the proposed acquisition of the entire issued ordinary share capital of SDX by Tenaz (other than the Excluded Shares) to be implemented by way of the Scheme or, should Tenaz so elect (with the consent of the Panel) by way of the Takeover Offer, and, where the context admits, any subsequent revision, variation, extension or renewal thereof;

“**Combined Group**” means the combined businesses of the Tenaz Group and the SDX Group following the Combination becoming or being declared unconditional in all respects;

“**Companies Act 2006**” means the *UK Companies Act 2006*, as amended from time to time;

“**Completion**” means completion of the Combination;

“**Conditions**” means the conditions to the Combination which are set out in Appendix I to the Announcement;

“**Confidentiality Agreement**” means the confidentiality agreement dated April 6, 2022, between Tenaz and SDX relating to the Combination, pursuant to which Tenaz agreed to keep confidential certain information supplied by SDX for the purposes of considering the proposed Combination;

“**Consideration Shares**” means the Tenaz Shares to be issued to holders of SDX Shares as consideration for the Combination;

“**Co-operation Agreement**” means the Co-operation Agreement entered into between Tenaz and SDX on May 25, 2022, as amended on June 30, 2022, in respect of the conduct of the Combination, attached as Appendix “C” hereto;

“**Court**” means the High Court of Justice in England and Wales;

“**Credit Facilities**” means the amended reserve-based credit facilities entered into by Tenaz with ATB Financial on June 27, 2022;

“**Effective**” means (i) if the Combination is implemented by way of the Scheme, the date on which the order of the Court sanctioning the Scheme under Part 26 of the Companies Act 2006 becomes effective in accordance with its terms; or (ii) if the Combination is implemented by way of a Takeover Offer, such Takeover Offer having been declared or become unconditional in all respects in accordance with the Takeover Code;

“**Effective Date**” means the date upon which the Scheme becomes Effective;

“**Enhancement Announcement**” an announcement made by Tenaz on June 30, 2022, which supplements the Announcement, in which Tenaz offers the Cash Alternative (as an alternative to the share consideration in the Announcement) to SDX Shareholders in connection with the Scheme;

“**ESG**” means environmental, social and governance;

“**Exchange Ratio**” means the ratio of 0.075 Consideration Shares for each 1 SDX Share;

“**Excluded Shares**” means any SDX Shares: (i) registered in the name of, or beneficially owned by, Tenaz or any member of the Wider Tenaz Group or their respective nominees; or (ii) registered in the name of, or beneficially owned by, funds managed by Tenaz or a member of the Wider Tenaz Group or any of their subsidiary undertakings or their respective nominees;

“**Existing Tenaz Directors**” has the meaning set forth in “*Matters to be Considered at the Tenaz Meeting – Election of Directors*”;

“**E&P**” means exploration and production;

“**FCA**” means the UK Financial Conduct Authority;

“**FSMA**” means the *Financial Services and Markets Act 2000*, as amended from time to time;

“**Gaffney Cline**” means Gaffney, Cline & Associates Limited;

“**IFRS**” means the International Financial Reporting Standards adopted by the International Accounting Standards Board, including for greater certainty the International Accounting Standards and the Standing Interpretations Committee interpretations previously issued by the International Accounting Standards Committee and adopted by the International Accounting Standards Board and which remain in effect;

“**Information Circular**” means this information circular and proxy statement of Tenaz dated June 30, 2022, together with all Appendices hereto;

“**Latest Practicable Date**” means May 24, 2022, being the latest practicable date before the date of the Announcement;

“**Listing Rules**” means the listing rules, made by the FCA under Part 6 of the FSMA, as amended from time to time;

“**Longstop Date**” means December 31, 2022, which may be extended by agreement in writing between Tenaz and SDX (with the Panel’s consent and as the Court may allow, if such consent and/or approval is/are required);

“**McDaniel**” means McDaniel & Associates Consultants Ltd.;

“**MD**” means measured depth;

“**MENA**” means Middle East/North Africa;

“**MI 61-101**” means Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*;

“**M&A**” means mergers and acquisitions;

“**NI 51-101**” means National Instrument 51-101 — *Standards of Disclosure for Oil and Gas Activities*;

“**NI 51-102**” means National Instrument 51-102 — *Continuous Disclosure Obligations*;

“**NI 62-104**” means National Instrument 62-104 — *Take-Over Bids and Issuer Bids*;

“**Non-Permitted SDX Dividend**” means any dividend, distribution or return of capital that is declared, made or paid or becomes payable in respect of the SDX Shares after the date of the Announcement with a record date on or before the Effective Date (other than, or in excess of, any SDX Equalization Dividend);

“**Non-Permitted Tenaz Dividend**” means any dividend, distribution or return of capital that is declared, made or paid or becomes payable in respect of the Tenaz Shares after the date of the Announcement with a record date on or before the Effective Date;

“**Notice of Meeting**” means the notice of special meeting of Tenaz Shareholders which accompanies this Information Circular;

“**Panel**” means the UK Panel on Takeovers and Mergers;

“**Parties**” means, collectively, Tenaz and SDX; and “**Party**” means any one of them;

“**Person**” includes an individual, sole proprietorship, partnership, firm, entity, association, corporation, company, limited liability company, unincorporated association, unincorporated syndicate or organization, trust, body corporate, joint venture, business organization, trustee, executor, administrator, legal representative, government (including any Regulatory Authority) or any other entity, whether or not having legal status;

“**pounds**”, “**£**”, “**pence**”, “**p**” or “**sterling**” means the lawful currency of the United Kingdom;

“**Primary Facility**” has the meaning set forth in “*The Announcement and the Scheme – Credit Facilities*”;

“**Record Date**” means June 10, 2022;

“**Record Time**” mean 6:00 p.m. (Calgary time) on the Record Date;

**“Regulatory Authority”** means any central bank, ministry, governmental, quasi-governmental, national, supranational (including the European Union), statutory, regulatory, environmental, administrative, supervisory, fiscal or investigative body or authority (including any antitrust, competition or merger control authority, any sectoral ministry or regulator and any foreign investment or national security review body), national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof), any tribunal, court, trade agency, association, institution, employee representative body or any other body or Person whatsoever in any jurisdiction, including the Panel;

**“Regulatory Clearance”** means all approvals, consents, clearances, permissions, confirmations, comfort letters and waivers that may need, or are advisable, to be obtained, all filings that may need to be made or are advisable to be made and all waiting periods that may need to have expired, from or under any laws or practices applied by any Regulatory Authority (or under any agreements or arrangements to which any Regulatory Authority is a party), in each case, that are required, necessary or advisable to satisfy one or more of the Regulatory Conditions, and any reference to the “satisfaction” of the Regulatory Conditions shall be construed as meaning that the foregoing have been obtained or, where appropriate, made or expired in accordance with the relevant Regulatory Condition;

**“Regulatory Conditions”** means Conditions 3(c) and (d) of Part A of Appendix I of the Announcement;

**“Regulatory Information Service”** means any channel recognized as a channel for the dissemination of regulatory information by listed companies as defined in the Listing Rules;

**“Scheme”** means the proposed scheme of arrangement under Part 26 of the Companies Act 2006 between SDX and the Scheme Shareholders to implement the Combination, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by SDX and Tenaz;

**“Scheme Circular”** means, if the Combination is implemented by way of the Scheme, the document prepared in accordance with Part 26 of the Companies Act 2006 and posted to SDX Shareholders and others by SDX containing, amongst other things, the terms and Conditions set out in Appendix I of the Announcement, and other relevant terms and conditions, details relating to the Scheme, certain information about Tenaz and SDX and the notices of the meetings and, where the context so permits, includes any form of proxy, election, notice, court document, meeting advertisement or other document required in connection with the Scheme;

**“Scheme Court Order”** means the order of the Court sanctioning the Scheme under section 899 of the Companies Act 2006;

**“Scheme Record Time”** means 6 p.m. (London Time) on the Business Day immediately after the date of the Scheme Sanctioning Hearing;

**“Scheme Sanctioning Hearing”** means the hearing of the Court to sanction the Scheme under section 899 of the Companies Act 2006, including any adjournment thereof;

**“Scheme Shareholders”** means holders of the Scheme Shares;

**“Scheme Shares”** means all SDX Shares: (i) in issue at the date of the Scheme Circular and which remain in issue at the Scheme Record Time; (ii) (if any) issued after the date of the Scheme Circular and prior to the Voting Record Time and which remain in issue at the Scheme Record Time; and (iii) (if any) issued at or after the Voting Record Time and prior to the Scheme Record Time in respect of which the original or any subsequent holder thereof is bound by the Scheme, or shall by such time have agreed in writing to be bound by the Scheme and which remain in issue at the Scheme Record Time, but excluding any Excluded Shares;

**“SDX”** means SDX Energy plc (incorporated in England and Wales under the Companies Act 2006 with registered number 11894102), whose registered office is at 38 Welbeck Street, London, United Kingdom, W1G 8DP;

**“SDX Annual Financial Statements”** means the audited annual financial statements of SDX for the year end December 31, 2021;

“**SDX Annual MD&A**” means the 2021 Annual Report & Financial Statements – Financial Review of SDX for the year ended December 31, 2021;

“**SDX Board Adverse Recommendation Change**” has the meaning set forth in “*The Announcement and the Scheme – Co-operation Agreement – Termination*”;

“**SDX Board Recommendation**” means a unanimous and unqualified recommendation from the directors of the board of SDX: (i) that SDX Shareholders vote in favour of the SDX Resolutions at the SDX General Meeting and vote in favour of the Scheme at the Scheme Sanctioning Hearing; or (ii) if Tenaz proceeds to implement the Combination by means of a Takeover Offer in accordance with the terms of the Co-operation Agreement and the Panel consents, for SDX Shareholders to accept the Takeover Offer (as the case may be);

“**SDX Court Meeting**” means the meeting of the Scheme Shareholders convened by order of the Court pursuant to section 896 of the Companies Act 2006 for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) and any adjournment thereof;

“**SDX CSOP**” means SDX Company Share Option Plan;

“**SDX Equalization Dividend**” means a dividend declared or paid by SDX in respect of the SDX Shares following any Non-Permitted Tenaz Dividend of an amount per SDX Share equal to the amount of the Non-Permitted Tenaz Dividend per Tenaz Share multiplied by the Exchange Ratio (taking into account any reduction to the Exchange Ratio arising as a result of any Non-Permitted SDX Dividends);

“**SDX Form 51-101F2**” means the Report on Reserves Data and Contingent Resources Data by Independent Qualified Reserves Evaluator of SDX (Form 51-101F2) prepared by Gaffney Cline dated March 18, 2022;

“**SDX Form 51-101F3**” means the Report of Management and Directors on Reserves Data and Other Information of SDX (Form 51-101F3) dated March 18, 2022;

“**SDX General Meeting**” means the SDX General Meeting of the SDX Shareholders to be convened in connection with the Scheme to consider and, if thought fit, to approve the SDX Resolutions (with or without amendment), including any adjournment, postponement or reconvening thereof;

“**SDX Group**” means SDX, its subsidiaries, its holding companies, and the subsidiaries of its holding companies and, where the context so permits, each of them;

“**SDX Information Circular**” means the notice of annual general meeting and management information circular of SDX dated May 10, 2022;

“**SDX Interim Financial Statements**” means the unaudited consolidated interim financial statements of SDX, together with the notes thereto as at and for the three months ended March 31, 2022 and 2021;

“**SDX Interim MD&A**” means the management’s discussion and analysis of SDX for the three-month period ended March 31, 2022;

“**SDX LTIP**” means SDX Long-Term Incentive Plan;

“**SDX Meetings**” means the SDX Court Meeting and the SDX General Meeting;

“**SDX Option holders**” means holders of SDX Options;

“**SDX Options**” means options or other rights to acquire SDX Shares granted pursuant to the SDX Share Option Schemes or otherwise;

“**SDX Reserves Report**” the independent reserves assessment prepared by Gaffney Cline dated March 18, 2022 evaluating the proved, probable and possible crude oil, condensate and natural gas reserves attributable to SDX’s participating interests in the South Disouq Concession and West Gharib Block-H in Egypt, the Sebou Area Exploitation Concession and Gharb Occidental Exploitation Concessions in Morocco effective December 31, 2021 in accordance with NI 51-101;

“**SDX Resolution(s)**” means the resolutions to be proposed at the SDX General Meeting necessary to approve and implement the Scheme, including: (i) a resolution approving the alteration of SDX’s articles of association and authorizing the SDX board of directors to take all actions as they may consider necessary or appropriate to give effect to the Scheme and the delisting of the SDX Shares; and (ii) a resolution to re-register SDX as a private company;

“**SDX Shareholders**” means holders of SDX Shares;

“**SDX Share Option Schemes**” means the SDX LTIP, the SDX CSOP and the SDX SOP;

“**SDX Share Plans**” means the SDX Share Plans set out in Schedule 1 to the Co-operation Agreement;

“**SDX Shares**” means the existing issued fully paid ordinary shares of 1 pence each in the capital of SDX and any further such shares which are unconditionally allotted or issued and fully paid or credited as fully paid before the date on which the Takeover Offer closes (or such earlier date, not being earlier than the date on which the Takeover Offer becomes or is declared unconditional as to acceptances as Tenaz may, subject to the Takeover Code, decide);

“**SDX SOP**” means the SDX Stock Option Plan;

“**SEC**” means the United States Securities and Exchange Commission;

“**Secondary Facility**” has the meaning set forth in “*The Announcement and the Scheme – Credit Facilities*”;

“**subsidiary**” has the meaning ascribed thereto in the ABCA;

“**Switch**” means an election of Tenaz, with the consent of the Panel, to implement the Combination by way of a Takeover Offer, rather than the Scheme, whether or not the Scheme Circular has been published;

“**Takeover Code**” means the City Code on Takeovers and Combinations, issued by the Panel;

“**Takeover Offer**” means if (with the consent of the Panel as applicable) Tenaz elects to implement the Combination by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act 2006, and take-over bid, as defined in NI 62-104 the offer to be made by or on behalf of Tenaz to acquire the entire issued ordinary share capital of SDX and, where the context admits, any subsequent revision, variation, extension or renewal of such offer;

“**TD**” means total depth;

“**Tenaz**”, the “**Corporation**”, “**we**”, “**us**” or “**our**” means Tenaz Energy Corp. (incorporated under the ABCA with a corporate access number 2016495042), whose head office is at Suite 2500 – 605 Fifth Ave SW, Calgary, Alberta, Canada, T2N 2Y9;

“**Tenaz AIF**” means the annual information form of Tenaz for the year ended December 31, 2021 dated March 24, 2022;

“**Tenaz Annual Financial Statements**” means the audited consolidated annual financial statements of Tenaz together with the notes thereto as at and for the year end December 31, 2021;

“**Tenaz Annual MD&A**” means the management’s discussion and analysis of the financial condition and results of operations of Tenaz for the year ended December 31, 2021;

“**Tenaz Board**” means the board of directors of Tenaz as may be constituted from time to time;

“**Tenaz Group**” means Tenaz, its subsidiaries, its holding companies, and the subsidiaries of its holding companies and, where the context so permits, each of them;

“**Tenaz Interim Financial Statements**” means the unaudited consolidated interim financial statements of Tenaz, together with the notes thereto as at and for the three months ended March 31, 2022 and 2021;

“**Tenaz Interim MD&A**” means the management’s discussion and analysis of the financial condition and results of operations of Tenaz for the three months ended March 31, 2022;

“**Tenaz Management Information Circular**” means the management information circular of Tenaz dated April 27, 2022, relating to the annual general and special meeting of shareholders held on May 31, 2022;

“**Tenaz Meeting**” means the special meeting of Tenaz Shareholders to be held by way of live webcast at 2:30 p.m. (Calgary time) on July 29, 2022;

“**Tenaz Reserves Report**” means the independent reserves assessment prepared by McDaniel dated March 18, 2022 evaluating the oil and gas properties of Tenaz effective December 31, 2021 in accordance with NI 51-101;

“**Tenaz Share Issuance Resolution**” means the resolution approving the issuance of up to 15,770,366 Consideration Shares (including 156,124 Consideration Shares to account for rounding and administrative matters) in connection with the Combination to be approved by a simple majority of the votes cast by Tenaz Shareholders present in person (virtually) or represented by proxy at the Tenaz Meeting;

“**Tenaz Shareholders**” means the holders of Tenaz Shares from time to time;

“**Tenaz Shares**” means the common shares in the capital of Tenaz;

“**TSX**” means the Toronto Stock Exchange;

“**U.S. Exchange Act**” means the U.S. Securities and Exchange Act of 1934, as amended from time to time;

“**U.S. Securities Act**” means the U.S. Securities Act of 1933, as amended from time to time;

“**Voting Record Time**” means the time and date specified as such in the Scheme Circular by reference to which entitlement to vote at the SDX Court Meeting will be determined;

“**VWAP**” means volume-weighted average price;

“**Wider SDX Group**” means SDX, its subsidiary undertakings and associated undertakings and any other body corporate, partnership, joint venture or Person in which SDX and such undertakings (aggregating their interests) have a direct or indirect interest in 20% or more of the voting or equity capital (or the equivalent); and

“**Wider Tenaz Group**” means Tenaz, its subsidiary undertakings and associated undertakings and any other body corporate, partnership, joint venture or Person in which Tenaz and such undertakings (aggregating their interests) have a direct or indirect interest in 20% or more of the voting or equity capital (or the equivalent).

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

## INFORMATION CIRCULAR

### Introduction

This Information Circular is furnished in connection with the solicitation of proxies by the management of Tenaz for use at the Tenaz Meeting and at any adjournment(s) thereof. No Person has been authorized to give any information or make any representation in connection with the Combination, the issuance of Tenaz Shares in connection with the Combination, or any other matters to be considered at the Tenaz Meeting, as applicable, or discussed in or incorporated by reference in this Information Circular other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

This Information Circular does not constitute an offer to sell or a solicitation of an offer to purchase any securities or the solicitation of a proxy by any Person in any jurisdiction in which such an offer or solicitation is not authorized or in which the Person making such offer or solicitation is not qualified to do so or to any Person to whom it is unlawful to make such an offer or solicitation of an offer or a proxy solicitation. Neither the delivery of this Information Circular nor any distribution of the securities referred to in this Information Circular will, under any circumstances, create an implication that there has been no change in the information set forth herein since the date as of which such information is given in this Information Circular.

The information concerning SDX contained in Appendix A to this Information Circular is based solely on information provided to Tenaz by SDX or upon publicly available information. With respect to this information, Tenaz has relied exclusively on SDX, without independent verification by Tenaz. Although Tenaz has no knowledge that would indicate that any of such information is untrue or incomplete, neither Tenaz nor any of its directors or officers assume any responsibility for the accuracy or completeness of such information, nor for any failure by SDX to disclose events which may have occurred or which may affect the completeness or accuracy of such information but which are unknown to them. See “*Risk Factors*”.

All summaries of, and references to the Co-operation Agreement and the Combination in this Information Circular are qualified in their entirety by reference to the complete text of the Co-operation Agreement, a copy of which has been filed and can be reviewed under Tenaz’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and is included as Appendix C hereto. **You are urged to carefully read the full text of the Co-operation Agreement.**

All capitalized terms used in this Information Circular (excluding the Appendices hereto unless stated otherwise) but not otherwise defined herein have the meanings set forth herein under “*Glossary of Terms*”. Information contained in this Information Circular is given as of June 30, 2022, unless otherwise specifically stated. Details of the Combination are set forth under the heading “*The Announcement and the Scheme*”. For details of the matters to be considered by the Tenaz Shareholders, see “*Matters to be Considered at the Tenaz Meeting*”.

### Presentation of Financial Information

The unaudited pro forma consolidated financial statements of Tenaz included in this Information Circular are reported in Canadian dollars and have been prepared by Tenaz management in accordance with the recognition and measurement principles of IFRS and incorporate the significant accounting policies expected to be used to prepare consolidated financial statements after the Combination. The historical financial statements and all other financial information of SDX included or incorporated by reference in this Information Circular are reported in US dollars and have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”). Financial statements of Tenaz and SDX were audited in accordance with IFRS and UK-adopted international accounting standards (and IFRS, as issued by the IASB), respectively. Certain tables and other figures in this Information Circular may not add due to rounding.

### Pro Forma Financial Statements

The unaudited pro forma consolidated financial statements included in this Information Circular give effect to the Combination and certain related adjustments described in the notes accompanying those financial statements. The unaudited pro forma consolidated balance sheet gives effect to the Combination as if it had closed on March 31, 2022.

The unaudited pro forma consolidated statements of income for the year ended December 31, 2021 and the three months ended March 31, 2022 gives effect to the Combination as if it had closed on January 1, 2021. The unaudited pro forma consolidated financial statements are based on the respective historical audited consolidated financial statements of Tenaz and SDX for the year ended December 31, 2021 and the respective historical unaudited consolidated financial statements of Tenaz and SDX as at and for the three months ended March 31, 2022. Pro forma financial information presented in this Information Circular has been derived from the unaudited pro forma consolidated financial statements of Tenaz included elsewhere in this Information Circular. The pro forma financial information presented in this Information Circular should be read in conjunction with the historical consolidated financial statements of both Tenaz and SDX for the year ended December 31, 2021 and as at and for the three months ended March 31, 2022. See Appendix B — “*Pro Forma Consolidated Financial Statements of Tenaz*”.

The unaudited pro forma consolidated financial statements are presented for illustrative purposes only and do not necessarily reflect what the combined company’s financial condition would have been had the Combination occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of the operations of the combined company. The actual financial position and results of operations of Tenaz may differ significantly from the pro forma amounts reflected in the unaudited pro forma consolidated financial statements due to a variety of factors.

The unaudited pro forma information and adjustments are based upon preliminary estimates of fair value of assets acquired and liabilities assumed, current available information and certain assumptions Tenaz believes are reasonable in the circumstances, as described in the notes to the unaudited pro forma consolidated financial statements. The actual adjustments to the consolidated financial statements of Tenaz upon Completion will depend on a number of factors, including, among others, the actual expenses of the Combination and other information that becomes available after the date of this Information Circular. As a result, it is expected that actual adjustments will differ from the pro forma adjustments, and the differences may be material. See “*Note Regarding Forward-Looking Statements*” and “*Risk Factors*”.

### Selected Abbreviations

In this Information Circular, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids		Natural Gas	
bbbl	barrel of oil or NGLs	Mcf	thousands of cubic feet
bbls	barrels of oil or NGLs	bcf	billion cubic feet
bbls/d	barrels per day	Mcfe	thousands of cubic feet equivalent
Mbbl	thousands of barrels of oil or NGLs	MMcf	millions of cubic feet
NGLs	natural gas liquids	Mcf/d	thousands of cubic feet per day
		Mcfe/d	thousands of cubic feet equivalent per day
		mmscf/d	million standard cubic feet per day
API	American Petroleum Institute		
° API	is an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specific gravity of 31.1° API or higher is generally referred to as light crude oil		
boe	barrel of oil equivalent of natural gas and crude oil on the basis of one bbl for six Mcf of natural gas		
boe/d	barrel of oil equivalent per day		
Mboe	1,000 barrels of oil equivalent		
Mboe/d	1,000 barrels of oil equivalent per day		
M\$	thousands of dollars		
OPEC	Organization of Petroleum Exporting Countries		
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade		

## Conversion

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

<b>To Convert From</b>	<b>To</b>	<b>Multiply By</b>
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
bbls	Cubic metres	0.159
Cubic metres	bbls	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

## Currency of Information

In this Information Circular, references to “dollars” and “\$” are to the currency of Canada, unless otherwise indicated.

## Oil and Gas Advisories

In this Information Circular, the abbreviation boe means barrel of oil equivalent on the basis of 6 Mcf to 1 boe of natural gas when converting natural gas to boe. boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf to 1 boe 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 equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

## Exchange Rate Information

The following table sets forth, for each period indicated, the high and low exchange rates, the average exchange rate, and the exchange rate at the end of the period, based on the rate of exchange of one US dollar in exchange for Canadian dollars published by the Bank of Canada.

	<b>Year ended December 31,</b>		<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2022</b>	<b>2021</b>
High .....	1.2942	1.4496	1.2867	1.2828
Low .....	1.2040	1.2718	1.2470	1.2455
Average .....	1.2535	1.3415	1.2662	1.2660
Rate at the end of the period .....	1.2678	1.2732	1.2496	1.2575

On May 24, 2022, the Business Day immediately prior to the Announcement Date, the daily average exchange rate as reported by the Bank of Canada was US\$1.00 = \$1.2545.

The following table sets forth, for each period indicated, the high and low exchange rates, the average exchange rate, and the exchange rate at the end of the period, based on the rate of exchange of one pound sterling in exchange for Canadian dollars published by the Bank of Canada.

	Year ended December 31,		Three Months Ended March 31,	
	2021	2020	2022	2021
High .....	1.7764	1.7835	1.7313	1.7764
Low .....	1.6716	1.6733	1.6397	1.7223
Average .....	1.7246	1.7199	1.6976	1.7457
Rate at the end of the period .....	1.7132	1.7381	1.6417	1.7337

On May 24, 2022, the Business Day immediately prior to the Announcement Date, the daily average exchange rate as reported by the Bank of Canada was GBP1.00 = \$1.654.

### NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information set forth in this Information Circular, including certain documents incorporated by reference into this Information Circular, contain forward-looking information (within the meaning of applicable Canadian securities legislation). Such statements or information are generally identifiable by words such as “anticipate”, “believe”, “intend”, “plan”, “expect”, “estimate”, “budget”, “outlook”, “forecast”, “will” or other similar words and include statements relating to or associated with individual wells, facilities, regions or projects. Any statements regarding the following are forward-looking statements:

- expectations regarding whether the Combination will be completed, including whether the conditions to Completion of the Combination will be satisfied;
- the impact of the Combination on Tenaz, SDX and the Combined Group and its operations, opportunities, financial condition, access to capital and overall strategy and synergies;
- the timing of the Effective Date and the satisfaction of conditions thereto;
- the timing of receipt of regulatory approvals;
- the anticipated number of Tenaz Shares to be issued in connection with the Combination, the expected total capitalization of Tenaz on a consolidated basis following the Combination and the ratio of Tenaz Shares to be held by Tenaz Shareholders and SDX Shareholders, respectively, following the Combination;
- business plans, strategies and growth expectations of Tenaz and SDX;
- the anticipated reserves of Tenaz following Completion of the Combination;
- the expectation that the Consideration Shares will be listed on the TSX upon Completion;
- the expected treatment and costs associated with the SDX Share Plans as a result of the Combination; and
- the expectation that SDX will cease to be a public company following the Combination and will have its ordinary shares delisted from AIM and apply to cease to be a reporting issuer in Canada following the Combination.

With respect to forward-looking statements contained in this Information Circular, including certain documents incorporated by reference into this Information Circular, the Corporation has made assumptions regarding:

- the continued performance of the Corporation’s crude oil and natural gas properties in a manner consistent with its past experiences;
- that the Corporation will continue to conduct its operations in a manner consistent with past operations;
- the return of industry conditions to pre-COVID-19 pandemic levels;
- crude oil, NGLs and natural gas production rates;
- the size of crude oil, NGLs and natural gas reserves;

- projections of market prices and costs;
- supply and demand for crude oil, NGLs and natural gas;
- the success of the Corporation's operations and exploration and development activities;
- prevailing weather conditions, commodity prices and exchange rates;
- the availability of labour, services and drilling equipment;
- the availability of capital to fund planned expenditures;
- timing and amount of capital expenditures;
- future abandonment, decommissioning and reclamation costs;
- general economic and financial market conditions;
- tax horizons;
- the success, nature and timing of enhanced recovery activities;
- the ability of the Combined Group to secure necessary personnel, equipment and services;
- government regulation in the areas of taxation, royalty rates and environmental protection;
- the success of exploration and development activities;
- access to market for the Corporation's production;
- satisfaction of all conditions to the Combination and receipt of all necessary approvals;
- Tenaz's ability to fund the cash consideration payable under the Combination from its existing cash resources;
- the performance of the SDX assets;
- the continued performance of Tenaz and SDX's oil and gas properties in a manner consistent with its past experiences;
- that the Combined Group 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 and SDX's reserves 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.

The forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include:

- failure to complete the Combination in all material respects in accordance with the Co-operation Agreement or at all;
- failure to satisfy the conditions to Completion;
- failure to obtain required regulatory and third-party approvals necessary to complete the Combination;
- failure to obtain shareholder approval of the Combination from the SDX Shareholders or to obtain approval of the Tenaz Share Issuance Resolution;
- failure to obtain the Scheme Court Order sanctioning the Scheme (without modification, or with modification on terms agreed by Tenaz and SDX);
- failure to realize some or all of the anticipated benefits of the Combination;
- unforeseen difficulties in integrating the assets of SDX into Tenaz's operations;
- the ability of management to execute its business plan or realise anticipated benefits from the Combination;
- the risks of not obtaining court, shareholder, regulatory and other approvals for the Combination;
- the ability of management of the Combined Group to successfully integrate SDX's business and assets;
- changes in commodity prices;
- changes in the demand for or supply of the Combined Group'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, post-Completion, the Combined Group) or by third party operators of its properties, increased debt levels or debt service requirements;
- inaccurate estimation of Tenaz or SDX'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;
- certain other risks detailed from time to time in Tenaz's public documents;
- the Combination is subject to satisfaction or waiver of several conditions;
- Tenaz's ability to invoke certain conditions of the Combination may be limited by the Takeover Code;
- the Co-operation Agreement may be terminated in certain circumstances;
- the issuance of a significant number of Tenaz Shares and a resulting "market overhang" could adversely affect the market price of Tenaz Shares after Completion;
- Tenaz does not currently control SDX and its subsidiaries;
- Tenaz and SDX will incur substantial transaction fees and costs in connection with the proposed Combination;
- Tenaz and SDX have incurred and expect to incur additional material non-recurring expenses in connection with the Combination;
- political risks in new jurisdictions;
- increased foreign exchange exposure may adversely affect Tenaz's earnings and the value of some of Tenaz's assets;
- the unaudited pro forma consolidated financial information of Tenaz and SDX is presented for illustrative purposes only and may not be indicative of the results of operations or financial condition of Tenaz following the Combination;
- new legislation and tax risks in certain SDX operating jurisdictions;
- Tenaz will be subject to significant capital requirements associated with its expanded portfolio of assets; and
- forward-looking information may prove to be inaccurate.

See "*Forward-Looking Statements*" and "*Risk Factors*" in the Tenaz AIF and "*Appendix A – Information Concerning SDX – Risk Factors*" in this Information Circular.

All of these factors should be considered in the context of current economic conditions, in particular, volatility in commodity prices, the attitude of lenders and investors towards crude oil and natural gas assets, the condition of financial markets generally, as well as the stability of joint venture and other business partners, all of which are outside the control of the Corporation. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Corporation's operations and financial results are included in reports on file with Canadian securities Regulatory Authorities and may be accessed through the Corporation's profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

Statements relating to "reserves" are forward-looking statements, as they involve the implied assessment, based on estimates and assumptions, that the reserves described exist in the quantities predicted or estimated, and can be profitably produced in the future. Ultimate recovery of reserves is based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management of the Corporation.

Forward-looking statements and other information contained herein concerning the oil and gas industry and the Corporation's general expectations concerning this industry are based on estimates prepared by management using data from publicly available industry sources as well as market research and industry analysis and on assumptions based on data and knowledge of this industry which the Corporation believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Corporation is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

Readers are advised that the assumptions used in the preparation of forward-looking information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Corporation disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required under securities law.

References to forward-looking information are made elsewhere in this Information Circular and the documents incorporated by reference herein. The forward-looking statements contained herein and therein are expressly qualified by this cautionary statement.

### INFORMATION FOR BENEFICIAL SHAREHOLDERS

The information set forth in this section is provided to Beneficial Shareholders. Beneficial Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Tenaz Shares can be recognized and acted upon at the Tenaz Meeting. If Tenaz Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those Tenaz Shares will not be registered in the Beneficial Shareholder's name on the records of the Corporation. Such Tenaz Shares will more likely be registered under the name of the Beneficial Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Tenaz Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms). Tenaz Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting Tenaz Shares for their clients. The Corporation does not know for whose benefit the Tenaz Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Tenaz Shares are voted at the Tenaz Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting request forms or proxy forms to Broadridge. Often Beneficial Shareholders are alternatively provided with a toll free telephone number to vote their Tenaz Shares or a website address where shares can be voted. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Tenaz Shares to be represented at the Tenaz Meeting. **A Beneficial Shareholder receiving a voting instruction request or a proxy with a Broadridge sticker on it cannot use that instruction request or proxy to vote Tenaz Shares directly at the Tenaz Meeting as the proxy must be returned as directed by Broadridge well in advance of the Tenaz Meeting in order to have the Tenaz Shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed instructions or proxies as directed by Broadridge well in advance of the Tenaz Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Tenaz Meeting for the purposes of voting Tenaz Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend the Tenaz Meeting as proxyholder for the registered shareholder and vote Tenaz Shares in that capacity. Beneficial Shareholders who wish to attend the Tenaz Meeting and indirectly vote their Tenaz Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Tenaz Meeting.

This Information Circular and accompanying materials are being sent to both registered Tenaz Shareholders and Beneficial Shareholders. Tenaz does not send proxy-related materials directly to Beneficial Shareholders and is not relying on the notice-and-access provisions of securities laws for delivery to either registered or Beneficial Shareholders. Tenaz will deliver proxy-related materials to nominees, custodians and fiduciaries and they will be asked to promptly forward them to Beneficial Shareholders. If you are a Beneficial Shareholder, your nominee should send you a voting instruction form or proxy form along with this Information Circular. Tenaz has elected to pay for the delivery of its proxy-related materials to Beneficial Shareholders. See "*General Proxy Matters*".

**NOTICE TO SECURITYHOLDERS IN THE UNITED STATES**

**NEITHER THE SEC NOR ANY U.S. STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURES IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The Consideration Shares to be issued under the Scheme have not been and will not be registered under the U.S. Securities Act or the securities laws of any U.S. state or any other U.S. jurisdiction and will be issued in reliance on an exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) thereof, on the basis of the approval of the Scheme by the Court, and in compliance with, or in reliance on an exemption from, the registration or qualification requirements of U.S. state securities or “blue sky” laws. See “The Announcement and the Scheme—Securities Law Matters—United States”.

SDX is a plc existing under the laws of the England and Wales. Tenaz is a corporation existing under the laws of the Province of Alberta. The solicitation of proxies and the transactions contemplated in this Information Circular involve securities of two non-U.S. issuers and are being effected in accordance with applicable Canadian and English corporate and securities laws. The proxy solicitation rules under the U.S. Exchange Act are not applicable to SDX or to Tenaz or to this solicitation. SDX Shareholders and Tenaz Shareholders should be aware that disclosure requirements under Canadian and English securities laws may be different from the requirements under U.S. securities laws.

Information concerning SDX and Tenaz has been prepared in accordance with the requirements of applicable Canadian and English securities laws, which differ from the requirements of U.S. securities laws. The financial statements included or incorporated by reference in this Information Circular have been prepared in accordance with IFRS, which differ from U.S. generally accepted accounting principles in certain respects. Therefore, such financial statements may not be comparable to the financial statements of U.S. companies.

The enforcement by securityholders of civil liabilities under U.S. securities laws may be adversely affected by the fact that SDX is a plc existing and governed under the laws of the England and Wales and by the fact that Tenaz is a corporation existing and governed under the laws of the Province of Alberta, and that some or all of their respective directors and officers and the experts named in this Information Circular are not residents of the United States and that all or a substantial portion of their respective assets may be located outside the United States. As a result, it may be difficult or impossible for U.S. securityholders to effect service of process within the United States upon SDX, Tenaz, their respective officers and directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States. In addition, U.S. securityholders should not assume that the courts of Canada or the courts of England and Wales: (i) would enforce judgments of United States courts obtained in actions against such Persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States; or (ii) would enforce, in original actions, liabilities against such Persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States.

## SUMMARY INFORMATION

*This summary highlights certain information contained in this Information Circular. This summary is not intended to be complete and is qualified in its entirety by the more detailed information and financial statements, including the notes thereto, appearing elsewhere in this Information Circular, including the Appendices hereto and in the documents incorporated by reference, all of which are important and should be reviewed carefully. Capitalized terms not otherwise defined herein are defined in the “Glossary of Terms” above.*

### **The Tenaz Meeting**

The Tenaz Meeting will be held by way of live webcast at 2:30 p.m. (Mountain time) on July 29, 2022, for the purposes set forth in the accompanying Notice of Meeting. The business of the Tenaz Meeting will be to consider and vote upon the Tenaz Share Issuance Resolution in connection with the Combination and to elect the Board Nominees to the Tenaz Board. See “*Matters to be Considered at the Tenaz Meeting*”.

### **How to Attend the Tenaz Meeting**

The Corporation is conducting the Tenaz Meeting entirely online by way of live webcast. As such, there will be no in-person component to the Tenaz Meeting and Tenaz Shareholders who wish to attend the Tenaz Meeting must do so in accordance with the directions set out in this Information Circular.

Registered Tenaz Shareholders and duly appointed proxyholders can attend the Tenaz Meeting online by visiting <https://web.lumiagm.com/261608478> and entering the meeting ID: 261-608-478 password: tenaz2022 where they can participate, vote, or submit questions during the Tenaz Meeting’s live webcast. Beneficial Shareholders who have not appointed themselves as proxyholders and guests can attend the Tenaz Meeting online but will not be able to participate, vote or submit questions during the Tenaz Meeting.

Beneficial Shareholders who receive these materials through their broker or other intermediary should carefully follow the instructions provided by their broker or intermediary and the instructions set out in this Information Circular.

A link to the live webcast of the Tenaz Meeting will be available on the Corporation’s website at [www.tenazenergy.com](http://www.tenazenergy.com).

### **Tenaz**

Tenaz is a public 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 owns and operates a semi-conventional oil-weighted development project in Canada that is expected to be a source of both production growth and free cash in the current commodity price environment.

Tenaz’s management has a history of successfully employing an acquire-and-exploit strategy to build public E&P companies. With this strategy Tenaz emphasizes technical excellence in the evaluation of M&A opportunities to effect value adding acquisitions and follow-on operational improvements to further enhance returns. Tenaz’s management has experience running intermediate sized, globally diversified operations with production in excess of 100 mboe/d. Tenaz believes in returning cash to shareholders through a growth and income capital markets model.

Tenaz is a reporting issuer or the equivalent in British Columbia, Alberta and Ontario and its securities are listed for trading on the TSX under the symbol “TNZ”.

The principal and registered office of Tenaz is located at Suite 2500, 605 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta. T2P 3H5.

Tenaz has no subsidiaries other than as set forth in the Tenaz AIF.

See “*Information Concerning Tenaz*”.

## SDX

SDX is an AIM-listed international oil and gas exploration, production, and development company, headquartered in London, United Kingdom, with a focus on Morocco and Egypt. SDX was listed on the London Stock Exchange's AIM on May 20, 2016, following it being established by the combination of Sea Dragon Energy Inc. and Madison Petrogas Ltd. in October 2015.

SDX's strategy is to leverage its existing organizational capabilities and competitive positions/relationships, supported by a strong ESG ethos, to access organic and inorganic, low-cost, high-margin opportunities which generate stable cash flows and self-funded upside. Its portfolio contains interests in six concessions in Egypt and Morocco and has a strong weighting of fixed-price gas assets with low operating costs and attractive margins. Whilst this provides resilience in a low commodity price environment, SDX's portfolio also includes high impact exploration opportunities.

SDX is a reporting issuer or the equivalent in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and its securities are listed for trading on AIM under the symbol "SDX".

The head and registered office of SDX is located at 38 Welbeck Street, London, United Kingdom, W1G 8DP.

See Appendix A — "*Information Concerning SDX*".

### Background to the Combination

On May 25, 2022, Tenaz and SDX entered into the Co-operation Agreement and issued the Announcement in which they announced that they had reached an agreement on the terms and conditions of a recommended combination pursuant to which Tenaz will acquire all of the issued and to be issued ordinary shares of SDX. The Combination is expected to be implemented by means of a court-sanctioned scheme of arrangement between SDX and the SDX Shareholders under Part 26 of the Companies Act 2006, with the entire issued and to be issued SDX Shares being acquired by Tenaz. If completed, the Combination will result in Tenaz becoming the owner of all of the SDX Shares on the Effective Date. SDX Shareholders can elect to receive, for each SDX Share held on the Effective Date, either: (a) 0.075 of a Tenaz Share; or (b) £0.11 in cash under the Cash Alternative.

The Cash Alternative values the issued, and to be issued SDX Shares, on a fully diluted basis, at approximately \$35.8 million on an enterprise value basis. The Cash Alternative represents a premium of approximately:

- (a) 33.3% to the Closing Price per SDX Share of £0.0825 on May 24, 2022 (being the Latest Practicable Date); and
- (b) 29.7% to the SDX 3-month VWAP of £0.084802 per SDX Share on June 29, 2022.

The Cash Alternative will not affect the entitlements of those SDX Shareholders who do not elect for it, each of whom will receive 0.075 Tenaz Shares for each SDX Share in accordance with the terms of the Scheme. The Cash Alternative is conditional upon the Scheme becoming effective. All valid elections under the Cash Alternative will be satisfied in full by Tenaz.

Following Completion, SDX will become a wholly-owned subsidiary of Tenaz and Tenaz will continue the operations of Tenaz and SDX on a combined basis. Assuming that the Cash Alternative is fully taken up in aggregate, immediately following Completion, existing SDX Shareholders will not hold any Tenaz Shares. If no elections are made for the Cash Alternative, immediately following Completion, existing Tenaz Shareholders will own approximately 65% of the Tenaz Shares and SDX Shareholders will own approximately 35% of the Tenaz Shares.

Completion is subject to a number of conditions which remain to be satisfied as of the date of this Information Circular including, among other things, the approval of the Tenaz Share Issuance Resolution by Tenaz Shareholders, approval of the Combination by the SDX Shareholders and the Court, and the receipt of all necessary regulatory and third-party

approvals. Subject to the satisfaction or waiver of all remaining conditions, the Parties expect the Effective Date to occur between August and October, 2022 and in any case no later than the Longstop Date.

See “*Background to and Reasons for the Combination*”, “*The Announcement and the Scheme — Conditions to the Combination*” and Appendix B — “*Pro Forma Consolidated Financial Statements of Tenaz*”.

### **Recommendation of the Tenaz Board**

After considering, among other things, (i) the anticipated benefits of the Combination; and (ii) the risks associated with completing the Combination, the Tenaz Board has unanimously determined that the Combination is in the best interests of Tenaz and the Tenaz Shareholders, and unanimously recommends that Tenaz Shareholders vote in favour of the Tenaz Share Issuance Resolution and the election of the Board Nominees, conditional on the completion of the Combination.

### **Reasons for the Recommendation of the Tenaz Board**

#### ***Strategic Rationale***

Tenaz is focused on the acquisition and sustainable development of energy assets capable of returning free cash flow to shareholders. Since the recapitalization of a publicly-traded Canadian entity in late 2021, Tenaz has targeted the acquisition of conventional and semi-conventional oil and gas assets in international markets. Tenaz has an experienced management team that seeks to identify, evaluate and acquire producing properties in lower-competition international jurisdictions, where there is the potential for greater operational improvements and higher returns on capital.

SDX and its assets across Egypt and Morocco are well suited to Tenaz’s stated objectives and corporate M&A strategy. Both countries fall within Tenaz’s primary geographic focus and create a production base from which to build a regional presence of significant scale. Egypt is a resource rich country that recognizes the importance of its domestic oil and gas industry to its energy security and economic development. Consequently, Egypt is supportive of its energy business community and the sustainable development of its natural resources. Morocco has a desirable fiscal environment and growing local natural gas demand that supports the exploration and production of hydrocarbons. Morocco is a material net importer of energy and is anticipated to maintain strong energy pricing for the existing and future development of SDX’s assets.

#### ***Financial Rationale***

Tenaz recognizes the importance of scale and has a clearly communicated objective of building a sustainable production base in excess of 100 Mboe/d, with the aspiration of both capital growth and cash returns to its investors. In turn, SDX brings a portfolio of production, exploration and development assets, a healthy balance sheet and a strong technical team to complement that of Tenaz. In addition to a track record of successful acquisitions, Tenaz’s management team has a history of effecting operational improvements following successful integration of acquired assets.

The Combination advances a number of objectives for the shareholders of both companies. The Combined Group will have substantially more capital markets scale than either of the two companies separately, and will be positioned for further acquisitive growth via Tenaz’s strategy. The Combined Group will have an even stronger balance sheet, and cash generation will be enhanced by the elimination of duplicative headquarters functions. The Combined Group will have diversified sources of cash flow, with both North American and MENA oil and gas present in the product mix. Finally, the combination of the technical teams from each company will promote the employment of appropriate technical methods to the Combined Group’s asset portfolio, including applying a broader range of experience in sustainable operations to SDX’s asset base.

Management of each of Tenaz and SDX and their respective boards of directors believe there are a number of benefits which are anticipated to result from the Combination and complementary nature of the respective businesses of Tenaz and SDX.

See “*Background to and Reasons for the Combination — Reasons for the Recommendation of the Tenaz Board*”.

### **Announcement and the Scheme**

The following is a summary of selected provisions of the Announcement, which describes the terms and conditions of the Combination, a copy of which is attached as Schedule 1 to the Co-operation Agreement which is attached to this Information Circular in Appendix C — “*Co-operation Agreement*”. While Tenaz believes this description covers the material terms of the Announcement, it may not contain all of the information that is important to you and is qualified in its entirety by reference to the Announcement. We urge you to read the Announcement carefully and in its entirety. See also “*The Announcement and the Scheme*”.

It is intended that the Combination will be implemented by means of a court-sanctioned scheme of arrangement between SDX and the SDX Shareholders under Part 26 of the Companies Act 2006. The purpose of the Scheme is to provide for Tenaz to become the owner of the entire issued and to be issued SDX Shares.

The procedure involves, among other things, an application by SDX to the Court to sanction the Scheme. Upon Completion, the SDX Shareholders will receive the Consideration Shares and/or cash. Completion of the Combination is subject to certain additional Conditions and terms referred to in Appendix 1 of the Announcement.

The Scheme will be governed by English law and will be subject to the jurisdiction of the English courts and to the conditions and further terms set out in the Announcement and in the Scheme Circular. The Combination and the Scheme will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the FCA, Canadian securities laws and the TSX.

### ***Conditions to the Combination***

Completion is conditional upon, among other things, the satisfaction or waiver of the following closing conditions (assuming the Combination is effected by means of the Scheme):

- approval of the Scheme at the Court Meeting by a majority in number of the SDX Shareholders present and voting, either in person or by proxy, representing 75% or more of the voting rights of all SDX Shares voted by those SDX Shareholders;
- all resolutions in connection with or required to approve and implement the Scheme as set out in the notice of the SDX General Meeting (including the SDX Resolutions) being duly passed by the requisite majority of SDX Shareholders representing at least 75% of the votes cast at the SDX General Meeting;
- the sanction of the Scheme with or without modification (but subject to any such modification being acceptable to Tenaz and SDX) by the Court and the delivery of the Scheme Court Order to the Registrar of Companies in England and Wales for registration; and
- the Tenaz Share Issuance Resolution being duly passed at the Tenaz Meeting.

In addition, Tenaz and SDX have agreed that the Combination will be conditional upon the following conditions and, accordingly, the necessary actions to make the Combination effective will not be taken unless such conditions (as amended, if appropriate) have been satisfied or, to the extent capable of waiver, waived on or before the Longstop Date:

- the conditional approval of the TSX having been obtained in respect of the listing and posting for trading of the Consideration Shares thereon, subject only to the satisfaction of such conditions as may be customarily required by the TSX for any additional shares of a listed issuer (which are of the same class as those already listed on the TSX) to be listed and posted for trading;
- (i) in respect of SDX’s subsidiary, Sea Dragon Energy (Nile) B.V; either (A) a non-objection letter issued by Egyptian Natural Gas Holding Company (EGAS) confirming that they are aware of the Combination taking

place and/or that the name of the relevant SDX Group company will be changed following Completion; or (B) a deed of assignment reflecting the change of control of the relevant SDX Group company being entered into by the relevant parties, including EGAS and the Egyptian Ministry of Petroleum; or (C) any other form of such consent from EGAS that has a similar effect to the items in (A) or (B); and (ii) in respect of SDX Energy Egypt (Meseda) Limited, a notification being made to General Petroleum Company informing it of the Combination; and

- the Competition Council of the Kingdom of Morocco granting relevant anti-trust clearance (or having been deemed to give such clearance) for the indirect change of control of SDX's subsidiaries and branches in Morocco under Article 15 or Article 17 or Law No. 104-12 of 30 June 2014 either unconditionally or subject, as the case may be, to the effective fulfilment of commitments agreed on by the notifying party(ies).

Tenaz and SDX have further agreed that the Combination will be conditional upon certain other conditions being satisfied or waived by one or both of Tenaz and SDX on or before the Longstop Date. See "*The Announcement and the Scheme*".

Other than the conditions relating to the Scheme becoming unconditional and Effective by no later than the Longstop Date (subject to the provisions of the Takeover Code), the approval of the Scheme and all resolutions required to implement the Scheme at the SDX Meetings by the SDX Shareholders, the sanction of the Scheme by the Court, the approval of the Tenaz Share Issuance Resolution by the Tenaz Shareholders, and the admission of the Consideration Shares to listing on the TSX, Tenaz may invoke a condition to the Combination to cause the Combination not to proceed only if the Panel is satisfied that the circumstances giving rise to the right to invoke that condition are of material significance to Tenaz in the context of the Combination. In the event that Tenaz determines that a condition in its favour has not been satisfied, there can be no assurance that the Panel will consent to, or not attempt to restrict, Tenaz's ability to invoke such condition.

#### ***Effect of Approval of Scheme***

Upon the Scheme becoming Effective, it will be binding on all SDX Shareholders (irrespective of whether or not they attended or voted at the SDX Meetings) and share certificates in respect of SDX Shares will cease to be valid and entitlements to SDX Shares held within the CREST system will be cancelled.

#### ***Timing for Completion of the Combination***

Subject to receiving all required approvals, including the approval of the Tenaz Share Issuance Resolution by Tenaz Shareholders at the Tenaz Meeting, and the satisfaction or waiver of all other conditions to Completion, the Combination is expected to close between August and October, 2022, and in any case no later than the Longstop Date. It is possible that factors outside of Tenaz's control could delay or prevent Completion of the Combination. See "*The Announcement and the Scheme — Timing for Completion of the Combination*" and "*Risk Factors*".

#### ***SDX Share Plans***

In respect of the existing awards granted under the SDX Share Option Schemes, it is the intention of SDX's remuneration committee that, in aggregate, options over 3,626,605 SDX Shares will be determined as fully vested on the date of the Scheme Court Order (being those vested awards and 50% of all unvested awards outstanding as at the Latest Practicable Date). Vested SDX Options granted under the SDX Share Option Schemes will be exercisable until six months (or, in the case of the SDX CSOP, 20 days) after the Effective Date (unless they lapse earlier under the terms of the SDX Share Option Schemes).

Further details of the terms of such proposals will be set out in separate letters to be sent to participants of each of the SDX Share Option Schemes. Details of the impact of the Combination on the outstanding options will be set out in the Scheme Circular.

SDX has indicated that it does not intend to grant any additional employee share incentive options prior to the Longstop Date.

### ***Dividends***

If, after the Announcement Date, any Non-Permitted SDX Dividend is declared, made or paid or becomes payable in respect of the SDX Shares (other than, or in excess of, any SDX Equalization Dividend), Tenaz reserves the right to reduce the Exchange Ratio accordingly so as to reflect the aggregate value attributable to any such Non-Permitted SDX Dividend.

If, after the date of the Announcement, any Non-Permitted Tenaz Dividend is declared, made or paid or becomes payable in respect of the Tenaz Shares, then SDX will be entitled to declare and pay, and the SDX Shareholders will be entitled to receive and retain in pounds sterling, the SDX Equalization Dividend.

See “*The Announcement and the Scheme — Dividends*”.

### ***Co-operation Agreement***

The following is a summary of selected provisions of the Co-operation Agreement. This summary does not contain all of the information contained in the Co-operation Agreement and is qualified in its entirety by reference to the Co-operation Agreement which is attached as Appendix C — “*Co-operation Agreement*”. We urge you to read the Co-operation Agreement carefully and in its entirety. See also “*The Announcement and the Scheme — Co-operation Agreement*”.

#### *Termination*

The Co-operation Agreement may be terminated prior to the Effective Date in certain circumstances. See “*The Announcement and the Scheme — Co-operation Agreement — Termination*”.

#### *Change in Combination Structure*

Tenaz may Switch to a Takeover Offer structure (with the consent of the Panel) if:

- Tenaz provides its prior written consent; or
- an SDX Board Adverse Recommendation Change occurs.

For further details on a Switch to a Takeover Offer, see “*The Announcement and the Scheme — Co-operation Agreement — Change in Combination Structure*”.

#### *SDX Covenants*

The Takeover Code prohibits an offeree company such as SDX and any Person acting in concert with it from entering into any offer-related arrangement with either an offeror or any Person acting in concert with it during an offer period or when an offer is reasonably in contemplation, except with the consent of the Panel or if certain exceptions apply. The provisions of the Co-operation Agreement have therefore been agreed so as to ensure that obligations of SDX fall within one or more of the exceptions to this prohibition, which permit:

- commitments to provide information or assistance for the purposes of obtaining any official authorization or Regulatory Clearance;
- commitments which impose obligations only on the offeror; and
- agreements relating to any existing employee incentive arrangements.

As a result of the Takeover Code, Tenaz cannot have the benefit of certain deal protection features commonly available in a North American context. See “*The Announcement and the Scheme — Co-operation Agreement — SDX Covenants*”.

### ***Irrevocable Undertakings***

Tenaz has received irrevocable undertakings to vote in favour of the Scheme at the SDX Meetings from the directors of SDX as of the date of the Announcement in respect of their entire holdings, amounting to 5,040,636 SDX Shares representing approximately 2.46% of SDX's existing issued ordinary share capital as of the Latest Practicable Date.

These undertakings from the directors of SDX will cease to be binding only if Tenaz announces (with the consent of the Panel) that it does not intend to make or proceed with the Combination or if the Scheme lapses or is withdrawn (other than where Tenaz has elected to exercise its right to proceed by way of a Takeover Offer and such Takeover Offer has not lapsed or been withdrawn).

SDX has received irrevocable undertakings to vote in favour of the Tenaz Share Issuance Resolution at the Tenaz Meeting from the directors, and certain officers, of Tenaz in respect of their entire holdings, currently amounting to 2,347,075 Tenaz Shares, representing approximately 8.25% of the issued and outstanding Tenaz Shares as of the Latest Practicable Date.

See "*The Announcement and the Scheme — Irrevocable Undertakings*".

### ***Listing of the Consideration Shares***

The TSX has conditionally approved the listing of the Tenaz Shares to be issued to SDX Shareholders pursuant to the Combination. Listing is subject to Tenaz fulfilling all of the listing requirements of the TSX including, without limitation, obtaining the requisite approval by the Tenaz Shareholders of the Tenaz Share Issuance Resolution. Tenaz will not be able to satisfy the listing requirements of the TSX unless a majority of Tenaz Shareholders represented in person or by proxy at the Tenaz Meeting vote FOR the Tenaz Share Issuance Resolution. See "*The Announcement and the Scheme — Listing of the Consideration Shares*" and "*Risk Factors*".

### **Interests of Certain Persons or Companies in Matters to be Acted Upon**

The discussion of the information and factors considered and given weight to by the Tenaz Board discussed herein is not intended to be exhaustive. In reaching the determination to approve the Combination and recommend the Tenaz Share Issuance Resolution, the Tenaz Board did not assign any relative or specific weight to the factors that were considered, and individual directors may have given a different weight to each factor.

All of the directors, and certain officers, of Tenaz who hold, directly or indirectly, or exercise control or direction over, an aggregate of 2,347,075 Tenaz Shares (representing approximately 8.25% of the outstanding Tenaz Shares) have irrevocably undertaken to vote in favour of the Tenaz Share Issuance Resolution.

### **Pro Forma Financial Information of Tenaz After Giving Effect to the Combination**

This Information Circular contains tables which set out certain pro forma financial information for Tenaz after giving effect to the Combination and certain other adjustments as at March 31, 2022 and for the year ended December 31, 2021.

The unaudited pro forma consolidated financial statements of Tenaz as at March 31, 2022 and for the year ended December 31, 2021, including the notes thereto, are attached as Appendix B to this Information Circular. Reference should also be made to: (a) the Tenaz Annual Financial Statements and the Tenaz Interim Financial Statements; and (b) the SDX Annual Financial Statements and the SDX Interim Financial Statements.

See "*Note Regarding Forward-Looking Statements*", "*Pro Forma Information of Tenaz After Giving Effect to the Combination*", "*Risk Factors*" and Appendix B — "*Pro Forma Consolidated Financial Statements of Tenaz*".

***Selected Pro Forma Operational and Reserves Information***

This Information Circular contains tables which set out certain pro forma operational and reserves information for Tenaz after giving effect to the Combination as at December 31, 2021. These tables should be read in conjunction with the Tenaz Reserves Report and the SDX Reserves Report.

See “*Note Regarding Forward-Looking Statements*”, “*Pro Forma Information of Tenaz After Giving Effect to the Combination*” and “*Risk Factors*”.

**Risk Factors**

Tenaz Shareholders voting in favour of the Tenaz Share Issuance Resolution will be choosing to combine the businesses of Tenaz and SDX. The Combination and an investment in Tenaz Shares involves risks. Risk factors relating to Tenaz are described under the heading “*Risk Factors*” in the Tenaz AIF and in each of the Tenaz Annual MD&A and the Tenaz Interim MD&A, each of which are incorporated by reference in this Information Circular. In addition, there are risks associated with Completion. Some of these risks include that the Co-operation Agreement may be terminated in certain circumstances, in which case the market price for the Tenaz Shares may be adversely affected. In addition, Completion is subject to a number of conditions precedent, some of which are outside the control of Tenaz and SDX. Tenaz Shareholders should carefully consider all such risk factors. See “*Risk Factors*” and “*Appendix A – Information Concerning SDX – Risk Factors*”.

## MATTERS TO BE CONSIDERED AT THE TENAZ MEETING

The Tenaz Meeting has been called for the purpose of considering and voting upon:

1. the approval of the Tenaz Share Issuance Resolution in connection with the Combination, as more particularly described below in “*Matters to be Considered at the Tenaz Meeting - Approval of the Tenaz Share Issuance Resolution*”; and
2. the election, conditional upon the Completion, of the Board Nominees to the Tenaz Board, as more particularly described below in “*Matters to be Considered at the Tenaz Meeting – Election of Directors*”.

Each Tenaz Shareholder of record on the Record Date is entitled to vote at the Tenaz Meeting or any adjournment(s) or postponement(s) thereof and is entitled to one vote for each Tenaz Share held. See “*General Proxy Matters*”.

### Approval of the Tenaz Share Issuance Resolution

On May 25, 2022, Tenaz and SDX entered into the Co-operation Agreement and issued the Announcement in which they announced that they had reached an agreement on the terms and conditions of a share-for-share combination between Tenaz and SDX, pursuant to which Tenaz will acquire all of the issued and to be issued SDX Shares. SDX Shareholders can elect to receive, for each SDX Share held on the Effective Date, either: (a) 0.075 of a Tenaz Share; or (b) £0.11 in cash per SDX Share under the Cash Alternative.

The Cash Alternative values the issued, and to be issued, SDX Shares, on a fully diluted basis, at approximately \$35.8 million on an enterprise value basis. The Cash Alternative represents a premium of approximately:

- (a) 33.3% to the Closing Price per SDX Share of £0.0825 on May 24, 2022 (being the Latest Practicable Date); and
- (b) 29.7% to the SDX 3-month VWAP of £0.084802 per SDX Share on June 29, 2022.

The Cash Alternative will not affect the entitlements of those SDX Shareholders who do not elect for it, each of whom will receive 0.075 Tenaz Shares for each SDX Share in accordance with the terms of the Scheme. The Cash Alternative is conditional upon the Scheme becoming effective. All valid elections under the Cash Alternative will be satisfied in full by Tenaz.

The Combination represents a value of approximately £0.10 per SDX Share based upon the Tenaz TSX Closing Price of \$2.19 per Tenaz Share on the Latest Practicable Date and assuming no SDX Shareholder elects for the Cash Alternative. Based on the Exchange Ratio and assuming no SDX Shareholder elects for the Cash Alternative, the Combination values the entire issued and to be issued share capital of SDX at approximately £21.4 million, and the Combination represents a premium of 24% to the SDX Closing Price on AIM of £0.0825 per SDX Share on the Latest Practicable Date. This also represents a premium of 38% to the SDX 3-month VWAP of £0.0816 per SDX Share based on Tenaz’s 3-month VWAP of \$2.41 per Tenaz Share. See “*The Announcement and the Scheme*”.

As of June 29, 2022, there were approximately 204,563,045 SDX Shares outstanding, together with 3,626,605 SDX Shares falling to be issued upon the exercise of options under the SDX Share Option Schemes and which have an exercise price which is lower than the offer price and would therefore be expected to be exercised in connection with the Combination. The market capitalization of the Combined Group is calculated on the basis of 28,458,074 Tenaz Shares issued and outstanding as of the Latest Practicable Date and 15,614,224 Consideration Shares to be issued pursuant to the Combination (assuming no elections are made for the Cash Alternative). Following Completion, SDX will become a wholly-owned subsidiary of Tenaz and Tenaz will continue the operations of Tenaz and SDX on a combined basis. If no elections are made for the Cash Alternative, immediately following Completion, existing Tenaz Shareholders will own approximately 65% of the Tenaz Shares and SDX Shareholders will own approximately 35% of the Tenaz Shares.

Pursuant to Section 611(c) of the TSX Manual, the TSX requires that shareholder approval be obtained by a listed issuer where the number of securities issued or issuable in payment of the purchase price for an acquisition exceeds 25% of the outstanding securities of the listed issuer, on a non-diluted basis. Accordingly, Tenaz Shareholders will be asked at the Tenaz Meeting to vote on the Tenaz Share Issuance Resolution, the text of which is set out below, approving the issuance of the Consideration Shares to SDX Shareholders as consideration for the Combination. To be Effective, the Tenaz Share Issuance Resolution must be approved by at least a simple majority of the votes cast by Tenaz Shareholders present in person or represented by proxy at the Tenaz Meeting. If Tenaz Shareholder approval is obtained and the other conditions to the Combination are satisfied or, if applicable, waived, the Combination is expected to be Effective on or before the Longstop Date. See *“The Announcement and the Scheme — Timing for Completion of the Combination”* and *“The Announcement and the Scheme — Listing of the Consideration Shares”* for further details.

**In order to become Effective the Combination will require, among other things, the approval of the Tenaz Share Issuance Resolution. The Tenaz Share Issuance Resolution will require the affirmative vote of at least a simple majority of the votes cast by Tenaz Shareholders who vote in person or by proxy at the Tenaz Meeting.**

Accordingly, at the Tenaz Meeting, the following ordinary resolution will be considered and voted upon by the Tenaz Shareholders:

**“BE IT RESOLVED**, as an ordinary resolution of the holders (**“Tenaz Shareholders”**) of common shares (**“Tenaz Shares”**) of Tenaz Energy Corp. (**“Tenaz”**) that:

1. the issuance by Tenaz of such number of Tenaz Shares as are required (the **“Consideration Shares”**) to be issued in connection with the acquisition of the issued and to be issued ordinary shares of SDX Energy Plc (the **“Combination”**), subject to a maximum of 15,770,366 Consideration Shares (including 156,142 Consideration Shares to account for rounding and administrative matters), is hereby authorized and approved and Tenaz is hereby authorized and directed to issue such Consideration Shares;
2. the Consideration Shares will be, when issued, validly issued as fully paid and non-assessable common shares in the capital of Tenaz and, at or immediately following the time the Combination becomes Effective, the registrar and transfer agent of the common shares from time to time is hereby authorized upon receipt of a direction from any director or officer of Tenaz (an **“Authorized Person”**) to countersign and deliver certificates, or other evidence of issuance, in respect of the Consideration Shares;
3. notwithstanding that the foregoing resolutions have been passed by the Tenaz Shareholders, the board of directors of Tenaz is hereby authorized and empowered, without further notice or approval of the Tenaz Shareholders, to revoke these resolutions, in whole or in part, or increase the number of Tenaz Shares issuable in connection with the Combination, subject to the limitations imposed by the Toronto Stock Exchange, without any further approval of Tenaz Shareholders; and
4. any Authorized Person is hereby authorized and directed, for and on behalf of Tenaz, to execute and deliver, or cause to be executed and delivered, and to execute and/or file, or cause to be executed and/or filed, as the case may be, all applications, declarations, instruments and other documents, and to do or cause to be done all such other acts and things, as such Authorized Person may determine necessary or advisable in connection with the foregoing resolutions including, without limitation, the execution, signing or filing of any such document or the doing of any such act or thing being conclusive evidence of such determination.”

**Unless otherwise directed, the Persons named in the instrument of proxy accompanying this Information Circular intend to vote FOR the Tenaz Share Issuance Resolution.**

If the Tenaz Share Issuance Resolution is approved, the TSX will generally not require further security holder approval for the issuance of up to an additional 3,942,591 Tenaz Shares in connection with the Combination, such number being 25% of the number of securities approved pursuant to the Tenaz Share Issuance Resolution.

## 2. Election of Directors

At the Tenaz Meeting, the Tenaz Shareholders will be asked to elect, conditional upon Completion, two additional directors, Michael Edmond Doyle and Catherine Elizabeth Ann Stalker (together, the “**Board Nominees**”), both of whom are current directors of SDX, as directors of Tenaz to hold office until the next annual meeting of Tenaz Shareholders or until their successors are elected or appointed.

Management does not contemplate that any of the Board Nominees will be unable to serve as a director but if that should occur for any reason prior to the Tenaz Meeting, no further candidates will be nominated and the seat on the Board will be vacant.

**Unless otherwise directed, the Persons named in the instrument of proxy accompanying this Information Circular intend to vote FOR the election of each of the Board Nominees.**

The Completion of the Combination is not conditional on the election of the Board Nominees. Should the Tenaz Shareholders fail to elect the Board Nominees, the Combination may still be completed.

The election of the Board Nominees will only take effect if and when the Combination is completed. The Tenaz Board currently is comprised of five directors (the “**Existing Tenaz Directors**”). The Existing Tenaz Directors will continue to serve on the Tenaz Board following the Combination. If Mr. Doyle and Ms. Stalker are elected, the Tenaz Board will consist of seven directors upon the Completion of the Combination.

The names and places of residence of the Board Nominees, the number of Tenaz Shares beneficially owned, directly or indirectly, or over which each exercises control or direction and the principal occupation during the last five years of each are set forth below. The information below in respect of the Existing Tenaz Directors is set out in “*Matters to be Acted Upon at the Meeting – Election of Directors*” of the Tenaz Management Information Circular, which is incorporated by reference herein.

<b>Name, Position(s) Held with Tenaz and Place of Residence</b>	<b>Director Since</b>	<b>Present and Past Principal Occupation, Business or Employment</b>	<b>Tenaz Shares Owned, Controlled, or Directed post-Completion<sup>(1)(2)</sup></b>
<b>Michael Edmond Doyle</b> Nominee Director Calgary, Alberta, Canada Independent	Not Applicable	Non-Executive Chairman and Director of SDX or its predecessor since October 1, 2015. Prior thereto Chairman and Director of Madison PetroGas from its inception in 2003 until September 30, 2015. Mr. Doyle is also a Director of CanPetro International Ltd., Richmond Road Capital Corp. and Colson Capital Corp.	162,725
<b>Catherine Elizabeth Ann Stalker</b> Nominee Director London, U.K. Independent	Not Applicable	Non-Executive Director of SDX since February 6, 2020. Ms. Stalker has worked in various roles at Independent Audit Limited, a leading board evaluation firm, since September 2014, advancing from an associate to director to her current position as partner, which she has held since June 2020. She has been on the board of PUMB, a Ukrainian retail bank, since December 2018 and previously served as a director of DTEK Grids BV (from September 2018 to March 2022) and DTEK Energy BV (from March 2011 to May 2021), subsidiaries of a Dutch energy company with vertically integrated assets in Ukraine.	8,351

**Notes:**

(1) Prior to Completion, neither Michael Edmond Doyle nor Catherine Elizabeth Ann Stalker held any Tenaz Shares.

(2) Assumes neither proposed director will elect to exchange any of their SDX Shares for cash under the Cash Alternative.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

- To the knowledge of Tenaz, no Board Nominee (nor any personal holding company of any such persons) is, as at the date of this Information Circular, or has been, within ten (10) years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company, that:
  - was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an “**Order**”) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.
- Except as disclosed herein, to the knowledge of Tenaz, no Board Nominee (nor any personal holding company of any such persons) is, as at the date of this Information Circular, or has been, within ten (10) years before the date of this Information Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. Michael Doyle was a director of Brevia Energy Inc., an Alberta oil and gas producer, which entered into a voluntary receivership in January 2016 as a result of financial difficulties.
- To the knowledge of Tenaz, no Board Nominee (nor any personal holding company of any such persons) has, within the ten (10) years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

In addition, no Board Nominee has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities Regulatory Authority or has entered into a settlement agreement with a securities Regulatory Authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **BACKGROUND TO AND REASONS FOR THE COMBINATION**

### **Background to the Combination**

The terms of the Combination are the result of arm’s length negotiations between representatives of Tenaz, SDX and their respective advisors. The following is a summary of certain material events leading up to the Announcement and the execution of the Co-operation Agreement.

Tenaz approached N.M. Rothschild & Sons Limited, financial advisers to SDX, about the possibility of pursuing a combination between Tenaz and SDX in April, 2022. Following a series of brief discussions between Tenaz and SDX, the Confidentiality Agreement was entered into on April 6, 2022, in order to allow Tenaz to perform due diligence investigations of SDX.

In the weeks that followed, Tenaz performed initial high-level due diligence investigations on SDX, while the parties continued discussions about a potential combination. On April 28, 2022, Tenaz provided SDX with a non-binding letter of intent for the Combination. Following its review of the letter of intent, SDX confirmed to Tenaz on May 3, 2022, that the proposed Combination merited further, more detailed discussions.

On May 5, 2022, as a result of the intensification of discussions with SDX on the Combination, Tenaz engaged finnCap Ltd. to act as its UK financial advisor in respect of the Combination. On May 9, 2022, Tenaz provided initial drafts of the documents required to undertake the Combination to SDX.

Following review of the initial documents, on May 13, 2022, Tenaz and SDX entered into a subsequent confidentiality agreement, which enabled SDX to conduct reverse due diligence on Tenaz. For the next few weeks, Tenaz and SDX continued conducting due diligence investigations of each other, along with negotiating the Combination with assistance from their respective financial and legal advisers.

On May 25, 2022, negotiations concluded and the Co-operation Agreement was signed. The Announcement of the Combination was made on the same day.

From discussions with SDX Shareholders and advisors, subsequent to the Announcement, it was identified certain SDX Shareholders preferred an option to receive cash in lieu of accepting shares, which do not currently trade on public markets in the UK. The Tenaz Board and the board of directors of SDX agreed that the introduction of a cash alternative was for the benefit of the shareholders of each of Tenaz and SDX. Additionally, each of the Tenaz Board and the board of directors of SDX have agreed to amend the long stop date to December 31, 2022, reflecting the increased certainty of timing on certain regulatory approvals following discussions with and submissions to applicable regulatory authorities.

### **Recommendation of the Tenaz Board**

After careful consideration, including consideration of the comprehensive briefings from management on its due diligence findings, consultation with its legal and financial advisors and other factors described below under “Background to and Reasons for the Combination — *Reasons for the Recommendation of the Tenaz Board*”, the Tenaz Board determined that the Combination is in the best interests of Tenaz and determined to recommend that Tenaz Shareholders vote in favour of the Tenaz Share Issuance Resolution. Accordingly, the Tenaz Board approved and recommends that Tenaz Shareholders vote **FOR** the Tenaz Share Issuance Resolution.

### **Reasons for the Recommendation of the Tenaz Board**

The Tenaz Board, in arriving at its decision to approve the entering into of the Co-operation Agreement and recommend that Tenaz Shareholders vote **in favour of** the Tenaz Share Issuance Resolution, considered a number of financial, operational and other factors, including, without limitation, those listed below, with the benefit of input from Tenaz’s management and financial and legal advisors.

The following is a summary of the principal reasons for the recommendation that Tenaz Shareholders vote **FOR** the Tenaz Share Issuance Resolution:

- **Creation of a stronger oil and gas company.** The Tenaz Board believes that the Combination will create a stronger, international oil and gas exploration and production company focused on organic and acquisitive growth Europe, MENA and South America, with commensurate benefits to the shareholders of the Combined Group following Completion of the Combination. SDX brings a portfolio of production, exploration and development assets, a debt-free balance sheet with substantial cash and a strong technical team complementing Tenaz’s assets and strategy of driving free cash flow generation.
- **Strong production base.** Tenaz believes that the Combined Group should upon Completion produce at rates in excess of 4,500 boe/d on a working interest basis. The Combined Group will have a diversified production base with contributions coming from each of four operating areas.
- **Development pipeline.** The Combined Group will have a significant and diversified pipeline of development and exploration projects, with capital spending planned in each of the four producing assets. A drilling campaign in Canada is planned to commence in mid-June where there are over 40 booked 2P drilling locations. In Egypt, development of the West Gharib oil fields will continue through the remainder of 2022 and through much of 2023. At South Disouq, a three-well drilling program is expected to be completed in summer 2022. In Morocco, development and exploration programs are expected to be implemented during

the second half of 2022, supported by strong realized pricing associated with current gas sales agreements. Looking beyond 2022, the Combined Group will have significant inventory to pursue and optionality to deploy capital to the areas capable of providing the highest return to shareholders.

- Financial strength and future growth.** SDX has a balance sheet with non-cash working capital of approximately US\$7.9 million and cash and cash equivalents of approximately US\$10.6 million as of December 31, 2021. In addition, SDX has a US\$10.0 million undrawn credit facility, with current availability of US\$5.7 million, and asset retirement obligations of US\$5.8 million. Subject to receipt of required consents, SDX's credit facility, along with the future cash flow generated from operations, is intended to be used along with Tenaz's cash balance, credit capacity and access to equity markets to fund the future development of the combined assets of the company, along with subsequent acquisitions. As at December 31, 2021, Tenaz had total assets of \$75.4 million, including cash and cash equivalents of \$25.5 million, and shareholders' equity of \$65.3 million. In support of the Cash Alternative, Tenaz entered into an amended and restated commitment letter which increased the principal amount of existing credit facilities to provide for liquidity of up to \$20 million. The Credit Facilities are structured as two separate facilities, each with a principal amount of up to \$10 million. The primary facility is a revolving reserve-based facility that is subject to redetermination at least once per year, and the secondary facility is a non-revolving loan which is drawn for the transaction and repayable on or before December 31, 2022. As at March 31, 2022, Tenaz had no outstanding third party debt, other than accounts payable in the ordinary course of business. The Combined Group should therefore benefit from enhanced financial resilience and, an expectation of more ready access to capital markets, than either company on a standalone basis, together with the efficiencies that come from the removal of duplicated public company costs.

The foregoing summary of the information and factors considered and given weight by the Tenaz Board is not intended to be exhaustive of all the factors that were considered in arriving at a conclusion and making the recommendations incorporated herein. Members of the Tenaz Board used their own knowledge of the business, financial conditions and prospects of Tenaz along with the assistance of Tenaz management and Tenaz's financial and legal advisors in their evaluation of the Combination. In reaching the determination to approve the Combination and recommend for approval of the Tenaz Share Issuance Resolution, the Tenaz Board did not assign any relative or specific weights to the factors which were considered, and individual directors may have given differing weights to different factors. The conclusions and recommendations of the Tenaz Board were arrived at after giving consideration to the totality of the information and factors considered.

The Tenaz Board has considered that there are risks associated with completing the Combination, including that some or all of the potential anticipated benefits set forth herein may not be realized or that there may be significant costs associated with realizing such benefits. The Tenaz Board believes that the potential benefits of the Combination outweigh the risks, although there can be no assurance in this regard. See "*Risk Factors*".

## THE ANNOUNCEMENT AND THE SCHEME

The following is a summary of selected provisions of the Announcement which describes the terms and conditions of the Combination, a copy of which is attached as Schedule 1 to the Co-operation Agreement which is attached to this Information Circular in Appendix C — "*Co-operation Agreement*". While Tenaz believes this description covers the material terms of the Announcement, it may not contain all of the information that is important to you and is qualified in its entirety by reference to the Announcement. We urge you to read the Announcement carefully and in its entirety.

It is intended that the Combination will be implemented by means of a court-sanctioned scheme of arrangement between SDX and the SDX Shareholders under Part 26 of the Companies Act 2006. The purpose of the Scheme is to provide for Tenaz to become the owner of the entire issued and to be issued share capital of SDX.

The procedure involves, among other things, an application by SDX to the Court to sanction the Scheme, in consideration for which the SDX Shareholders can elect to receive, for each SDX Share held on the Effective Date, either: (a) 0.075 of a Tenaz Share; or (b) £0.11 in cash per SDX Share under the Cash Alternative.

The Cash Alternative will not affect the entitlements of those SDX Shareholders who do not elect for it, each of whom will receive 0.075 Tenaz Shares for each SDX Share in accordance with the terms of the Scheme. The Cash Alternative

is conditional upon the Scheme becoming effective. All valid elections under the Cash Alternative will be satisfied in full by Tenaz.

The issuance of the Consideration Shares requires the Tenaz Share Issuance Resolution to be approved by a simple majority of Tenaz Shares voted in person or by proxy at the Tenaz Meeting. The Tenaz Board recommends that Tenaz Shareholders vote in favour of the Tenaz Share Issuance Resolution. See “*Background to and Reasons for the Combination — Recommendation of the Tenaz Board*” and “*Background to and Reasons for the Combination — Reasons for the Recommendation of the Tenaz Board*”. Completion of the Combination is subject to certain additional conditions and terms referred to in Appendix 1 to the Announcement and summarized below, see “*The Announcement and the Scheme — Conditions to the Combination*”.

The Scheme will be governed by the laws of England and will be subject to the jurisdiction of the English Courts and to the conditions and further terms set out in the Announcement and in the Scheme Circular. The Combination and the Scheme will be subject to the applicable requirements of the AIM Rules and the London Stock Exchange, the Takeover Code, the TSX and applicable securities laws in Canada and the United States.

### **Conditions to the Combination**

Completion of the Combination is conditional upon, among other things, the satisfaction or waiver of the following closing conditions (assuming the Combination is effected by means of the Scheme):

- approval of the Scheme at the Court Meeting by a majority in number of the SDX Shareholders present and voting, either in person or by proxy, representing 75% or more of the voting rights of all SDX Shares voted by those SDX Shareholders;
- all resolutions in connection with or required to approve and implement the Scheme as set out in the notice of the SDX General Meeting (including the SDX Resolutions) being duly passed by the requisite majority of SDX Shareholders representing at least 75% of the votes cast at the SDX General Meeting;
- the sanction of the Scheme with or without modification (but subject to any such modification being acceptable to Tenaz and SDX) by the Court and the delivery of the Scheme Court Order to the Registrar of Companies in England and Wales for registration; and
- the Tenaz Share Issuance Resolution being duly passed at the Tenaz Meeting.

In addition, Tenaz and SDX have agreed that the Combination will be conditional upon the following conditions and, accordingly, the necessary actions to make the Combination Effective will not be taken unless such conditions (as amended, if appropriate) have been satisfied or, to the extent capable of waiver, waived on or before the Longstop Date:

- the conditional approval of the TSX having been obtained in respect of the listing and posting for trading of the Consideration Shares thereon, subject only to the satisfaction of such conditions as may be customarily required by the TSX for any additional shares of a listed issuer (which are of the same class as those already listed on the TSX) to be listed and posted for trading;
- (i) in respect of SDX’s subsidiary, Sea Dragon Energy (Nile) B.V; either (A) a non-objection letter issued by Egyptian Natural Gas Holding Company (EGAS) confirming that they are aware of the Combination taking place and/or that the name of the relevant SDX Group company will be changed following Completion; or (B) a deed of assignment reflecting the change of control of the relevant SDX Group company being entered into by the relevant parties, including EGAS and the Egyptian Ministry of Petroleum; or (C) any other form of such consent from EGAS that has a similar effect to the items in (A) or (B); and (ii) in respect of SDX Energy Egypt (Meseda) Limited, a notification being made to General Petroleum Company informing it of the Combination; and
- the Competition Council of the Kingdom of Morocco granting relevant anti-trust clearance (or having been deemed to give such clearance) for the indirect change of control of SDX’s subsidiaries and branches in

Morocco under Article 15 or Article 17 or Law No. 104-12 of 30 June 2014 either unconditionally or subject, as the case may be, to the effective fulfilment of commitments agreed on by the notifying party(ies).

Tenaz and SDX have further agreed that the Combination will be conditional upon the satisfaction or waiver of certain other conditions on or before the Longstop Date relating to: (i) third party clearances or approvals; (ii) matters arising as a result of contractual arrangement and agreements of the Wider SDX Group or the Wider Tenaz Group; (iii) subject to certain exceptions, no member of the Wider SDX Group or the Wider Tenaz Group having effected certain changes in its capital structure or other corporate actions; (iv) adverse changes, litigation or regulatory enquiries relating to the Wider SDX Group or the Wider Tenaz Group; (v) Tenaz not having discovered that any financial or other information concerning the Wider SDX Group is materially misleading; (vi) Tenaz not having discovered that any member of the Wider SDX Group has violated any applicable anti-corruption, sanctions or criminal properties laws.

Other than the conditions relating to the Scheme becoming unconditional and Effective by no later than the Longstop Date (subject to the provisions of the Takeover Code), the approval of the Scheme and all resolutions required to implement the Scheme at the SDX Meetings by the SDX Shareholders, the sanction of the Scheme by the Court, the approval of the Tenaz Share Issuance Resolution by the Tenaz Shareholders, and the admission of the Consideration Shares to listing on the TSX, Tenaz may invoke a condition to the Combination to cause the Combination not to proceed only if the Panel is satisfied that the circumstances giving rise to the right to invoke that condition are of material significance to Tenaz in the context of the Combination. In the event that Tenaz determines that a condition in its favour has not been satisfied, there can be no assurance that the Panel will consent to, or not attempt to restrict, Tenaz's ability to invoke such condition.

### **Cash Alternative**

The Cash Alternative will be made available under which SDX Shareholders can elect to receive cash consideration for up to all of their SDX Shares. Any SDX Shareholder who validly elects for the Cash Alternative will receive £0.11 in cash for each SDX Share for which a valid election has been made and no Tenaz Shares in respect of that SDX Share. If an SDX Shareholder does not elect for the Cash Alternative in respect of any of their SDX Shares, they will receive 0.075 Tenaz Shares for each such SDX Share.

The Cash Alternative is conditional upon the Scheme becoming effective. All valid elections under the Cash Alternative will be satisfied in full by Tenaz. The cash consideration payable by Tenaz pursuant to the Cash Alternative will be funded from a combination of the existing cash resources of Tenaz and funding provided to Tenaz under the Credit Facility advanced by ATB Financial. In particular, Tenaz will use its existing cash resources of approximately \$25 million and will draw down \$20 million on the Credit Facility in order to place £25 million (approximately \$39.5 million) into escrow in order to fund the Cash Alternative. Following Completion, the Secondary Facility (as defined below) is expected to be paid from the cash resources of the Combined Group. Further details regarding the Credit Facility are set out under "*The Announcement and the Scheme – Credit Facility*".

finnCap, in its capacity as financial advisor to Tenaz, is satisfied that sufficient cash resources are available to Tenaz to enable it to satisfy in full the cash consideration payable to SDX Shareholders under the Cash Alternative.

The Cash Alternative will not affect the entitlements of those SDX Shareholders who do not elect for it, each of whom will receive 0.075 Tenaz Shares for each SDX Share in accordance with the terms of the Scheme.

If no elections are made for the Cash Alternative, Tenaz would issue approximately 15,614,224 New Tenaz Shares pursuant to the Combination. As a result of the Combination, Tenaz would, in those circumstances, have approximately 44,072,298 Tenaz Shares issued and outstanding and immediately following Completion, existing Tenaz Shareholders will own approximately 65% of the Tenaz Shares and SDX Shareholders will own approximately 35% of the Tenaz Shares.

### **Credit Facilities**

In connection with the financing of the cash consideration payable under the terms of the Cash Alternative, Tenaz entered into amended and restated commitment letter with ATB Financial making available two facilities to provide total available liquidity of up to \$20 million to facilitate cash consideration in relation to the Cash Alternative. The

Credit Facilities consist of two separate facilities, structured as follows: (a) a revolving primary facility (the “**Primary Facility**”) in the principal amount of up to \$10 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; and (b) a non-revolving facility (the “**Secondary Facility**”) in the principal amount of up to \$10 million accruing interest at a rate of prime + 5.5% per annum until September 30, 2022 and prime + 7.5% per annum thereafter, repayable on or before December 31, 2022. Except for the amendments described above the general terms of the credit arrangements are consistent with those previously disclosed by the Company.

finnCap, as financial adviser to Tenaz, is satisfied that sufficient resources are available to Tenaz to enable it to satisfy in full the cash consideration payable to SDX Shareholders under the terms of the Cash Alternative.

### **Effect of Approval of Scheme**

Upon the Scheme becoming Effective, it will be binding on all SDX Shareholders (irrespective of whether or not they attended or voted at the SDX Meetings), and share certificates in respect of SDX Shares will cease to be valid and entitlements to SDX Shares held within the CREST system will be cancelled.

### **Timing for Completion of the Combination**

Subject to receiving all required approvals, including the approval of the Tenaz Share Issuance Resolution by Tenaz Shareholders at the Tenaz Meeting, and the satisfaction or waiver of all other conditions to Completion, the Combination is expected to close between August and October, 2022, and in any case no later than the Longstop Date. It is possible that factors outside of Tenaz’s control could delay or prevent Completion of the Combination. See “*The Announcement and the Scheme — Conditions to the Combination*” and “*Risk Factors*”.

### **SDX Share Plans**

In respect of the existing awards granted under the SDX Share Option Schemes, it is the intention of SDX’s remuneration committee that, in aggregate, options over 3,626,605 SDX Shares will be determined as fully vested on the date of the Scheme Court Order (being those vested awards and 50% of all unvested awards outstanding as at the Latest Practicable Date). Vested SDX Options granted under the SDX Share Option Schemes will be exercisable until six months (or, in the case of the SDX CSOP, 20 days) after the Effective Date (unless they lapse earlier under the terms of the SDX Share Option Schemes).

Further details of the terms of such proposals will be set out in separate letters to be sent to participants of each of the SDX Share Option Schemes. Details of the impact of the Combination on the outstanding options will be set out in the Scheme Circular.

SDX has indicated that it does not intend to grant any additional employee share incentive options prior to the Longstop Date.

### **Dividends**

If, after the Announcement Date, any Non-Permitted SDX Dividend is declared, made or paid or becomes payable in respect of the SDX Shares (other than, or in excess of, any SDX Equalization Dividend), Tenaz reserves the right to reduce the Exchange Ratio accordingly so as to reflect the aggregate value attributable to any such Non-Permitted SDX Dividend.

If, after the Announcement Date, any Non-Permitted Tenaz Dividend is declared, made or paid or becomes payable in respect of the Tenaz Shares, then SDX will be entitled to declare and pay, and the SDX Shareholders will be entitled to receive and retain in pounds sterling, the SDX Equalization Dividend.

## **Fractional Shares**

Fractions of the Consideration Shares will not be allotted or issued pursuant to the Combination, but entitlements of SDX Shareholders will be rounded down to the nearest whole number of Consideration Shares and all fractions of Consideration Shares will be aggregated and sold in the market as soon as practicable after the Effective Date. The net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with the sale) will be distributed in due proportions to SDX Shareholders who would otherwise have been entitled to such fractions (rounded down to the nearest penny), save that individual entitlements to amounts of less than £5.00 will be retained for the benefit of the Combined Group.

## **Confidentiality Agreement**

On April 6, 2022, SDX and Tenaz entered into an agreement relating to the Combination, pursuant to which Tenaz agreed to keep confidential certain information supplied by SDX for the purposes of considering the proposed Combination. In consideration of the confidential information being supplied in connection with the Confidentiality Agreement, Tenaz agreed that, save with the prior written consent of SDX, it would not, for a period of 12 months, directly or indirectly, alone or with others acquire, announce an intention to acquire, offer or propose to acquire, solicit an offer to sell or agree to acquire, or enter into any agreement, arrangement or undertaking to acquire, any direct or indirect interest in any SDX Shares, in any shares of a member of the SDX Group or in the business, assets or undertaking of SDX or any other member of the SDX Group.

The Confidentiality Agreement also contained undertakings from Tenaz to SDX that for a period of 12 months, Tenaz would not solicit for employment or endeavour to entice away certain officers or employees of the SDX Group without prior written consent of SDX. Further, for a period of 12 months, Tenaz agreed that it would not approach any of SDX's customers or suppliers without prior written consent of SDX.

On May 13, 2022, Tenaz and SDX entered into a further agreement relating to the Combination, pursuant to which SDX agreed to keep confidential certain information supplied by Tenaz for the purposes of considering the proposed Combination.

## **Co-operation Agreement**

The following is a summary of selected provisions of the Co-operation Agreement. While Tenaz believes this description covers the material terms of the Co-operation Agreement, it may not contain all of the information that is important to you and is qualified in its entirety by reference to the Co-operation Agreement. We urge you to read the Co-operation Agreement carefully and in its entirety. See Appendix C — “*Co-operation Agreement*”.

## ***Regulatory Undertakings***

Under the Co-operation Agreement, among other things, Tenaz, having consulted in good faith with SDX, will determine the strategy to be pursued for satisfying and obtaining the Regulatory Clearances.

Tenaz has agreed to (a) take, or cause to be taken, and procure that each relevant member of the Tenaz Group shall take, all required or necessary steps (as applicable) to secure the Regulatory Clearances as soon as reasonably practicable and, in any event, in sufficient time to enable the Effective Date to occur by the Longstop Date; (b) make filings, notifications or submissions in respect of the Regulatory Clearances which it has a responsibility to make under Applicable Law (or if otherwise required by a Regulatory Authority) with or to the relevant Regulatory Authorities in respect of the Combination and to take all required or necessary steps (as applicable) to avoid: (i) any declaration of incompleteness by any Regulatory Authority; and (ii) any suspension of any review period by any Regulatory Authority; (c) if and to the extent permitted by Applicable Law and the requirements of the relevant Regulatory Authority, notify SDX as soon as reasonably practicable of any communication (whether written or oral) from any Regulatory Authority in connection with the Combination; (d) if and to the extent permitted by Applicable Law and the requirements of the relevant Regulatory Authority, and where practicable, give SDX reasonable notice of and reasonable opportunity to participate in all meetings and telephone calls with any Regulatory Authority in connection with the Combination (unless solely administrative in nature); (e) if and to the extent permitted by

Applicable Law and to the extent possible, provide SDX with drafts of all written communications (unless solely administrative in nature) intended to be sent to any Regulatory Authority in connection with the Combination sufficiently in advance of their submission to allow SDX a reasonable opportunity to comment on them and provide SDX with final copies of all such communications; and (f) if and to the extent permitted by Applicable Law and the requirements of any Regulatory Authority, keep SDX informed of any developments which are material to the obtaining of the Regulatory Clearances.

### ***Termination***

Tenaz has the right to terminate the Co-operation Agreement, upon written notice to SDX, in the event of any of the following (an “**SDX Board Adverse Recommendation Changes**”):

- if SDX makes an announcement prior to the publication of the Scheme Circular that: (i) SDX’s board of directors no longer intends to make the SDX Board Recommendation or intends to adversely modify or adversely qualify such recommendation; (ii) other than where a Switch has occurred, it will not convene the SDX Court Meeting or the SDX General Meeting; or (iii) other than where a Switch has occurred, it intends not to post the Scheme Circular or (if different) the document convening the SDX General Meeting;
- if SDX makes an announcement that it will or intends to delay the convening of, or will or intends to adjourn or postpone, the SDX Court Meeting or the SDX General Meeting to a date which is later than the latest date permitted by the Conditions set out in paragraph 2 of Part A of Appendix I to the Announcement, in each case without the consent of Tenaz, except where: (i) Tenaz has committed a breach of Clause 3 of the Co-operation Agreement which has not been caused by any prior breach of the Co-operation Agreement by SDX and such breach has caused the delay, provided that the duration of such delay is commensurate with such breach; (ii) a supplementary circular is required to be published in connection with the Scheme, and as a result, the SDX Court Meeting and/or the SDX General Meeting cannot be held by such date in compliance with the Takeover Code and any other Applicable Law (but provided that SDX has used reasonable endeavours to publish the supplementary circular as soon as reasonably practicable after the date on which the requirement to publish a supplementary circular arises); or (iii) such delay or adjournment is solely caused by logistical or practical reasons beyond SDX’s reasonable control;
- other than where a Switch has occurred, the SDX Board Recommendation is not included in the Scheme Circular;
- the board of directors of SDX publicly withdraw or modify or qualify the SDX Board Recommendation in a manner adverse to the Completion of the Combination;
- without prejudice to the provisions of Rule 21.1 of the Takeover Code, if the board of directors of SDX announce the entry into by SDX or its subsidiaries or any of them into any transaction (whether implemented in a single transaction or a series of transactions and whether conditional or otherwise) which would constitute: (i) a reverse takeover of SDX (as defined in the Takeover Code); or (ii) except where Tenaz has given prior written consent to such transaction: (A) a fundamental change of business transaction for, or a reverse takeover of, SDX (each as defined in the AIM Rules); (B) an acquisition or disposal, directly or indirectly, any business, assets and/or undertakings by or of the SDX Group in each case to an extent which is material in the context of the SDX Group (other than pursuant to the Combination (and except for transactions between SDX and its wholly- owned subsidiaries or between the wholly-owned subsidiaries of SDX and transactions in the ordinary course of business)); or (C) a demerger, or any material reorganization and/or liquidation, involving SDX Group or any member of the SDX Group other than in connection with the Combination or in the ordinary course of business; or
- if, after the Scheme has been approved by SDX Shareholders and/or the approval of the SDX Resolutions at the SDX General Meeting, the board of directors of SDX announce that they will not implement the Scheme (other than: (i) in connection with an announcement of a Takeover Offer or revised offer by Tenaz for SDX; or (ii) because a Condition to the Combination has become incapable of fulfilment or satisfaction),

provided that, in all cases, the issuance of: (1) any holding statement(s) by SDX following a change of circumstances; (2) any announcement(s) by SDX that the board of directors of SDX are considering a possible offer for SDX by a third party; and (3) any announcement by SDX that the board of directors of SDX are considering any transaction of the kind contemplated in the fifth bullet above, shall not, in any case, constitute a SDX Board Adverse Recommendation Change.

SDX has the right to terminate the Co-operation Agreement if Tenaz elects to implement the Combination by way of a Takeover Offer other than pursuant to any of its rights to Switch pursuant to the terms and Conditions of the Co-operation Agreement.

The Co-operation Agreement can be terminated by agreement between the Parties prior to the Effective Date.

The Co-operation Agreement can also be terminated by either Tenaz or SDX, upon written service by either Party to the other Party, if one or more of the following occurs:

- if prior to the Longstop Date, any Condition has been invoked by Tenaz (where the invocation of the relevant Condition has been specifically permitted by the Panel);
- if prior to the Longstop Date, a third party announces a firm intention to make an offer or revised offer (whether or not subject to the satisfaction or waiver of any pre-conditions) for SDX under Rule 2.7 of the Takeover Code, which completes, becomes Effective or is declared or becomes unconditional in all respects;
- if (a) there is a withdrawal, qualification or modification of the SDX Board Recommendation (provided, however, that an announcement by the board of directors of SDX that any proposal in respect of a possible offer or offer for SDX is under consideration by the board of directors of SDX, shall not of itself constitute a withdrawal, or adverse modification or qualification, of the SDX Board Recommendation so long as either: (i) any such statement or announcement contains an express statement that the SDX Board Recommendation is not withdrawn, modified or qualified, or (ii) SDX announces, within 7 Business Days after the relevant statement or announcement, its reconfirmation or reinstatement of the SDX Board Recommendation (failing which there shall be deemed to have been a withdrawal, qualification or modification of the SDX Board Recommendation for these purposes)) or if SDX makes an announcement prior to the publication of the Scheme Circular that the board of directors of SDX no longer intend to make the SDX Board Recommendation or (subject to the proviso above) intend to modify or qualify such recommendation; or (b) prior to the Longstop Date, a third party announces a firm intention to make an offer or revised offer for SDX which is recommended by the board of directors of SDX;
- if the Combination (whether implemented by way of the Scheme or Takeover Offer) is withdrawn, terminated or lapses in accordance with its terms prior to the Longstop Date and, where required, with the consent of the Panel (other than: (a) where such lapse or withdrawal is as a result of the exercise of Tenaz's right to effect a Switch from the Scheme to the Takeover Offer; or (b) it is otherwise to be followed within five Business Days (or such other period as SDX and Tenaz may agree) by an announcement under Rule 2.7 of the Takeover Code made by Tenaz or any person acting in concert with Tenaz (or deemed to be acting in concert with Tenaz) to implement the Combination by a different offer or scheme on substantially the same or improved terms);
- except following a Switch, if the Scheme is not approved by the requisite majority of SDX Shareholders representing at least 75 per cent of the votes cast at the SDX Court Meeting and/or the SDX Resolutions are not approved by the requisite majority of SDX Shareholders representing at least 75 per cent of the votes cast at the SDX General Meeting, or the Court definitively refuses to sanction the Scheme;
- unless otherwise agreed by the Parties in writing or required by the Panel, if the Effective Date has not occurred by the Longstop Date; or
- upon service of a written notice by SDX to Tenaz if Tenaz elects to implement the Combination by way of a Takeover Offer other than pursuant to any of its rights to Switch.

Termination of the Co-operation Agreement shall be without prejudice to the rights of either party which have arisen on or prior to termination including any claim in respect of a breach of the Co-operation Agreement. Clause 1, the whole of Clause 8 and clauses 12 to 27 (inclusive) of the Co-operation Agreement and (only in circumstances where the Co-operation Agreement is terminated on or after the Effective Date or the date of the Takeover Offer becoming or being declared unconditional, as the case may be), Clause 7, Clause 11 and Schedule 1 of the Co-operation Agreement shall survive the termination of the Co-operation Agreement.

### *Change in Combination Structure*

The parties intend that the Combination will be implemented by way of the Scheme. However, Tenaz shall be entitled, with the consent of the Panel, to elect to implement the Combination by way of a Takeover Offer, rather than the Scheme (a “**Switch**”), whether or not the Scheme Circular has been published, provided that (i) the Takeover Offer is made in accordance with the terms and conditions set out in the Rule 2.7 Announcement (with any modifications or amendments to such terms and conditions as may be required by the Panel or which are necessary as a result of a switch from the Scheme to the Takeover Offer), and:

- SDX provides its prior written consent;
- a third party announces a firm intention to make an offer (whether or not subject to the satisfaction or waiver of any pre-conditions) for all or part of the entire issued, and to be issued, share capital of SDX; or
- a SDX Board Adverse Recommendation Change occurs.

In the event of a Switch made in accordance with the terms and conditions set out in the Announcement, with any modifications or amendments to such terms and conditions as may be required by the Panel or which are necessary as a result of a switch from the Scheme to the Takeover Offer and which SDX has provided its prior written consent to (an “**Agreed Switch**”), Tenaz shall ensure that the acceptance condition to the Takeover Offer will be set at not less than 75% of the SDX Shares to which the Takeover Offer relates (or such other percentage (being more than 50% but not more than 75%) as the Parties may agree in writing, or in certain circumstances as Tenaz may decide, subject to the consent of the Panel, to the extent necessary).

If the Combination is effected by way of a Takeover Offer (as described above) and such Takeover Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, Tenaz intends to:

- make a request to AIM to cancel trading in SDX Shares on its market for listed securities; and
- exercise its rights to apply the “squeeze-out” provisions of sections 979 to 982 of the Companies Act 2006 to acquire compulsorily the remaining SDX Shares in respect of which the Takeover Offer has not been accepted.

### *Other Tenaz Covenants*

Pursuant to the Co-operation Agreement, Tenaz has agreed to take certain actions to obtain the approval by Tenaz Shareholders of the Tenaz Share Issuance Resolution. In connection with the Tenaz Meeting, the Tenaz Board has agreed to recommend the approval of the Tenaz Share Issuance Resolution.

In addition, for so long as the Combination is being implemented by way of a Scheme, Tenaz and SDX have agreed to use reasonable efforts to cause all Consideration Shares which are issued to SDX Shareholders upon the Scheme becoming Effective to be issued in reliance on the exemption from the registration requirements provided by Section 3(a)(10) of the U.S. Securities Act.

If, and to the extent such obligations are permitted by law, for six years after the Effective Date, Tenaz shall procure that the members of the SDX Group shall honour and fulfil their respective obligations (if any) existing as at the date of the Co-operation Agreement to indemnify directors and officers of a SDX Group company and advance expenses, with respect to matters existing or occurring at or prior to the Effective Date. SDX is entitled to purchase customary directors’ and officers’ liability insurance for both current and former directors and officers of the SDX Group,

including without limitation, directors and officers of SDX at the date hereof who retire or whose employment is terminated, on or prior to the Effective Date as a result of the Combination, for acts and omissions up to and including the Effective Date, in the form of runoff cover for a period of six years following the Effective Date. Such insurance cover must be with reputable insurers and provide cover, in terms of quantum and scope, substantially equivalent to that provided under the SDX Group's directors' and officers' liability insurance as at the date of the Co-operation Agreement.

### ***SDX Covenants***

The Takeover Code prohibits an offeree company such as SDX and any person acting in concert with it from entering into any offer-related arrangement with either an offeror or any person acting in concert with it during an offer period or when an offer is reasonably in contemplation, except with the consent of the Panel or if certain exceptions apply. The provisions of the Co-operation Agreement have therefore been agreed so as to ensure that obligations of SDX fall within one or more of the exceptions to this prohibition, which permit:

- commitments to provide information or assistance for the purposes of obtaining any official authorization or Regulatory Clearance;
- commitments which impose obligations only on the offeror; and
- agreements relating to any existing employee incentive arrangements.

As a result of the Takeover Code, Tenaz cannot have the benefit of certain deal protection features commonly available in a North American context.

### ***Governing Law***

The Co-operation Agreement shall be governed by and construed in accordance with English law.

### ***Irrevocable Undertakings***

Tenaz has received irrevocable undertakings to vote in favour of the Scheme at the SDX Meetings from the directors of SDX as of the date of the Announcement in respect of their entire holdings, amounting to 5,040,636 SDX Shares representing approximately 2.46% of SDX's issued ordinary share capital at the Latest Practicable Date.

These undertakings from the directors of SDX will cease to be binding only if Tenaz announces (with the consent of the Panel) that it does not intend to make or proceed with the Combination or if the Scheme lapses or is withdrawn (other than where Tenaz has elected to exercise its right to proceed by way of a Takeover Offer and such Takeover Offer has not lapsed or been withdrawn).

SDX has received irrevocable undertakings to vote in favour of the Tenaz Share Issuance Resolution at the Tenaz Meeting from the directors, and certain officers, of Tenaz in respect of their entire holdings, currently amounting to 2,347,075 Tenaz Shares representing approximately 8.25% of the issued and outstanding Tenaz Shares at the Latest Practicable Date.

Further details of these irrevocable undertakings are set out in Appendix II to the Announcement, which is attached as Schedule 1 to the Co-operation Agreement which is attached to this Information Circular in Appendix C — "*Co-operation Agreement*".

### ***Listing of the Consideration Shares***

Tenaz has applied to list the Consideration Shares on the TSX and has received conditional approval from the TSX. It is a condition of Completion the Combination that the TSX shall have conditionally approved the listing of the Consideration Shares. Listing will be conditional on the satisfaction by Tenaz of the conditions to listing imposed by the TSX, which are customary for a transaction of this nature.

Pursuant to Section 611(c) of the TSX Manual, security holder approval is required where the number of securities issued or issuable in payment of the purchase price for an acquisition exceeds 25% of the number of securities of the listed issuer that are outstanding, on a non-diluted basis. Tenaz Shareholders are being asked to approve the issuance of up to 15,770,366 Tenaz Shares (including 156,142 Tenaz Shares to account for rounding and administrative matters) in connection with the Combination, representing approximately 55% of Tenaz's 28,458,074 issued and outstanding Tenaz Shares (on a non-diluted basis) as of the date hereof. Accordingly, the TSX requires that the Tenaz Share Issuance Resolution must be approved by an ordinary resolution of Tenaz Shareholders, which requires approval by a majority of the votes (50% + 1) cast by or on behalf of Tenaz Shareholders, either in person or by proxy, at the Tenaz Meeting or any adjournment or postponement thereof. Tenaz will not be able to satisfy the listing requirements of the TSX unless Tenaz Shareholder approval of the Tenaz Share Issuance Resolution is obtained.

Notwithstanding the fact that Tenaz Shareholders are being asked to approve the issuance of up to 15,770,366 Tenaz Shares (including 156,142 Tenaz Shares to account for rounding and administrative matters) in connection with the Combination, assuming no elections are made for the Cash Alternative, Tenaz currently expects to issue approximately 15,614,224 Tenaz Shares as a result of the Combination (representing approximately 55% of the current issued and outstanding Tenaz Shares), consisting of:

- 15,342,228 Tenaz Shares issuable based on SDX's non-diluted ordinary share capital of 204,563,045 SDX Shares;
- up to 271,996 Tenaz Shares issuable on 3,626,605 SDX Options expected to be fully vested on the date of the Scheme Court Order (as multiplied by the Exchange Ratio).

The actual number of Tenaz Shares that will be issued on the Effective Date will depend on the number of SDX Shares issued and outstanding on the Effective Date, which will be affected by the number of SDX Share Plan awards that vest prior to the Effective Date, the amount of elections under the Cash Alternative and the issuance of SDX Shares prior to Completion for any reason. Certain of the SDX Share Plan awards that do not vest prior to the Effective Date will be assumed by Tenaz and may result in the issuance of Tenaz Shares by Tenaz following Completion. See "*The Announcement and the Scheme — SDX Share Plans*".

If the Tenaz Share Issuance Resolution is approved, the TSX will generally not require further security holder approval for the issuance of up to an additional 3,903,556 Tenaz Shares in connection with the Combination, such number being 25% of the number of securities approved pursuant to the Tenaz Share Issuance Resolution.

This Exchange Ratio of 0.075 Tenaz Shares per SDX Share is based on the Closing Price of the Tenaz Shares on the TSX of \$2.19 per Tenaz Share on the Latest Practicable Date.

Based on current information available to Tenaz, after the Combination no current shareholder of SDX will by virtue of the transaction own 10% or more of the Tenaz Shares, and the Combination will not materially affect control of Tenaz.

## **Securities Law Matters**

### ***Canada***

Tenaz Shares to be issued under the Combination will be issued in reliance on exemptions from prospectus and registration requirements of applicable Canadian securities laws.

The Tenaz Shares to be issued pursuant to the Combination will generally be "freely tradeable" under applicable securities laws of the provinces of Canada, other than as a result of any "control block" restrictions which may arise by virtue of the ownership thereof.

Tenaz is a reporting issuer (or the equivalent) in the provinces of British Columbia, Alberta and Ontario and is subject to MI 61-101. MI 61-101 is intended to regulate insider bids, issuer bids, business combinations and related party transactions to ensure equality of treatment among securityholders, generally by requiring enhanced disclosure,

minority securityholder approval, and, in certain instances, independent valuations and approval and oversight of certain transactions by a special committee of independent directors.

Pursuant to MI 61-101, a business combination in respect of an issuer involves an amalgamation, arrangement, consolidation, amendment to the terms of a class of equity securities or any other transaction of the issuer, as a consequence of which the interest of a holder of an equity security may be terminated without the holder's consent, regardless of whether the equity security is replaced with another security. Neither the participation of Tenaz in the Combination, nor the issuance of Tenaz Shares pursuant to the Combination, constitutes a business combination under MI 61-101 since under the terms of the Combination and the transactions related thereto, no interest in the Tenaz Shares, or any other security of Tenaz, is being terminated without a Tenaz Shareholder's consent.

In addition, the participation of Tenaz in the Combination and the issuance of Tenaz Shares pursuant thereto do not constitute an issuer bid, an insider bid or a related party transaction for the purposes of MI 61-101.

### *United States*

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to SDX Shareholders in the United States (collectively, "**U.S. Shareholders**") who will acquire Consideration Shares upon the Scheme becoming Effective in reliance on the exemption from the registration requirements provided by Section 3(a)(10) of the U.S. Securities Act. All U.S. Shareholders are urged to consult with their own legal counsel to ensure that any subsequent resale of Consideration Shares distributed to them under the Scheme complies with applicable securities laws. Further information applicable to U.S. Shareholders is disclosed under the heading "Notice to Securityholders in the United States".

Consideration Shares to be issued pursuant to the Scheme have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction. Consideration Shares to be issued in the Scheme will be issued in reliance on the exemption from the registration requirements provided by Section 3(a)(10) of the U.S. Securities Act, based on the approval of the Scheme by the Court, and in compliance with, or in reliance on an exemption from, the registration or qualification requirements of U.S. state securities or "blue sky" laws.

Section 3(a)(10) of the U.S. Securities Act exempts securities issued in exchange for one or more outstanding securities from the registration requirements of the U.S. Securities Act where the terms and conditions of the issuance and exchange of the securities have been approved by a court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all Persons to whom the securities will be issued have the right to appear and to whom adequate notice of the hearing has been given. The Scheme Court Order is required for the Scheme to become Effective, and the Court will be advised that if the terms and conditions of the Scheme are approved by the Court pursuant to the Scheme Court Order, Consideration Shares issuable under the Scheme will not require registration under the U.S. Securities Act, pursuant to Section 3(a)(10) thereof. Therefore, if the Court approves the Scheme, its approval will constitute the basis for Consideration Shares to be issued without registration under the U.S. Securities Act. In addition, all Consideration Shares to be issued pursuant to the Scheme will be issued in compliance with or pursuant to an exemption from the registration or qualification requirements of U.S. state securities or "blue sky" laws.

U.S. Shareholders acquiring Consideration Shares pursuant to Section 3(a)(10) of the U.S. Securities Act who are not "Affiliates" of Tenaz after the Scheme is completed and have not been "Affiliates" of Tenaz in the 90-day period prior to the completion of the Scheme may resell Consideration Shares that they receive in connection with the Scheme in the United States without restriction under the U.S. Securities Act. As defined in Rule 144 under the U.S. Securities Act, an "Affiliate" of an issuer is a Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the issuer and may include certain officers and directors of such issuer as well as principal shareholders of such issuer. Holders of Consideration Shares should consult their own legal counsel regarding their status as an "Affiliate" of Tenaz.

Consideration Shares received by an SDX Shareholder pursuant to the Scheme who will be an "Affiliate" of Tenaz after the Scheme is completed, or was an "Affiliate" of Tenaz within 90 days prior to the completion of the Scheme, may be subject to certain restrictions on resale imposed by the U.S. Securities Act. Such Persons may not be able to sell Consideration Shares that they receive in connection with the Scheme in the absence of registration under the U.S.

Securities Act or an exemption from registration, if available, such as the exemptions and safe harbors contained in Rule 144 under the U.S. Securities Act or, for a director or officer of Tenaz who is an “Affiliate” of Tenaz solely by virtue of holding such position, Rule 904 of Regulation S under the U.S. Securities Act.

*Resales by Affiliates of Tenaz.* In general, under Rule 144 under the U.S. Securities Act, Persons who are Affiliates of Tenaz after the Scheme is completed or were Affiliates of Tenaz within 90 days prior to the completion of the Scheme will be entitled to sell in the United States, during any three-month period, a portion of the Consideration Shares that they receive in connection with the Scheme, provided that the number of such Consideration Shares sold, as the case may be, does not exceed the greater of (i) one percent (1%) of the then-outstanding securities of such class or (ii) the average weekly trading volume of such securities on all U.S. national securities exchanges on which the Consideration Shares are then listed (if applicable) during the four-calendar week period preceding the date of transmitting to the SEC a notice of sale on Form 144 (it being understood that there is no current intention to list any of the Consideration Shares on a U.S. national securities exchange); subject to specified restrictions on manner of sale, the filing of a notice of sale on Form 144, aggregation rules and the availability of current public information about Tenaz, as applicable. Persons who are Affiliates of Tenaz after the Scheme will continue to be subject to the resale restrictions described in this paragraph for so long as they continue to be Affiliates of Tenaz.

*Resales by Directors and Officers of Tenaz.* Directors and officers of Tenaz are deemed “Affiliates” of Tenaz for purposes of Rule 144 and accordingly, in respect of resales of Consideration Shares in the United States, would be subject to the resale restrictions for “Affiliates” as described above under “Resales by Affiliates of Tenaz”. In addition, under Rule 904 of Regulation S, Persons who are Affiliates of Tenaz solely by virtue of their status as an officer or director of Tenaz may sell Consideration Shares outside the United States in an “offshore transaction” (as such term is defined in Regulation S, which would include a sale through the TSX) if neither the seller nor any Person acting on its behalf engages in “directed selling efforts” (as defined below) in the United States and no selling commission, fee or other remuneration is paid in connection with such sale other than a usual and customary broker’s commission. For purposes of Regulation S, “directed selling efforts” means “any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered” in the sale transaction. However, Rule 904 is not available to any director or officer of Tenaz who is an “Affiliate” of Tenaz other than solely by virtue of his or her status as an officer or director of Tenaz.

#### **INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Management of Tenaz is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise of any director or executive officer of Tenaz or anyone who has held office as such since the beginning of Tenaz’s last financial year, nor any proposed nominee for director of Tenaz, nor of any associate or Affiliate of any of the foregoing in any matter to be acted on at the Tenaz Meeting, except for any interest arising from the election of the Board Nominees as discussed in “*Matters to be Considered at the Tenaz Meeting – Election of the Directors*”.

Immediately after giving effect to the Combination, it is anticipated that the current directors and officers of Tenaz and the Board Nominees, assuming such Board Nominees do not elect for the Cash Alternative, and their respective associates and Affiliates, as a group would beneficially own, or have control or direction over, directly or indirectly, an aggregate of approximately 2,704,077 Tenaz Shares (representing approximately 6.14% of the then outstanding Tenaz Shares on a non-diluted basis, assuming no SDX Shareholder elects for the Cash Alternative).

Each of the directors of Tenaz have entered into irrevocable undertakings to vote their Tenaz Shares in favour of the Tenaz Share Issuance Resolution. See “*The Announcement and the Scheme – Irrevocable Undertakings*”.

Tenaz has retained finnCap Ltd. to act as financial advisors to Tenaz with respect to the Combination. These advisors have received or will receive fees from Tenaz for services rendered.

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors and officers of the Corporation or the proposed directors of the Corporation, nor any of their associates or Affiliates is now or has been indebted to the Corporation since incorporation, other than for routine

indebtedness, nor is, or at any time since the beginning of the most recently completed financial year of the Corporation has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

## INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed under *“Interests of Certain Persons or Companies in Matters to be Acted Upon”* above or as disclosed below, there are no material interests, direct or indirect, of any informed Person (including a director, officer, or holder of 10% or more Tenaz Shares), any Board Nominee, or any known associate or Affiliate of such Persons in any transactions since the commencement of Tenaz’s last completed financial year (being the year ended December 31, 2021) or in any proposed transaction which has materially affected or would materially affect the Corporation.

### **Investment Agreement, Change of Management and Reorganization**

On August 30, 2021, the Corporation entered into the Reorganization and Investment Agreement (**“Investment Agreement”**) with a group of investors led by Anthony Marino, Michael Kaluza, Bradley Bennett, Jonathan Balkwill, Marty Proctor, and Mark Rollins which provided for, among other things: (i) a non-brokered private placement of units (**“Units”**) of the Corporation (**“Non-Brokered Private Placement”**) and a brokered private placement of subscription receipts (**“Subscription Receipts”**) of the Corporation (**“Brokered Private Placement”**) and together with the Non-Brokered Private Placement, the **“Private Placements”**) for aggregate gross proceeds of \$29.5 million; (ii) a reconstitution of the board and appointment of a new management team (the **“Change of Management”**); and (iii) a change of the Corporation’s name from *“Altura Energy Inc.”* to *“Tenaz Energy Corp.”* (collectively, the **“Reorganization”**).

On September 22, 2021, the Corporation completed the Brokered Private Placement pursuant to which 136,112,000 Subscription Receipts were issued at a price of \$0.18 per Subscription Receipt for gross proceeds of \$24.5 million. The gross proceeds from the Brokered Private Placement were held in escrow pending completion of the Change of Management and the Non-Brokered Private Placement.

On October 8, 2021, the Corporation completed the Change of Management and the Non-Brokered Private Placement pursuant to which 27,778,000 Units were issued at a price of \$0.18 per Unit for gross proceeds of \$5.0 million. Each Unit was comprised of one pre-consolidation Tenaz Share and one warrant (**“Warrant”**) of the Corporation, with each Warrant entitling the holder thereof to purchase one pre-consolidation Tenaz Share at a price of \$0.18 per pre-consolidation Tenaz Share for a period of five years from the issuance date, subject to certain terms and conditions. One-third of the Warrants will vest and become exercisable upon the 20-day VWAP of the pre-consolidation Tenaz Shares (the **“Market Price”**) equaling or exceeding \$0.25 per pre-consolidation Tenaz Share, an additional one-third upon the Market Price equaling or exceeding \$0.315 per pre-consolidation Tenaz Share and a final one-third upon the Market Price equaling or exceeding \$0.36 per pre-consolidation Tenaz Share. Officers and directors subscribed for and received an aggregate of 18,619,000 Units pursuant to the Non-Brokered Private Placement.

Immediately following the completion of the Change of Management and the Non-Brokered Private Placement, the Corporation issued 136,112,000 pre-consolidation Tenaz Shares pursuant to the conversion of the 136,112,000 Subscription Receipts previously issued by the Corporation in connection with the Brokered Private Placement, and \$24.5 million in gross proceeds was released from escrow.

On October 15, 2021, the Corporation changed its name from *“Altura Energy Inc.”* to *“Tenaz Energy Corp.”* and the symbol for trading on the TSXV was changed to TNZ (formerly ATU).

On November 15, 2021, the Corporation announced an offering (the **“Rights Offering”**) of rights (**“Rights”**), pursuant to which each Tenaz Shareholder on November 15, 2021 received one (1) Right for each pre-consolidation Tenaz Share held by such Tenaz Shareholder. Each eight (8) Rights entitled the holder to subscribe for one pre-consolidation Tenaz Share upon payment of a subscription price of \$0.18 per pre-consolidation Tenaz Share. The Tenaz Shares commenced trading on the TSXV on an ex-rights basis at the opening of business on November 12, 2021. The Rights Offering expired at 4:00 p.m. (Mountain Time) on December 13, 2021, after which time unexercised Rights were voided and of no value. Subscribers under the Private Placements agreed not to participate in the Rights Offering in

respect of the securities subscribed for thereunder having undertaken not to exercise, sell, trade or otherwise convey any interest in the Right Offering. Under the Rights Offering, holders of Rights purchased an aggregate of pre-consolidation 10,179,840 Tenaz Shares at a subscription price of \$0.18 per pre-consolidation Tenaz Share for aggregate gross proceeds of approximately \$1.8 million. Officers and directors subscribed for and received an aggregate of 218,425 pre-consolidation Tenaz Shares pursuant to the Rights Offering.

## **PRO FORMA INFORMATION OF TENAZ AFTER GIVING EFFECT TO THE COMBINATION**

### **General**

The Combination will result in the acquisition of all of the SDX Shares by Tenaz. Assuming no elections are made for the Cash Alternative, it is anticipated that the SDX Shareholders will receive an aggregate of 15,614,224 Tenaz Shares pursuant to the Combination. The actual number of Tenaz Shares that will be issued will depend on the number of SDX Shares issued and outstanding on the Effective Date, which will be affected by the number of SDX Share Plan awards that vest prior to the Effective Date, the amount of elections under the Cash Alternative and the issuance of SDX Shares prior to Completion for any reason. Following the Completion of the Combination, SDX will become a wholly-owned subsidiary of Tenaz and Tenaz will continue the operations of Tenaz and SDX on a combined basis.

The following sets forth certain information relating to Tenaz and SDX, together with pro forma information of Tenaz after giving effect to the Combination and certain other adjustments. Additional information concerning each of Tenaz and SDX is set forth elsewhere in this Information Circular. See “*Information Concerning Tenaz*” and Appendix A — “*Information Concerning SDX*”.

### **Directors and Executive Officers of Tenaz Following Completion of the Combination**

Following the Combination, the Tenaz Board will be comprised of the Existing Tenaz Directors, and if elected, the Board Nominees. The management team of Tenaz will be unchanged, led by Anthony Marino, as President and Chief Executive Officer.

### **Consolidated Capitalization of Tenaz**

The following table sets forth the capitalization of Tenaz as at December 31, 2021, both before and after giving effect to the Completion of the Combination and as at March 31, 2022 after giving effect to the Combination. See also Appendix B — “*Pro Forma Consolidated Financial Statements of Tenaz*”.

Designation (Authorization)	Outstanding as at December 31, 2021 before giving effect to the Combination <sup>(2)</sup>	Outstanding as at December 31, 2021 after giving effect to the Combination (unaudited) <sup>(2)</sup>		Outstanding as at March 31, 2022 after giving effect to the Combination (unaudited) <sup>(2)</sup>	
		(amounts in thousands of \$, except share amounts)			
		Assuming no elections are made for the Cash Alternative	Assuming elections are made for the Cash Alternative as to 100% of the SDX Shares	Assuming no elections are made for the Cash Alternative	Assuming elections are made for the Cash Alternative as to 100% of the SDX Shares
<b>Equity:</b>					
Tenaz Shares <sup>(3)</sup>	28,438,074	28,438,074	28,438,074	28,458,074	28,458,074
Tenaz Shares to SDX Shareholders <sup>(1)</sup>	-	15,614,224	-	15,614,224	-
<b>Total</b>	<b>28,438,074</b>	<b>44,052,298</b>	<b>28,438,074</b>	<b>44,072,298</b>	<b>28,458,074</b>
Tenaz Shares <sup>(3)</sup>	\$91,855	\$91,855	\$91,855	\$73,991	\$73,991
Tenaz Shares to SDX Shareholders <sup>(1)</sup>	-	\$50,434	-	\$40,597	-
<b>Total</b>	<b>\$91,855</b>	<b>\$142,289</b>	<b>\$91,855</b>	<b>\$114,588</b>	<b>\$73,991</b>
<b>Debt:</b>					
Credit Facility	-	-	\$20,000	-	\$20,000

**Notes:**

- (1) Includes 3,626,605 shares associated with the SDX LTIP plan that have vested or will vest and be converted to Tenaz Shares on Completion. Assumes no elections are made for the Cash Alternative.
- (2) Tenaz Share prices of \$3.23 and \$2.60 on December 31, 2021 and March 31, 2022 respectively.
- (3) Vested Tenaz stock options and warrants are assumed not be exercised due to trading restrictions associated with the Combination.

**Selected Pro Forma Financial Information for Tenaz**

Certain selected pro forma consolidated financial information is set forth in the following table. Such information should be read in conjunction with and is qualified in its entirety by the unaudited pro forma consolidated financial statements of Tenaz after giving effect to the Combination as at March 31, 2022 and for the year ended December 31, 2021, included in Appendix B of this Information Circular. Reference should also be made to: (a) the Tenaz Annual Financial Statements; (b) the Tenaz Interim Financial Statements; (c) the SDX Annual Financial Statements; and (d) the SDX Interim Financial Statements.

The pro forma adjustments are based upon the assumptions described in the notes to the unaudited pro forma consolidated financial statements. The unaudited pro forma consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating or financial results that would have occurred had the Combination actually occurred at the times contemplated by the notes to the unaudited pro forma consolidated financial statements or of the results expected in future periods.

Both the pro forma consolidated financial information below and the unaudited pro forma consolidated financial statements of Tenaz included in Appendix B of this Information Circular assume that no elections are made under the Cash Alternative.

See Appendix B — “Pro Forma Consolidated Financial Statements of Tenaz”.

<i>(Canadian \$000)</i>	<b>Tenaz Energy Corp.</b>	<b>SDX Energy Plc</b>	<b>Pro forma adjustments</b>	<b>Pro forma Consolidated</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	21,804	15,176	-	36,980
Accounts receivable	2,855	25,715	-	28,570
Prepaid expenses and deposits	222	-	-	222
Inventory	-	8,670	-	8,670
<b>Total current assets</b>	<b>24,881</b>	<b>49,561</b>	<b>-</b>	<b>74,442</b>
<b>Non-current assets</b>				
Investments	-	4,641	-	4,641
Property, plant and equipment	51,199	38,044	18,372	107,615
Exploration and evaluation assets	-	29,792	(10,928)	18,864
Right-of-use assets	-	1,567	40	1,607
Deferred tax asset	-	-	6,248	6,248
<b>Total non-current assets</b>	<b>51,199</b>	<b>74,044</b>	<b>13,732</b>	<b>138,975</b>
<b>Total assets</b>	<b>76,080</b>	<b>123,605</b>	<b>13,732</b>	<b>213,417</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	3,830	15,498	5,000	24,328
Current portion of income taxes	-	1,867	-	1,867
Current portion of lease liabilities	56	517	-	573
Derivative instruments	623	-	-	623
<b>Total current liabilities</b>	<b>4,509</b>	<b>17,882</b>	<b>5,000</b>	<b>27,391</b>
<b>Non-current liabilities</b>				
Lease liabilities	98	1,090	-	1,188
Decommissioning liability	2,282	7,251	(1,342)	8,191
Deferred tax liability	-	362	-	362
<b>Total non-current liabilities</b>	<b>2,380</b>	<b>8,703</b>	<b>(1,342)</b>	<b>9,741</b>
<b>Total liabilities</b>	<b>6,889</b>	<b>26,585</b>	<b>3,658</b>	<b>37,132</b>
<b>Shareholders' equity</b>				
Share capital	64,569	3,250	(3,250)	
			40,597	105,166
Share premium	-	162	(162)	-
Warrants	3,203	-	-	3,203
Contributed surplus	7,974	9,500	(9,500)	7,974
Accumulated other comprehensive income (loss)	-	(1,146)	1,146	-
Merger reserve	-	46,278	(46,278)	-
Retained earnings (Deficit)	(6,555)	29,222	(29,222)	
			62,465	50,910
			(5,000)	50,910
<b>Total shareholders' equity attributable to Tenaz shareholders</b>	<b>69,191</b>	<b>87,266</b>	<b>10,796</b>	<b>167,253</b>
Non-controlling interest	-	9,754	(722)	9,032
<b>Total shareholders' equity</b>	<b>69,191</b>	<b>97,020</b>	<b>10,074</b>	<b>176,285</b>
<b>Total liabilities and shareholders' equity</b>	<b>76,080</b>	<b>123,605</b>	<b>13,732</b>	<b>213,417</b>

**Note:**

- (1) May not add due to adjustments made. For details relating to pro forma adjustments, please refer to the unaudited pro forma consolidated financial statements of Tenaz attached as Appendix B to this Information Circular.

**Selected Pro Forma Operational and Reserves Information**

The following is a summary of selected operational information for Tenaz and SDX on a *pro forma* basis following the Completion of the Combination, as at December 31, 2021. The following is a summary only and must be read in conjunction with: (a) the Tenaz Reserves Report; (b) the SDX Reserves Report; and (c) the information concerning SDX set forth in Appendix A hereto, as applicable.

The following is a summary of reserves data and other oil and gas information of Tenaz and SDX as at December 31, 2021. The Tenaz and SDX reserves were evaluated by McDaniel and Gaffney Cline, respectively, each effective December 31, 2021 (each with a preparation date of March 18, 2022), as contained in the Tenaz and SDX Reserves Reports (together, the “**Reserves Reports**”). The Reserves Reports were based on different pricing assumptions; see “- *Summary of Pricing and Inflation Rate Assumptions as of January 1, 2022 Forecast Prices and Costs*” below. The reserves and other information of Tenaz and SDX have been added by management of Tenaz for the purposes of preparing the *pro forma* reserves and other information in this Information Circular, without any further adjustments. The SDX Reserve Report and the summary of reserves data and other oil and gas information below are presented as of December 31, 2021 and thus do not reflect SDX’s disposition of 33% of Sea Dragon Energy (Nile) B.V., the entity which holds SDX’s interests in South Disouq, which disposition had an effective date of February 1, 2022. SDX still holds a 67% interest in Sea Dragon Energy (Nile) B.V.

### Disclosure of Reserves Data

The reserves data set forth below is based upon the Reserves Reports. The Reserves Report summarizes the oil, gas and natural gas liquids reserves of Tenaz and SDX and the net present values of future net revenue for these reserves using forecast prices and costs. The Reserves Reports has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in NI 51-101 and the COGE Handbook. Additional information not required by NI 51-101 has been presented to provide continuity and additional information which management believes is important to the readers of this information. Tenaz and SDX engaged McDaniel and Gaffney Cline, respectively to provide an evaluation of proved and proved plus probable reserves and, in the case of Tenaz, no attempt was made to evaluate possible reserves.

All of Tenaz’s reserves are in Canada and, specifically, in the Province of Alberta. SDX’s reserves are in Egypt and Morocco.

The information relating to the reserves of Tenaz and SDX contains forward-looking statements relating to future net revenues, forecast capital expenditures, future development plans and costs related thereto, forecast operating costs, anticipated production and abandonment and reclamation costs. Refer to “*Forward-Looking Statements*”, “*Risk Factors*” and “*Industry Conditions*” in this Information Circular.

**It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves of Tenaz and SDX or the Combined Group following Completion. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of Tenaz’s and SDX’s oil, natural gas and natural gas liquids reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual natural gas and natural gas liquid reserves may be greater than or less than the estimates provided herein.**

### Reserves and Future Net Revenue Data (Forecast Prices and Costs)

**TOTAL SUMMARY OF OIL AND GAS RESERVES <sup>(1)</sup>  
AS OF DECEMBER 31, 2021  
RESERVES SUMMARY**

RESERVES CATEGORY	Light Crude Oil & Medium Crude Oil		Heavy Crude Oil		Conventional Natural Gas		Natural Gas Liquids <sup>(4)</sup>		Total Oil Equivalent	
	Gross <sup>(2)</sup> (Mbbls)	Net <sup>(3)</sup> (Mbbls)	Gross <sup>(2)</sup> (Mbbls)	Net <sup>(3)</sup> (Mbbls)	Gross <sup>(2)</sup> (MMcf)	Net <sup>(3)</sup> (MMcf)	Gross <sup>(2)</sup> (Mbbls)	Net <sup>(3)</sup> (Mbbls)	Gross <sup>(2)</sup> (MBOE)	Net <sup>(3)</sup> (MBOE)
PROVED										
Developed Producing	230	162	1,189	743	16,490	10,474	120.9	100.7	4,287	2,751
Developed Non-Producing	23	18	0	0	2,896	1,600	0	0	506	284
Undeveloped	0	0	4,364	2,896	13,424	11,997	313	264	6,913	5,160

**TOTAL SUMMARY OF OIL AND GAS RESERVES <sup>(1)</sup>  
AS OF DECEMBER 31, 2021  
RESERVES SUMMARY**

	Light Crude Oil & Medium Crude Oil		Heavy Crude Oil		Conventional Natural Gas		Natural Gas Liquids <sup>(4)</sup>		Total Oil Equivalent	
	Gross <sup>(2)</sup>	Net <sup>(3)</sup>	Gross <sup>(2)</sup>	Net <sup>(3)</sup>	Gross <sup>(2)</sup>	Net <sup>(3)</sup>	Gross <sup>(2)</sup>	Net <sup>(3)</sup>	Gross <sup>(2)</sup>	Net <sup>(3)</sup>
TOTAL PROVED	224	164	5,552	3,639	28,335	21,897	434	365	10,932	7,817
TOTAL PROBABLE	82	55	3,263	2,260	16,453	13,672	293	238	6,380	4,832
TOTAL PROVED PLUS PROBABLE	306	220	8,816	5,899	44,788	35,569	726	603	17,313	12,649

**Notes:**

- (1) Total may not add due to rounding.
- (2) Gross reserves are working interest reserves before royalty deductions.
- (3) Net reserves are working interest reserves after royalty deductions plus royalty interest reserves.
- (4) Natural Gas Liquids include Condensate volumes. S. Disouq condensate volumes are included in the Light Crude Oil & Medium Crude Oil Category.

**CANADA SUMMARY OF OIL AND GAS RESERVES <sup>(1)</sup>  
AS OF DECEMBER 31, 2021  
RESERVES SUMMARY**

RESERVES CATEGORY	Light Crude Oil & Medium Crude Oil		Heavy Crude Oil		Conventional Natural Gas		Natural Gas Liquids <sup>(4)</sup>		Total Oil Equivalent	
	Gross <sup>(2)</sup> (Mbbbls)	Net <sup>(3)</sup> (Mbbbls)	Gross <sup>(2)</sup> (Mbbbls)	Net <sup>(3)</sup> (Mbbbls)	Gross <sup>(2)</sup> (MMcuf)	Net <sup>(3)</sup> (MMcuf)	Gross <sup>(2)</sup> (Mbbbls)	Net <sup>(3)</sup> (Mbbbls)	Gross <sup>(2)</sup> (MBOE)	Net <sup>(3)</sup> (MBOE)
PROVED										
Developed Producing	151	121	599	516	5,120	4,601	120.9	100.7	1,724	1,505
Developed Non-Producing	14	13	0	0	0	0	0	0	14	13
Undeveloped	0	0	2,495	2,183	13,301	11,880	312.6	263.9	5,024	4,427
TOTAL PROVED	164.9	134	3,094	2,700	18,421	16,481	433.5	364.6	6,762	5,945
TOTAL PROBABLE	45	37	2,149	1,834	12,451	11,097	292.8	237.9	4,562	3,958
TOTAL PROVED PLUS PROBABLE	210.1	170.7	5,243	4,534	30,872	27,578	726.3	602.5	11,324	9,903

**Notes:**

- (1) Totals may not add due to rounding.
- (2) Gross reserves are working interest reserves before royalty deductions.
- (3) Net reserves are working interest reserves after royalty deductions plus royalty interest reserves.
- (4) Natural Gas Liquids include Condensate volumes. S. Disouq condensate volumes are included in the Light Crude Oil & Medium Crude Oil Category.

**EGYPT SUMMARY OF OIL AND GAS RESERVES <sup>(1)</sup>**  
**AS OF DECEMBER 31, 2021**  
**RESERVES SUMMARY**

	Light Crude Oil & Medium Crude Oil		Heavy Crude Oil		Conventional Natural Gas		Natural Gas Liquids <sup>(4)</sup>		Total Oil Equivalent	
	Gross <sup>(2)</sup> (Mbbbls)	Net <sup>(3)</sup> (Mbbbls)	Gross <sup>(2)</sup> (Mbbbls)	Net <sup>(3)</sup> (Mbbbls)	Gross <sup>(2)</sup> (MMcf)	Net <sup>(3)</sup> (MMcf)	Gross <sup>(2)</sup> (Mbbbls)	Net <sup>(3)</sup> (Mbbbls)	Gross <sup>(2)</sup> (MBOE)	Net <sup>(3)</sup> (MBOE)
RESERVES CATEGORY										
PROVED										
Developed Producing	79	41	589	226	10,802	5,333	0	0	2,469	1,156
Developed Non-Producing	9	5	0	0	2,528	1,250	0	0	430	213
Undeveloped	0	0	1,869	713	0	0	0	0	1,869	713
<b>TOTAL PROVED</b>	<b>88</b>	<b>46</b>	<b>2,458</b>	<b>939</b>	<b>13,330</b>	<b>6,583</b>	<b>0</b>	<b>0</b>	<b>4,768</b>	<b>2,082</b>
<b>TOTAL PROBABLE</b>	<b>55</b>	<b>27</b>	<b>1,115</b>	<b>426</b>	<b>4,104</b>	<b>2,027</b>	<b>0</b>	<b>0</b>	<b>1,854</b>	<b>791</b>
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>143</b>	<b>73</b>	<b>3,573</b>	<b>1,365</b>	<b>17,434</b>	<b>8,610</b>	<b>0</b>	<b>0</b>	<b>6,622</b>	<b>2,873</b>

**Notes:**

- (1) Totals may not add due to rounding.
- (2) Gross reserves are working interest reserves before royalty deductions.
- (3) Net reserves are working interest reserves after royalty deductions plus royalty interest reserves.
- (4) Natural Gas Liquids include Condensate volumes. S. Disouq condensate volumes are included in the Light Crude Oil & Medium Crude Oil Category.

**MOROCCO SUMMARY OF OIL AND GAS RESERVES <sup>(1)</sup>**  
**AS OF DECEMBER 31, 2021**  
**RESERVES SUMMARY**

	Light Crude Oil & Medium Crude Oil		Heavy Crude Oil		Conventional Natural Gas		Natural Gas Liquids <sup>(4)</sup>		Total Oil Equivalent	
	Gross <sup>(2)</sup> (Mbbbls)	Net <sup>(3)</sup> (Mbbbls)	Gross <sup>(2)</sup> (Mbbbls)	Net <sup>(3)</sup> (Mbbbls)	Gross <sup>(2)</sup> (MMcf)	Net <sup>(3)</sup> (MMcf)	Gross <sup>(2)</sup> (Mbbbls)	Net <sup>(3)</sup> (Mbbbls)	Gross <sup>(2)</sup> (MBOE)	Net <sup>(3)</sup> (MBOE)
RESERVES CATEGORY										
PROVED										
Developed Producing	0	0	0	0	568	540	0	0	95	90
Developed Non-Producing	0	0	0	0	368	350	0	0	61	58
Undeveloped	0	0	0	0	123	117	0	0	21	20
<b>TOTAL PROVED</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,059</b>	<b>1,007</b>	<b>0</b>	<b>0</b>	<b>177</b>	<b>168</b>
<b>TOTAL PROBABLE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,281</b>	<b>1,217</b>	<b>0</b>	<b>0</b>	<b>213</b>	<b>203</b>
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,340</b>	<b>2,224</b>	<b>0</b>	<b>0</b>	<b>390</b>	<b>371</b>

**Notes:**

- (1) Totals may not add due to rounding.
- (2) Gross reserves are working interest reserves before royalty deductions.
- (3) Net reserves are working interest reserves after royalty deductions plus royalty interest reserves.
- (4) Natural Gas Liquids include Condensate volumes. S. Disouq condensate volumes are included in the Light Crude Oil & Medium Crude Oil Category.

TOTAL NET PRESENT VALUES OF FUTURE NET REVENUE<sup>(2)(3)</sup>

RESERVES CATEGORY	Before Income Taxes Discounted at					After Income Taxes Discounted at					Unit Value Before Tax
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%	10% <sup>(1)</sup>
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	(\$/BOE)
PROVED											
Developed Producing	44,057	43,496	42,776	40,435	39,314	41,557	42,246	40,276	39,185	36,814	15.5
Developed Non-Producing	4,512	4,413	4,336	4,273	4,222	4,512	4,413	4,336	4,273	4,222	15.2
Undeveloped	73,912	56,841	42,814	34,296	26,592	62,836	46,286	34,755	27,138	21,351	8.3
TOTAL PROVED	122,481	104,750	89,926	79,004	70,128	108,905	92,945	79,367	70,596	62,387	11.5
TOTAL PROBABLE	123,110	92,160	71,711	59,232	48,797	100,190	75,622	60,965	49,452	41,821	14.8
TOTAL PROVED PLUS PROBABLE	245,591	196,910	161,637	138,236	118,925	209,095	168,567	140,332	120,048	104,208	12.8

**Notes:**

- (1) The unit values are based on net reserve volumes.
- (2) Numbers may not add due to rounding.
- (3) FX 0.8USD/CAD.

CANADA NET PRESENT VALUES OF FUTURE NET REVENUE<sup>(2)</sup>

RESERVES CATEGORY	Before Income Taxes Discounted at					After Income Taxes Discounted at					Unit Value Before Tax
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%	10% <sup>(1)</sup>
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	(\$/BOE)
PROVED											
Developed Producing	22,807	23,496	22,776	21,685	20,564	22,807	23,496	22,776	21,685	20,564	15.13
Developed Non-Producing	762	663	586	523	472	762	663	586	523	472	46.14
Undeveloped	48,912	34,341	24,064	16,796	11,592	41,586	28,786	19,755	13,388	8,851	5.44
TOTAL PROVED	72,481	58,500	47,426	39,004	32,628	65,155	52,945	43,117	35,596	29,887	7.98
TOTAL PROBABLE	79,360	54,660	39,211	29,232	22,547	61,440	41,872	29,715	21,952	16,821	9.91
TOTAL PROVED PLUS PROBABLE	151,841	113,160	86,637	68,236	55,175	126,595	94,817	72,832	57,548	46,708	8.75

**Notes:**

- (1) The unit values are based on net reserve volumes.
- (2) Numbers may not add due to rounding.

EGYPT NET PRESENT VALUES OF FUTURE NET REVENUE<sup>(2)(3)</sup>

RESERVES CATEGORY	Before Income Taxes Discounted at					After Income Taxes Discounted at					Unit Value Before Tax	
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%	10% <sup>(1)</sup>	
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	(\$/BOE)	
PROVED												
Developed Producing	17,500	16,250	16,250	15,000	15,000	15,000	15,000	13,750	13,750	12,500	14.06	
Developed Non-Producing	0	0	0	0	0	0	0	0	0	0	0.00	
Undeveloped	23,750	21,250	17,500	16,250	13,750	20,000	16,250	13,750	12,500	11,250	24.54	
TOTAL PROVED	41,250	37,500	33,750	31,250	28,750	35,000	31,250	27,500	26,250	23,750	16.21	
TOTAL PROBABLE	27,500	22,500	18,750	16,250	13,750	22,500	18,750	17,500	13,750	12,500	23.72	
TOTAL PROVED PLUS PROBABLE	68,750	60,000	52,500	47,500	42,500	57,500	50,000	45,000	40,000	36,250	18.27	

**Notes:**

- (1) The unit values are based on net reserve volumes.
- (2) Numbers may not add due to rounding.
- (3) FX 0.8USD/CAD.

MOROCCO NET PRESENT VALUES OF FUTURE NET REVENUE<sup>(2)(3)</sup>

RESERVES CATEGORY	Before Income Taxes Discounted at					After Income Taxes Discounted at					Unit Value Before Tax	
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%	10% <sup>(1)</sup>	
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	(\$/BOE)	
PROVED												
Developed Producing	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	41.66	
Developed Non-Producing	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	64.29	
Undeveloped	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	64.10	
TOTAL PROVED	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	52.13	
TOTAL PROBABLE	16,250	15,000	13,750	13,750	12,500	16,250	15,000	13,750	13,750	12,500	67.80	
TOTAL PROVED PLUS PROBABLE	25,000	23,750	22,500	22,500	21,250	25,000	23,750	22,500	22,500	21,250	60.71	

**Notes:**

- (1) The unit values are based on net reserve volumes.
- (2) Numbers may not add due to rounding.
- (3) FX 0.8USD/CAD.

**TOTAL FUTURE NET REVENUES  
(UNDISCOUNTED)  
AS AT DECEMBER 31, 2021  
FORECAST PRICES AND COSTS**

Reserve Category	Revenue <sup>(1)</sup> M\$	Royalties <sup>(2)</sup> M\$	Operating Costs <sup>(3)</sup> M\$	Development Costs M\$	Abandonment & Reclamation Costs M\$	Other Income M\$	Future Net Revenue Before Income Taxes <sup>(4)</sup> M\$	Future Income Taxes <sup>(5)</sup> M\$	Future Net Revenue After Income Taxes M\$
<b>Total Proved</b>	407,902	38,835	150,633	86,542	14,515	-2,500	119,877	844	119,033
<b>Total Proved + Probable</b>	680,524	68,665	239,238	116,102	16,062	-3,750	244,207	14,703	229,504

**Notes:**

- (1) Includes all product revenues and other revenues as forecast. Revenue in Egypt comprises service fees of cost and profit revenue.
- (2) Royalties include any net profits interests paid. Royalties only apply in Morocco.
- (3) Operating costs include bonuses.
- (4) Totals may not add or subtract due to rounding.
- (5) In Egypt the government pays income taxes on behalf of SDX out of the government's profit revenue share in the production sharing contracts and as such the before and after-tax values are identical. SDX does not pay tax in its production service agreement concession of West Gharib.

**CANADA TOTAL FUTURE NET REVENUES  
(UNDISCOUNTED)  
AS AT DECEMBER 31, 2021  
FORECAST PRICES AND COSTS**

Reserve Category	Revenue <sup>(1)</sup> M\$	Royalties <sup>(2)</sup> M\$	Operating Costs <sup>(3)</sup> M\$	Development Costs M\$	Abandonment & Reclamation Costs M\$	Other Income M\$	Future Net Revenue Before Income Taxes <sup>(4)</sup> M\$	Future Income Taxes <sup>(5)</sup> M\$	Future Net Revenue After Income Taxes M\$
<b>Total Proved</b>	300,402	37,585	106,883	72,999	10,454	0	72,481	7,327	65,154
<b>Total Proved + Probable</b>	514,274	67,415	180,488	102,559	11,970	0	151,842	25,247	126,595

**Notes:**

- (1) Includes all product revenues and other revenues as forecast. Revenue in Egypt comprises service fees of cost and profit revenue.
- (2) Royalties include any net profits interests paid. Royalties only apply in Morocco.
- (3) Operating costs include bonuses.
- (4) Totals may not add or subtract due to rounding.
- (5) In Egypt the government pays income taxes on behalf of SDX out of the government's profit revenue share in the production sharing contracts and as such the before and after-tax values are identical. SDX does not pay tax in its production service agreement concession of West Gharib.

**EGYPT TOTAL FUTURE NET REVENUES  
(UNDISCOUNTED)  
AS AT DECEMBER 31, 2021  
FORECAST PRICES AND COSTS**

Reserve Category	Revenue <sup>(1)</sup>	Royalties <sup>(2)</sup>	Operating Costs <sup>(3)</sup>	Development Costs	Abandonment & Reclamation Costs	Other Income	Future Net Revenue Before Income Taxes <sup>(4)</sup>	Future Income Taxes <sup>(5)</sup>	Future Net Revenue After Income Taxes
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
<b>Total Proved</b>	92,500	0	41,250	12,293	1,561	-2,500	39,896	-6483	46,379
<b>Total Proved + Probable</b>	132,500	0	55,000	12,293	1,592	-3,750	67,365	-10544	77,909

**Notes:**

- (1) Includes all product revenues and other revenues as forecast. Revenue in Egypt comprises service fees of cost and profit revenue.
- (2) Royalties include any net profits interests paid. Royalties only apply in Morocco.
- (3) Operating costs include bonuses.
- (4) Totals may not add or subtract due to rounding.
- (5) In Egypt the government pays income taxes on behalf of SDX out of the government's profit revenue share in the production sharing contracts and as such the before and after-tax values are identical. SDX does not pay tax in its production service agreement concession of West Gharib.

**MOROCCO TOTAL FUTURE NET REVENUES  
(UNDISCOUNTED)  
AS AT DECEMBER 31, 2021  
FORECAST PRICES AND COSTS**

Reserve Category	Revenue <sup>(1)</sup>	Royalties <sup>(2)</sup>	Operating Costs <sup>(3)</sup>	Development Costs	Abandonment & Reclamation Costs	Other Income	Future Net Revenue Before Income Taxes <sup>(4)</sup>	Future Income Taxes <sup>(5)</sup>	Future Net Revenue After Income Taxes
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
<b>Total Proved</b>	15,000	1,250	2,500	1,250	2,500	0	7,500	0	7,500
<b>Total Proved + Probable</b>	33,750	1,250	3,750	1,250	2,500	0	25,000	0	25,000

**Notes:**

- (1) Includes all product revenues and other revenues as forecast. Revenue in Egypt comprises service fees of cost and profit revenue.
- (2) Royalties include any net profits interests paid. Royalties only apply in Morocco.
- (3) Operating costs include bonuses.
- (4) Totals may not add or subtract due to rounding.
- (5) In Egypt the government pays income taxes on behalf of SDX out of the government's profit revenue share in the production sharing contracts and as such the before and after-tax values are identical. SDX does not pay tax in its production service agreement concession of West Gharib.

**FUTURE NET REVENUE BY PRODUCT TYPE**Total

Reserve Category	Product Type	Future Net Revenue Before Income Taxes (discounted at 10%)	Unit Value <sup>(1)(2)</sup>
		M\$	\$/Mcf, \$/bbl
<b>Total Proved Reserves</b>	Light Crude Oil and Medium Crude Oil (Including Solution Gas and By-products)	4,137.00	25.23
	Heavy Crude Oil (Including Solution Gas and By-products)	64,189.00	17.64
	Conv. Natural Gas	13,200.00	1.10
	<b>Total</b>	<b>81,526.00</b>	
<b>Total Proved + Probable Reserves</b>	Light Crude Oil and Medium Crude Oil (Including Solution Gas and By-products)	5,766.00	26.21
	Heavy Crude Oil (Including Solution Gas and By-products)	112,872.00	19.13
	Conv. Natural Gas	28,700.00	0.81
	<b>Total</b>	<b>147,338.00</b>	

**Notes:**

- (1) Unit values are calculated using the 10% discount rate divided by the Major Product Type Net reserves for each group.  
(2) FX 0.8 USD/CAD.

Canada

Reserve Category	Product Type	Future Net Revenue Before Income Taxes (discounted at 10%)	Unit Value <sup>(1)</sup>
		M\$	\$/Mcf, \$/bbl
<b>Total Proved Reserves</b>	Light Crude Oil and Medium Crude Oil (Including Solution Gas and By-products)	3,237.00	24.29
	Heavy Crude Oil (Including Solution Gas and By-products)	44,189.00	19.01
	Conv. Natural Gas	0.00	0.5
	<b>Total</b>	<b>47,426.00</b>	
<b>Total Proved + Probable Reserves</b>	Light Crude Oil and Medium Crude Oil (Including Solution Gas and By-products)	3,866.00	24.84
	Heavy Crude Oil (Including Solution Gas and By-products)	82,772.00	20.41
	Conv. Natural Gas	0.00	1.76
	<b>Total</b>	<b>86,638.00</b>	

**Note:**

- (1) Unit values are calculated using the 10% discount rate divided by the Major Product Type Net reserves for each group.

SDX (Egypt and Morocco)

Reserve Category	Product Type	Future Net Revenue Before Income Taxes (discounted at 10%)	Unit Value <sup>(1) (2)</sup>
		M\$	\$/Mcf, \$/bbl
<b>Total Proved Reserves</b>	Light Crude Oil and Medium Crude Oil (Including Solution Gas and By-products)	900.00	20.9
	Heavy Crude Oil (Including Solution Gas and By-products)	20,000.00	21.3
	Conv. Natural Gas	13,200.00	1.7
	<b>Total</b>	<b>34,100.00</b>	15.2
<b>Total Proved + Probable Reserves</b>	Light Crude Oil and Medium Crude Oil (Including Solution Gas and By-products)	1,900.00	26.0
	Heavy Crude Oil (Including Solution Gas and By-products)	30,100.00	22.1
	Conv. Natural Gas	28,700.00	2.6
	<b>Total</b>	<b>60,700.00</b>	18.7

**Notes:**

- (1) Unit values are calculated using the 10% discount rate divided by the Major Product Type Net reserves for each group.
- (2) FX 0.8 USD/CAD.

**Additional Notes to Reserves Data Tables:**

1. Columns may not add due to rounding.
2. The crude, natural gas and natural gas liquids reserves estimates presented in the Reserves Reports are based on the definitions and guidelines contained in the COGE Handbook. A summary of those definitions are set forth below.

*Reserves Categories*

Reserves are the estimated remaining quantities of crude, natural gas and natural gas liquids anticipated to be recoverable from known accumulations, from a given date forward, based on:

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology; and
- specified economic conditions which are generally accepted as reasonable.

Reserves are classified according to the degree of certainty associated with the estimates.

- (a) **Proved reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- (b) **Probable reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Other criteria that must also be met for the categorization of reserves are provided in the COGE Handbook.

Each of the reserves categories (proved and probable) may be divided into developed and undeveloped categories

- (a) **Developed reserves** are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.
  - (i) **Developed producing reserves** are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
  - (ii) **Developed non-producing reserves** are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.
- (b) **Undeveloped reserves** are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

#### *Levels of Certainty for Reported Reserves*

The qualitative certainty levels referred to in the definitions above are applicable to individual reserves entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest-level sum of individual entity estimates for which reserve estimates are prepared). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- (a) at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and
- (b) at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in the COGE Handbook.

#### *Forecast Prices and Costs*

McDaniel and Gaffney Cline utilized the price and market forecasts which are summarized in the tables below after a comprehensive review of information. Information sources include numerous government agencies, industry publications, Canadian oil refiners and natural gas marketers. The forecasts presented herein are based on an informed interpretation of currently available data. While these forecasts are considered reasonable at this time, users of these forecasts should understand the inherent high uncertainty in forecasting any commodity or market. These forecasts will be revised periodically as market, economic and political conditions change. These future revisions may be

significant.

The forecast cost and price assumptions assume increases in wellhead selling prices and take into account inflation with respect to future operating and capital costs.

### Summary of Pricing and Inflation Rate Assumptions as of January 1, 2022 Forecast Prices and Costs

The Reserves Reports were based on different pricing assumptions. The Tenaz Reserves Report used a three consultant average (McDaniel, GLJ Ltd. and Sproule Associates Limited) pricing forecast, while the SDX Reserves Report used Gaffney Cline's pricing forecast. The reserves and other information of both Tenaz and SDX have been combined by management of Tenaz for the purposes of preparing the *pro forma* reserves and other information in this Information Circular without any further adjustments.

### Three Consultant Average (McDaniel, GLJ Ltd. and Sproule Associates Limited)

#### CRUDE OIL PRICE FORECASTS

Year	WTI Crude Oil	Brent Crude Oil	Edmonton Light Crude Oil	Alberta Bow River Hadisty Crude Oil	Western Canadian Select Crude Oil	Alberta Heavy Crude Oil	Saskatchewan Cromer Medium Crude Oil	Inflation	US/CAN Exchange Rate
	\$US/bbl	\$US/bbl	\$C/bbl	\$C/bbl	\$C/bbl	\$C/bbl	\$C/bbl	%	\$US/\$CAN
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		
<b>History</b>									
2021	67.95	70.65	80.25	69.35	68.80	63.10	77.70	1.35	0.800
<b>Forecast</b>									
2022	72.83	75.33	86.82	75.22	74.42	66.45	83.26	0.0	0.797
2023	68.78	71.46	80.73	69.92	69.17	61.90	77.45	2.3	0.797
2024	66.76	69.62	78.01	67.26	66.54	59.45	74.84	2.0	0.797
2025	68.09	71.01	79.57	68.60	67.87	60.64	76.34	2.0	0.797
2026	69.45	72.44	81.16	69.98	69.23	61.87	77.86	2.0	0.797
2027	70.84	73.88	82.78	71.37	70.61	63.11	79.42	2.0	0.797
2028	72.26	75.36	84.44	72.80	72.02	64.37	81.01	2.0	0.797
2029	73.70	76.87	86.13	74.25	73.46	65.67	82.63	2.0	0.797
2030	75.18	78.40	87.85	75.49	74.69	66.68	84.28	2.0	0.797
2031	76.68	79.97	89.61	77.00	76.19	68.02	85.97	2.0	0.797
2032	78.21	81.57	91.40	78.54	77.71	69.38	87.69	2.0	0.797
2033	79.78	83.20	93.23	80.11	79.27	70.77	89.44	2.0	0.797
2034	81.37	84.87	95.09	81.72	80.85	72.18	91.23	2.0	0.797
2035	83.00	86.57	96.99	83.35	82.47	73.63	93.05	2.0	0.797
2036	84.66	88.30	98.93	85.02	84.12	75.10	94.91	2.0	0.797
<b>Thereafter</b>									
	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	2.0	0.797

#### Notes:

- (1) West Texas Intermediate at Cushing Oklahoma 40 degrees API, 0.5% sulphur.
- (2) North Sea Brent Blend 37 degrees API, 1.0% sulphur.
- (3) Edmonton Light Sweet 40 degrees API, 0.3% sulphur.
- (4) Bow River at Hardisty, Alberta (Heavy stream).
- (5) Western Canadian Select at Hardisty, Alberta.
- (6) Heavy crude oil 12 degrees API at Hardisty, Alberta (after deduction of blending costs to reach pipeline quality).

(7) Midale Cromer crude oil 29 degrees API, 2.0% sulphur.

## LIQUIDS PRICE FORECASTS

Year	Edmonton Ethane	Edmonton Propane	Edmonton Butanes	Edmonton Cond. & Natural Gasolines	Inflation	US/CAN Exchange Rate
	\$/bbl	\$/bbl	\$/bbl	\$/bbl	%	\$/US/\$CAN
<b>History</b>						
2021		43.10	51.15	85.45	1.35	0.800
<b>Forecast</b>						
2022	11.48	43.38	57.49	91.85	0.0	0.797
2023	10.33	35.92	50.17	85.53	2.3	0.797
2024	9.81	34.62	48.53	82.98	2.0	0.797
2025	10.01	35.31	49.50	84.63	2.0	0.797
2026	10.22	36.02	50.49	86.33	2.0	0.797
2027	10.42	36.74	51.50	88.05	2.0	0.797
2028	10.64	37.47	52.53	89.82	2.0	0.797
2029	10.86	38.22	53.58	91.61	2.0	0.797
2030	11.08	38.99	54.65	93.44	2.0	0.797
2031	11.31	39.77	55.74	95.32	2.0	0.797
2032	11.54	40.56	56.86	97.22	2.0	0.797
2033	11.77	41.37	57.99	99.17	2.0	0.797
2034	12.00	42.20	59.15	101.15	2.0	0.797
2035	12.24	43.05	60.34	103.17	2.0	0.797
2036	12.49	43.91	61.54	105.24	2.0	0.797
<b>Thereafter</b>						
	+2%/yr	+2%/yr	+2%/yr	+2%/yr	2.0	0.797

## GAS PRICE FORECASTS

Year	U.S. Henry Hub Gas Price	Alberta AECO Spot Price	Alberta Average Plantgate	Alberta Aggregator Plantgate	Empress	Sask. Prov. Gas Plantgate	British Columbia Average Plantgate	British Columbia Station 2	Inflation	US/CAN Exchange Rate
	\$/MMBtu	\$/MMBtu	\$/MMBtu	\$/MMBtu	\$/MMBtu	\$/MMBtu	\$/MMBtu	\$/MMBtu	%	\$/US/\$CAN
<b>History</b>										
2021	3.90	3.55	3.35	3.35	3.90	3.95	3.30	3.45	1.35	0.800
<b>Forecast</b>										
2022	3.85	3.56	3.36	3.36	3.88	3.81	3.26	3.48	0.0	0.797
2023	3.44	3.21	3.00	3.00	3.49	3.46	2.92	3.14	2.3	0.797
2024	3.17	3.05	2.84	2.84	3.34	3.31	2.75	2.98	2.0	0.797
2025	3.24	3.11	3.89	2.89	3.41	3.37	2.81	3.03	2.0	0.797

(1)

(2)

## GAS PRICE FORECASTS

Year	U.S. Henry Hub Gas Price \$US/MMBtu	Alberta AECO Spot Price \$C/MMBtu	Alberta Average Plantgate \$C/MMBtu	Alberta Aggregator Plantgate \$C/MMBtu	Empress \$C/MMBtu	Sask. Prov. Gas Plantgate \$C/MMBtu	British Columbia Average Plantgate \$C/MMBtu	British Columbia Station 2 \$C/MMBtu	Inflation %	US/CAN Exchange Rate \$US/\$CAN
2026	3.30	3.17	2.95	2.95	3.48	3.44	2.87	3.10	2.0	0.797
2027	3.37	3.23	3.01	3.01	3.54	3.51	2.93	3.16	2.0	0.797
2028	3.44	3.30	3.07	3.07	3.61	3.58	2.99	3.22	2.0	0.797
2029	3.50	3.36	3.13	3.13	3.69	3.65	3.06	3.28	2.0	0.797
2030	3.58	3.43	3.20	3.20	3.76	3.72	3.15	3.35	2.0	0.797
2031	3.65	3.50	3.26	3.26	3.86	3.80	3.18	3.42	2.0	0.797
2032	3.72	3.57	3.32	3.32	3.91	3.87	3.25	3.49	2.0	0.797
2033	3.79	3.64	3.39	3.39	3.99	3.95	3.31	3.56	2.0	0.797
2034	3.87	3.71	3.46	3.46	4.07	4.03	3.38	3.63	2.0	0.797
2035	3.95	3.79	3.53	3.53	4.15	4.11	3.45	3.70	2.0	0.797
2036	4.03	3.86	3.80	3.60	4.23	4.19	3.52	3.78	2.0	0.797
Thereafter	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	2.0	0.797

## Notes:

- (1) Historical prices based on AECO 7A (near month prices). 5A (daily price) expected to be equal to 7A over long term. 2021 historical prices: 7A \$3.55/MMBTU, 5A \$3.60/MMBTU.
- (2) This forecast also applies to direct sales contracts and the Alberta gas reference price used in the Crown royalty calculations.

**Gaffney Cline Pricing**

## CRUDE OIL PRICE FORECASTS

Year	Brent Crude Oil \$US/bbl	Heavy Oil Sales Price (W. Gharib, Egypt) \$US/bbl	Natural Gas Sales Price (S. Disouq, Egypt) (US\$/Mscf)	Natural Gas Sales Price (Morocco) (US\$/Mscf)	Light/Medium Sales Price (W. Gharib, Egypt) \$US/bbl	Inflation %	
Forecast							
2022		75.9	58.5	2.85	11.8	69.3	2
2023		71	54.7	2.85	11.8	63.9	2
2024		70	53.9	2.85	11.8	63	2
2025		71.4	55	2.85	11.8	64.3	2
2026		72.8	56.1	2.85	11.8	65.5	2
2027		74.3	57.2	2.85	11.8	66.9	2
2028		75.8	58.3	2.85	11.8	68.2	2
After		2%	2%	2%	2%	2%	

## Reconciliation of Changes in Reserves

### Reconciliation of Company Gross Reserves<sup>(1)</sup> by Product Type<sup>(2)</sup> Forecast Prices and Costs as of December 31, 2021 Total Reserves Total Company

	Light & Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Conventional Natural Gas (MMcf)	Natural Gas Liquids (Mbbbl)	Oil Equivalent (MBoe)
<b>Total Proved</b>					
December 31, 2020	330.0	5,566.4	32,564.8	340.6	11,664.5
Extensions and improved recovery <sup>(3)</sup>	-	685.5	2,221.2	52.2	1,107.9
Technical Revisions <sup>(4)</sup>	-39.4	(174.8)	9,180.1	41.5	1,357.3
Discoveries	-	-	218	-	-
Acquisitions	-	-	-	-	-
Dispositions	(6.4)	(65.6)	(405.7)	(9.4)	(149.0)
Economic Factors	6.1	139.6	1,395.1	32.4	410.6
Production <sup>(5)</sup>	(37.4)	(599.2)	(12,365.0)	(23.8)	(2,721.2)
<b>December 31, 2021</b>	<b>252.9</b>	<b>5,551.9</b>	<b>32,808.5</b>	<b>433.5</b>	<b>11,670.1</b>
<b>Total Probable</b>					
December 31, 2020	204.3	3,602.3	35,456.8	362.8	10,078.8
Extensions and improved recovery <sup>(3)</sup>	-	457.8	(329.0)	(7.7)	395.3
Technical Revisions <sup>(4)</sup>	-105.3	(837.3)	(17,839.8)	(74.0)	(3,990.1)
Discoveries	-	-	49	-	-
Acquisitions	-	-	-	-	-
Dispositions	(1.6)	(53.5)	(310.0)	(7.2)	(113.9)
Economic Factors	2.8	93.5	810.2	18.9	250.3
Production <sup>(5)</sup>	-	-	-	-	-
<b>December 31, 2021</b>	<b>100.2</b>	<b>3,262.8</b>	<b>17,837.2</b>	<b>292.8</b>	<b>6,620.4</b>
<b>Total Proved + Probable</b>					
December 31, 2020	534.3	9,168.7	68,021.6	703.4	21,743.3
Extensions and improved recovery <sup>(3)</sup>	-	1,143.3	1,892.2	44.5	1,503.2
Technical Revisions <sup>(4)</sup>	-144.7	(1,012.1)	(8,659.7)	(32.5)	(2,632.8)
Discoveries	-	-	267	-	-
Acquisitions	-	-	-	-	-
Dispositions	(8.0)	(119.1)	(715.7)	(16.6)	(262.9)
Economic Factors	8.9	233.1	2,205.3	51.3	660.9
Production <sup>(5)</sup>	(37.4)	(599.2)	(12,365.0)	(23.8)	(2,721.2)
<b>December 31, 2021</b>	<b>353.1</b>	<b>8,814.7</b>	<b>50,645.7</b>	<b>726.3</b>	<b>18,290.5</b>

#### Notes:

- (1) Gross reserves are Company working interest reserves before royalty deductions.
- (2) Based on the January 1, 2022 Consultant Average Price Forecast and the Gaffney Cline Year End 2021 Price Forecast.
- (3) Includes category transfers.
- (4) Numbers may not add due to rounding.

(5) Actual production recorded for 2021.

Canada

**Reconciliation of Company Gross Reserves<sup>(1)</sup> by Product Type<sup>(2)</sup>  
Forecast Prices and Costs as of December 31, 2021**

	Light & Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Conventional Natural Gas (MMcf)	Natural Gas Liquids (Mbbbl)	Oil Equivalent (MBoe)
<b>Total Proved</b>					
December 31, 2020	176.0	176.0	176.0	176.0	176.0
Extensions and improved recovery <sup>(3)</sup>	-	430.5	2,221.2	52.2	852.9
Technical Revisions <sup>(4)</sup>	17.6	(459.8)	4,457.1	41.5	342.1
Discoveries					
Acquisitions	-	-	-	-	-
Dispositions	(6.4)	(65.6)	(405.7)	(9.4)	(149.0)
Economic Factors	6.1	139.6	1,395.1	32.4	410.6
Production <sup>(5)</sup>	(28.4)	(156.2)	(973.0)	(23.8)	(370.5)
<b>December 31, 2021</b>	<b>164.9</b>	<b>3,093.9</b>	<b>18,420.5</b>	<b>433.5</b>	<b>6,762.4</b>
<b>Total Probable</b>					
December 31, 2020	67.3	2,439.3	12,491.8	362.8	4,951.3
Extensions and improved recovery <sup>(3)</sup>	-	-97.2	(329.0)	(7.7)	-159.7
Technical Revisions <sup>(4)</sup>	(23.3)	(233.3)	(211.8)	(74.0)	(366.1)
Discoveries					
Acquisitions	-	-	-	-	-
Dispositions	(1.6)	(53.5)	(310.0)	(7.2)	(113.9)
Economic Factors	2.8	93.5	810.2	18.9	250.3
Production <sup>(5)</sup>	-	-	-	-	-
<b>December 31, 2021</b>	<b>45.2</b>	<b>2,148.8</b>	<b>12,451.2</b>	<b>292.8</b>	<b>4,561.9</b>
<b>Total Proved + Probable</b>					
December 31, 2020	243.3	5,644.7	24,217.6	703.4	10,627.6
Extensions and improved recovery <sup>(3)</sup>	-	333.3	1,892.2	44.5	693.2
Technical Revisions <sup>(4)</sup>	(5.7)	(693.1)	4,245.3	(32.5)	(24.0)
Discoveries					
Acquisitions	-	-	-	-	-
Dispositions	(8.0)	(119.1)	(715.7)	(16.6)	(262.9)
Economic Factors	8.9	233.1	2,205.3	51.3	660.9
Production <sup>(5)</sup>	(28.4)	(156.2)	(973.0)	(23.8)	(370.5)
<b>December 31, 2021</b>	<b>210.1</b>	<b>5,242.7</b>	<b>30,871.7</b>	<b>726.3</b>	<b>11,324.3</b>

**Notes:**

- (1) Gross reserves are Company working interest reserves before royalty deductions.  
(2) Based on the January 1, 2022 Consultant Average Price Forecast and the Gaffney Cline Year End 2021 Price Forecast.  
(3) Includes category transfers.

- (4) Numbers may not add due to rounding.  
(5) Actual production recorded for 2021.

### Egypt

#### Reconciliation of Company Gross Reserves<sup>(1)</sup> by Product Type<sup>(2)</sup> Forecast Prices and Costs as of December 31, 2021

	Light & Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Conventional Natural Gas (MMcf)	Natural Gas Liquids (Mbbl)	Oil Equivalent (MBoe)
<b>Total Proved</b>					
December 31, 2020	154.0	2,361.0	18,462.0		5,592.0
Extensions and improved recovery <sup>(3)</sup>		255.0			255.0
Technical Revisions <sup>(4)</sup>	57.0	285.0	4,139.0		917.8
Discoveries					
Acquisitions					-
Dispositions					-
Economic Factors					-
Production <sup>(5)</sup>	(9.0)	(443.0)	(9,272.0)		(1,997.3)
<b>December 31, 2021</b>	<b>88.0</b>	<b>2,458.0</b>	<b>13,329.0</b>	<b>-</b>	<b>4,767.5</b>
<b>Total Probable</b>					
December 31, 2020	137.0	1,163.0	22,065.0		4,977.5
Extensions and improved recovery <sup>(3)</sup>		555			555
Technical Revisions <sup>(4)</sup>	(82.0)	(604.0)	(17,960.0)		(3,679.3)
Discoveries					
Acquisitions					-
Dispositions					-
Economic Factors					-
Production <sup>(5)</sup>					-
<b>December 31, 2021</b>	<b>55.0</b>	<b>1,114.0</b>	<b>4,105.0</b>	<b>-</b>	<b>1,853.2</b>
<b>Total Proved + Probable</b>					
December 31, 2020	291.0	3,524.0	40,527.0	-	10,569.5
Extensions and improved recovery <sup>(3)</sup>	-	810.0	-	-	810.0
Technical Revisions <sup>(4)</sup>	(139.0)	(319.0)	(13,821.0)	-	(2,761.5)
Discoveries					
Acquisitions	-	-	-	-	-
Dispositions		-		-	-
Economic Factors	-	-	-	-	-
Production <sup>(5)</sup>	(9.0)	(443.0)	(9,272.0)	-	(1,997.3)
<b>December 31, 2021</b>	<b>143.0</b>	<b>3,572.0</b>	<b>17,434.0</b>	<b>-</b>	<b>6,620.7</b>

#### Notes:

- (1) Gross reserves are Company working interest reserves before royalty deductions.  
(2) Based on the January 1, 2022 Consultant Average Price Forecast and the Gaffney Cline Year End 2021 Price Forecast.

- (3) Includes category transfers.  
(4) Numbers may not add due to rounding.  
(5) Actual production recorded for 2021.

### Morocco

**Reconciliation of Company Gross Reserves<sup>(1)</sup> by Product Type<sup>(2)</sup>  
Forecast Prices and Costs as of December 31, 2021**

	Light & Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Conventional Natural Gas (MMcf)	Natural Gas Liquids (Mbbbl)	Oil Equivalent (MBoe)
<b>Total Proved</b>					
December 31, 2020			2,377.0		396.2
Extensions and improved recovery <sup>(3)</sup>					-
Technical Revisions <sup>(4)</sup>			584.0		97.3
Discoveries			218		
Acquisitions					-
Dispositions					-
Economic Factors					-
Production <sup>(5)</sup>			(2,120.0)		(353.3)
<b>December 31, 2021</b>	-	-	<b>1,059.0</b>	-	<b>140.2</b>
<b>Total Probable</b>					
December 31, 2020			900.0		150.0
Extensions and improved recovery <sup>(3)</sup>					0
Technical Revisions <sup>(4)</sup>			332.0		55.3
Discoveries			49.0		
Acquisitions					-
Dispositions					-
Economic Factors					-
Production <sup>(5)</sup>					-
<b>December 31, 2021</b>	-	-	<b>1,281.0</b>	-	<b>205.3</b>
<b>Total Proved + Probable</b>					
December 31, 2020	-	-	3,277.0	-	546.2
Extensions and improved recovery <sup>(3)</sup>	-	-	-	-	-
Technical Revisions <sup>(4)</sup>	-	-	916.0	-	152.7
Discoveries			267.0		
Acquisitions	-	-	-	-	-
Dispositions	-	-	-	-	-
Economic Factors	-	-	-	-	-
Production <sup>(5)</sup>	-	-	(2,120.0)	-	(353.3)
<b>December 31, 2021</b>	-	-	<b>2,340.0</b>	-	<b>345.5</b>

**Notes:**

- (1) Gross reserves are Company working interest reserves before royalty deductions.  
(2) Based on the January 1, 2022 Consultant Average Price Forecast and the Gaffney Cline Year End 2021 Price Forecast.  
(3) Includes category transfers.

- (4) Numbers may not add due to rounding.  
(5) Actual production recorded for 2021.

### Additional Information Relating to Reserves Data

#### Undeveloped Reserves

The following tables set forth the proved undeveloped gross reserves and the probable undeveloped gross reserves, each by product type that were first attributed in each of the most recent three financial years. These reserves are included in the “Summary of Oil and Gas Reserves” table above.

#### Proved Undeveloped Reserves

Year	Light and Medium Oil (Mbbbl)		Heavy Oil (Mbbbl)		Conventional Gas (MMcf)		Natural Gas Liquids (Mbbbl)	
	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End
2019	-	32.0	204.5	3,029.4	4,576.7	12,434.9	14.8	203.4
2020	3.0	35.0	1,373.0	4,146.0	1,522.0	11,554.0	-	233.0
2021	-	-	712.5	4,962.9	2,221.2	18,543.5	52.2	433.5

#### Probable Undeveloped Reserves

Year	Light and Medium Oil (Mbbbl)		Heavy Oil (Mbbbl)		Conventional Gas (MMcf)		Natural Gas Liquids (Mbbbl)	
	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End
2019	175.1	175.1	316.9	2,314.1	8,842.3	17,226.7	32.7	233.9
2020	2.0	66.0	2,554.1	4,637.2	2,159.9	18,462.8	894.2	320.8
2021	-	-	250.8	4,082.4	(329.0)	5,932.1	(7.7)	134.8

#### Probable Undeveloped Reserves

Year	Light and Medium Oil (Mbbbl)		Heavy Oil (Mbbbl)		Conventional Gas (MMcf)		Natural Gas Liquids (Mbbbl)	
	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End
2019	175.1	207.1	521.4	5,343.5	13,419.0	29,661.6	47.4	
2020	5.0	101.0	3,927.1	8,783.2	3,681.9	30,016.8	894.2	
2021	-	-	963.3	9,045.3	1,892.2	24,475.6	44.5	

Proved plus probable undeveloped reserves have been estimated in accordance with procedures and standards contained in the COGE Handbook. Significant capital expenditures are required to bring these undeveloped reserves into production. The pace of development of the proved plus probable undeveloped reserves is influenced by many factors, including the outcomes of the yearly drilling and reservoir evaluations, the price for crude, natural gas and natural gas liquids and a variety of economic factors and conditions.

There are a number of factors that could result in delayed or deferred development, including the following: (i) changing economic conditions (due to pricing, operating and capital expenditure fluctuations or changing regulation and/or fiscal policy); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion); (iii) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (iv) surface access, issues (including those relating to land owners, weather conditions and regulatory approvals). For more information, see *“Risk Factors – Exploration, Development and Production Risks”*.

### ***Significant Factors or Uncertainties Affecting Reserves Data***

Reserves evaluation requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions and other factors and assumptions that may affect the reserve estimates and the present worth of the future net revenue therefrom. These factors and assumptions include, among others: (i) historical production in the area compared with production rates from analogous producing areas; (ii) initial production rates; (iii) production decline rates; (iv) ultimate recovery of reserves; (v) success of future development activities; (vi) marketability of production; (vii) effects of government regulations; (viii) other government levies imposed over the life of the reserves; (ix) capital costs that reflect the current economic conditions; and (x) operating costs that reflect the current economic conditions.

Tenaz and SDX have a significant amount of proved undeveloped and probable undeveloped reserves assigned to its properties. As circumstances change and additional data becomes available, reserve estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and government restrictions. Revisions to reserve estimates can arise from changes in year-end prices, reservoir performance and geologic conditions or production. These revisions can be either positive or negative. Degradation in future commodity price forecasts relative to the forecast in the Tenaz Reserves Report can also have a negative impact on the economics and timing of development of undeveloped reserves.

For information with respect to abandonment and reclamation costs related to Tenaz’s and SDX’s properties to which reserves have been attributed, see *“Further Information Regarding Abandonment and Reclamation Costs”* below.

### ***Further Information Regarding Abandonment and Reclamation Costs***

In connection with its operations, Tenaz (and following Completion, the Combined Group) will incur abandonment, decommissioning and reclamation (“ADR”) costs for surface leases, wells, facilities and pipelines. Tenaz budgets for and recognizes as a liability the estimated present value of the future decommissioning liabilities associated with its property, plant and equipment. Tenaz’s overall ADR costs include all costs associated with the process of restoring a property that has been disturbed by oil and gas activities to the standard imposed by the applicable government or regulatory authorities. Tenaz estimates such costs through a model that incorporates data from Tenaz’s operating history, industry sources and cost formulas used by AER, together with other operating assumptions. Tenaz expects all of its net wells to incur these costs.

Tenaz anticipates the total amount of such costs associated with total proved plus probable reserves bookings, excluding inflation, to be approximately \$17.0 million, and approximately \$6.0 million discounted at 10% and assuming an inflation rate of 2%, calculated in accordance with NI 51-101. On an undiscounted basis approximately 71% of ADR is related to Canada, 9% to Egypt, and 20% to Morocco. On a discounted basis, 43% of ADR is related to Canada, 19% to Egypt, and 38% to Morocco.

With respect to SDX, in Egypt, other than for South Disouq, under the terms of existing agreements, ownership in the facilities and wells is transferred to Egyptian General Petroleum Corporation (EGPC)/General Petroleum Company (GPC) or EGAS through cost recovery. As such, SDX estimates that the only future abandonment and reclamation costs for the Egyptian assets in the portfolio equates to US\$1.2 million (undiscounted) for well-related abandonments in South Disouq. In Morocco, after a well has been depleted, a plugging and abandonment programme is run at each

well, followed by land clean-up and reclamation. The costs associated with this have been evaluated at US\$2.5 million (undiscounted).

### *Future Development Costs*

The table below sets out the total development costs deducted in the estimation in the Reserves Reports of future net revenue attributable to the Combined Group's proved reserves and proved plus probable reserves (using forecast prices and costs).

#### Total

	<b>Total Proved Reserves (000)'s</b>	<b>Total Proved Plus Probable Reserves (000)'s</b>
2022	15,564	15,564
2023	21,393	21,393
2024	19,112	19,112
2025	23,388	23,888
2026	6,791	29,816
Thereafter	0	6661
<b>Total Undiscounted</b>	<b>86,248</b>	<b>116,434</b>
<b>Total Discounted 10%</b>	<b>70,205</b>	<b>89,880</b>

#### Canada

	<b>Total Proved Reserves (000)'s</b>	<b>Total Proved Plus Probable Reserves (000)'s</b>
2022	9,314	9,314
2023	15,268	15,268
2024	18,487	18,487
2025	23,263	23,263
2026	6,666	29,691
Thereafter	0	6536
<b>Total Undiscounted</b>	<b>72,998</b>	<b>102,559</b>
<b>Total Discounted 10%</b>	<b>58,273</b>	<b>77,516</b>

#### Egypt

	<b>Total Proved Reserves (000)'s</b>	<b>Total Proved Plus Probable Reserves (000)'s</b>
2022	5,500	5,500
2023	5,500	5,500

	Total Proved Reserves (000)'s	Total Proved Plus Probable Reserves (000)'s
2024	625	625
2025	125	625
2026	125	125
Thereafter	0	125
<b>Total Undiscounted</b>	<b>11,875</b>	<b>12,500</b>
<b>Total Discounted 10%</b>	<b>10,675</b>	<b>11,107</b>

### Morocco

	Total Proved Reserves (000)'s	Total Proved Plus Probable Reserves (000)'s
2022	750	750
2023	625	625
2024	0	0
2025	0	0
2026	0	0
Thereafter	0	0
<b>Total Undiscounted</b>	<b>1,375</b>	<b>1,375</b>
<b>Total Discounted 10%</b>	<b>1,257</b>	<b>1,257</b>

Tenaz currently expects that the capital listed in the preceding table will be funded through a combination of sources including internally generated funds from operations and, as required or applicable, property dispositions, new debt issuances, available credit facilities and, if determined appropriate, the issuance of Tenaz Shares. We do not anticipate that the cost of funding would have any significant effect on the disclosed reserves or future net revenue, nor that interest or other costs of external funding would make development of any property uneconomic.

Estimates of reserves and future net revenues have been made assuming the development of each property, in respect of which the estimate is made, will occur without regard to the likely availability to Tenaz of funding required for the development. There can be no guarantee that funds will be available or that we will allocate funding to develop all of the reserves attributed in the Tenaz Reserves Report and/or the SDX Reserves Report. Failure to develop all of those reserves would have a negative impact on future funds from operations.

### **Other Oil and Gas Information**

The descriptions of the properties of Tenaz are set forth under “*Other Oil and Gas Information – Principal Properties*” in the Tenaz AIF; and the descriptions of the properties of SDX are set forth under “*Review of Operations*” in the SDX Annual Report.

### ***Tax Horizon***

Tenaz expects that the Combined Group will become taxable in 2032, based on the current reserves forecast and April 1, 2022 strip pricing.

### *Production Estimates*

The following table provide the estimated production volumes by country for the Combined Group for 2022.

#### Daily Rate

	<b>Total</b>				<b>Canada</b>			
	Crude Oil WI&RI Volume <sup>(1)</sup>	Natural Gas WI&RI Volume	Natural Gas Liquids WI&RI Volume	BOE WI&RI Volume	Crude Oil WI&RI Volume	Natural Gas WI&RI Volume	Natural Gas Liquids WI&RI Volume	BOE WI&RI Volume
<b>Proved</b>								
2022	2,298.5	23,318.7	77.8	6,262.7	795.9	3,301.9	77.8	1,424.0
<b>Proved + Probable</b>								
2022	2,507.8	26,835.0	81.1	7,061.4	864.4	3,438.9	81.1	1,518.6
	<b>Egypt<sup>(2)</sup></b>				<b>Morocco</b>			
	Crude Oil WI&RI Volume <sup>(1)</sup>	Natural Gas WI&RI Volume	Natural Gas Liquids WI&RI Volume	BOE WI&RI Volume	Crude Oil WI&RI Volume	Natural Gas WI&RI Volume	Natural Gas Liquids WI&RI Volume	BOE WI&RI Volume
<b>Proved</b>								
2022	1,502.6	17,609.4	-	4,437.5	-	2,407.3	-	401.2
<b>Proved + Probable</b>								
2022	1,643.4	18,727.4	-	4,764.7	-	4,668.6	-	778.1

#### **Notes:**

- (1) WI&RI means “working interest and royalty interest” production.
- (2) Gross of Minority Interest Production in S. Disouq.

### *Costs Incurred*

#### SDX Capital Expenditures

The following table shows the capital expenditure for SDX. It agrees with notes 8 and 9 to the SDX Annual Financial Statements for the year ended December 31, 2021, which include discussion therein.

US\$ 000s	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Property, plant and equipment expenditures	18,161	14,438
Exploration and evaluation expenditures	9,482	10,192
Office furniture and fixtures	131	103
<b>Total capital expenditures</b>	<b>27,774</b>	<b>24,733</b>

### **Tenaz Production and Capital Expenditures**

	<b>2021 Actual</b>
2021 average production volumes (boe/d)	1,015

	<b>2021 Actual</b>
Capital Expenditures <sup>(1)</sup> (\$000)	10,391
<b>Wells:</b>	
Drilled	3 (2.63 net)
Completed	4 (3.52 net)

**Note**

(1) Non-GAAP and other financial measure. See “*Non-GAAP and Other Financial Measures*” included in the “*Advisories*” section in the Tenaz Annual MD&A.

Capital expenditures for Tenaz in 2021 totaled \$10.4 million, which is \$2.4 million higher than the previous guidance. The increase is due to two (1.75 net) additional well completions that were accelerated into 2021 from the 2022 budget. The acceleration of the completions allowed Tenaz to secure suitable hydraulic fracturing services, which management of Tenaz expected to be in tight supply during the first quarter of 2022.

**SDX 2021 Exploration and Evaluation Expense**

For the year ended 31 December 2021, exploration and evaluation expenses for SDX stood at US\$14.1 million, compared to US\$5.8 million in the previous year.

The current period expense for SDX relates mainly to:

- the US\$10.3 million non-cash impairment charge ahead of the relinquishment of the Lalla Mimouna Nord concession;
- the write-off of US\$1.3 million for the Hanut-1X dry well drilled in South Disouq in Q3 2021, including associated seismic costs (US\$0.2 million) and its share of the concessions signature bonus (US\$0.4 million);
- a US\$0.7 million write-off of decommissioning assets for the Moroccan operations, following a review of assumptions;
- a US\$0.2 million provision for obsolete inventory; and
- new business evaluation activities of US\$1.6 million.

The prior year expense for SDX relates mainly to:

- the US\$2.3 million write-off of a non-commercial well, SD-6X (Salah), including associated seismic costs, which was drilled during the Q1 2020 South Disouq exploration drilling campaign;
- the write-off of US\$2.2 million for a non-commercial well, SAH-5, which was drilled in Q1 2020 as part of the Morocco drilling campaign; and
- new business evaluation activities of US\$1.3 million.

**2021 Activity West Gharib (Egypt) (1 well)**

Much of SDX’s activity in the West Gharib concession during 2021 was centred around the planning and preparation for its infill drilling campaign. The first well of the campaign, MSD-21 producer, was spud in October and reached TD in mid-December. MSD-21 was then completed, tied-in and brought on-line. Eight well workovers across the concession were completed during 2021.

**2021 Activity Morocco (3 wells)**

During the early part of 2021, five wells were worked-over to known gas bearing horizons in the wells to maximise recovery from SDX’s wells and to maintain supply to SDX customers. Part of the strategy to maximise recovery is also the use and active management of the two compressors SDX operates in Morocco.

During the spring/summer, SDX completed the first phase of its 2021 drilling campaign which consisted of three appraisal/development wells, as follows:

- OYF-3 spud on 30 April 2021 and reached TD at 1,183 metres MD on 11 May 2021. The well encountered a 5.2 metre net gas sand in the main Guebbas reservoir target. The well also encountered a 1.7 metre net gas sand in a secondary zone that OYF-3 will produce from after depletion of the primary zone.
- KSR-17 spud on 13 May 2021 and reached TD at 1,848 metres MD on 27 May 2021. The well encountered a 5.3 metre net gas sand in the main Hoot reservoir.
- KSR-18 spud on 30 May 2021 and reached TD at 1,905 metres MD on 14 June 2021. Both predicted targets (Mid Guebbas and Main Hoot) were successfully encountered, with the shallower Mid Guebbas target comprising a 3.8-metre net gas sand and the Main Hoot target encountering a 13.9-metre net gas sand. The Main Hoot zone had been slightly depleted by production from a nearby well. A third 5.5-metre net gas sand was encountered in the Base Guebbas zone.

Achieving the benefits of the Combination and the *pro forma* reserves information set forth above is subject to a number of risk factors, including the following: achieving the benefits of the Combination will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as Tenaz's ability to realize the anticipated growth opportunities and synergies from combining the operations of the SDX with those of Tenaz; there may be potential undisclosed liabilities associated with the Combination; the engineering, title, environmental and economic assessments on which Tenaz relied in deciding to pursue the Combination may be materially incorrect; and the reserve and recovery information contained in the Tenaz Reserves Report and SDX Reserves Report are each only an estimate and the actual production and reserves related to those properties may be greater or less than the estimates contained in such reports. See "*Risk Factors — Risks Related to the Combination*".

### Principal Holders of Tenaz Shares Following the Combination

Immediately following Completion of the Combination, and assuming no further Tenaz Shares are issued following the date hereof and prior to the Effective Date, to the best of the knowledge of the directors and officers of Tenaz, no Person will own, directly or indirectly, or exercise control or direction over, Tenaz Shares carrying more than 10% of the voting rights attached to all of the issued and outstanding Tenaz Shares.

### Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

The following Tenaz Shares will be subject to a contractual restriction on transfer upon Completion pursuant to deeds of irrevocable undertakings entered into in connection with the Combination.

Designation of Class	Aggregate Number of Securities Subject to Contractual Restriction on Transfer	Percentage of Class <sup>(1)</sup>	Expiry Date of the Transfer Restrictions
Tenaz Shares	178,470 <sup>(1)(2)</sup>	0.63%	6 months from the Effective Date

**Notes:**

- (1) Calculated on a non-diluted basis. Based on the number of Tenaz Shares expected to be issued and outstanding on the Effective Date. The actual number of Tenaz Shares that will be issued and outstanding on the Effective Date will depend on the number of SDX Shares issued and outstanding on the Effective Date, which will be affected by the number of SDX Share Plan awards that vest prior to the Effective Date, the amount of elections under the Cash Alternative and the issuance of SDX Shares prior to Completion for any reason. See "*The Announcement and the Scheme – Listing of the Consideration Shares*."
- (2) Represents Tenaz Shares to be issued to certain directors of SDX pursuant to the Combination, assuming none elect for the Cash Alternative.

These Tenaz Shares, when issued pursuant to the Combination, will be subject to a contractual restriction on transfer pursuant to the terms of deeds of irrevocable undertakings entered into by certain directors and officers of SDX and Tenaz on May 25, 2022 in connection with the Combination. Such Tenaz Shares may only be transferred prior to the

expiry date noted above: (i) in connection with a take-over bid or similar transaction involving the change of control of Tenaz; (ii) pursuant to a court order; or (iii) upon the death of the applicable holder, provided that the transferee agrees to be bound by the terms of the deed.

### **Auditors, Registrar and Transfer Agent**

Following the Completion of the Combination, the auditors for Tenaz will continue to be KPMG, LLP, Calgary, Alberta.

Following the Completion of the Combination, the transfer agent and registrar of Tenaz will continue to be Odyssey Trust Company, at its principal offices in Calgary, Alberta and Toronto, Ontario.

## **RISK FACTORS**

Tenaz Shareholders voting in favour of the Tenaz Share Issuance Resolution will be choosing to combine the businesses of Tenaz and SDX pursuant to the Combination. The Combination and an investment in Tenaz Shares involves risks. Tenaz Shareholders should carefully consider the following risk factors in evaluating whether to approve the Tenaz Share Issuance Resolution. Readers are cautioned that such risk factors are not exhaustive and additional risks and uncertainties, including those currently unknown or considered immaterial to Tenaz may also adversely affect Tenaz or SDX prior to the Combination, or the combined business of Tenaz and SDX following the Combination. These risk factors should be considered in conjunction with the other information included in this Information Circular, including any risk factors relating to SDX set out in Appendix A to this Information Circular, the documents incorporated by reference herein and documents filed by Tenaz pursuant to Applicable Laws from time to time.

### **Risks Related to the Combination**

#### ***The Combination is subject to satisfaction or waiver of several conditions***

The Combination is conditional upon, among other things, approval of the Tenaz Share Issuance Resolution by Tenaz Shareholders, approval of the Combination by SDX Shareholders and the Court, and Tenaz and SDX having obtained all government or regulatory approvals required by law, policy or practice, including approval of various Egyptian authorities and the Moroccan competition authority. There can be no assurance that any or all such approvals will be obtained. A substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms or conditions in any government or regulatory approvals could have an adverse effect on the business, financial condition or results of operations of Tenaz and SDX.

It is also a condition of Completion that the TSX shall have conditionally approved the listing of the Consideration Shares, subject to official notice of issuance and the satisfaction of customary conditions required by such exchanges. Tenaz has applied to the TSX to list the Consideration Shares issuable under the Combination and has received conditional approval from the TSX. Receipt of listing approval of the TSX will be conditional on the approval by Tenaz Shareholders of the Tenaz Share Issuance Resolution.

#### ***Tenaz's ability to invoke certain conditions of the Combination may be limited by the Takeover Code***

The Co-operation Agreement includes a number of conditions in Tenaz's favour, including conditions that relate to the Scheme becoming unconditional and Effective by no later than the Longstop Date (subject to the provisions of the Takeover Code), the approval of the Scheme and all resolutions required to implement the Scheme at the SDX Court Meeting and SDX General Meeting by the SDX Shareholders, the sanction of the Scheme by the Court, the approval of the Tenaz Share Issuance Resolution by the Tenaz Shareholders, and the conditional listing of the Consideration Shares on the TSX, as well as other conditions relating to events that may have a material impact on Tenaz if the Combination is completed. The Panel imposes certain restrictions on the invocation of conditions to ensure that the relevant circumstances on which Tenaz is seeking to rely are of material significance in the context of the Combination. In the event that Tenaz determines that a condition in its favour has not been satisfied, there can be no assurance that the Panel will consent to, or not attempt to restrict, Tenaz's ability to invoke such condition.

***The Co-operation Agreement may be terminated in certain circumstances***

Each of Tenaz and SDX has the right to terminate the Co-operation Agreement in certain circumstances. Notwithstanding the termination of the Co-operation Agreement, Tenaz will be required to implement the Combination without certain of the protections provided to it under the Co-operation Agreement unless the Combination lapses in accordance with the terms or the Panel consents otherwise.

Furthermore, even if the Co-operation Agreement is terminated, Tenaz may proceed to attempt to acquire SDX by way of a Takeover Offer without certain of the protections provided to it under the Co-operation Agreement, which offer may or may not be successful. Failure to complete the Combination could negatively impact the trading price of the Tenaz Shares or otherwise adversely affect Tenaz's business.

***The issuance of a significant number of Tenaz Shares and a resulting "market overhang" could adversely affect the market price of Tenaz Shares after Completion of the Combination***

On Completion of the Combination, a significant number of additional Tenaz Shares may be issued and available for trading in the public market. The increase in the number of Tenaz Shares may lead to sales of such shares or the perception that such sales may occur (commonly referred to as "market overhang"), either of which may adversely affect the market for, and the market price of, Tenaz Shares.

***Tenaz does not currently control SDX and its subsidiaries***

The Takeover Code prevents SDX from entering into covenants regarding the operation of its business prior to Completion, though the Takeover Code does contain certain restrictions which would limit SDX's ability to undertake actions which could frustrate the Combination. Tenaz will not control SDX and its subsidiaries until Completion of the Combination and the business and results of operations of SDX may be adversely affected by events that are outside of Tenaz's control during the intervening period. Historic and current performance of SDX's business and operations may not be indicative of success in future periods. The future performance of SDX may be influenced by, among other factors, economic downturns, changes in oil and gas prices, political instability in the countries in which it operates, changes in Applicable Laws, expropriation, increased environmental regulation, turmoil in financial markets, unfavourable regulatory decisions, litigation, rising costs, labour unrest, difficulties with joint venture partners, delays in ongoing exploration and development projects and other factors beyond Tenaz's control. As a result of any one or more of these factors, among others, the operations and financial performance of SDX may be negatively affected, which may adversely affect the future financial results of Tenaz.

***Tenaz and SDX will incur substantial transaction fees and costs in connection with the proposed Combination***

Tenaz and SDX have incurred and expect to incur additional material non-recurring expenses in connection with the Combination and Completion of the transactions contemplated by the Co-operation Agreement, including costs relating to obtaining required shareholder and regulatory approvals. Additional unanticipated costs may be incurred in the course of coordinating the businesses of Tenaz and SDX after Completion of the Combination. Even if the Combination is not completed, Tenaz and SDX will need to pay certain costs relating to the Combination incurred prior to the date the Combination was abandoned, such as legal, accounting, financial advisory and printing fees. Such costs may be significant and could have an adverse effect on the Parties' future results of operations, cash flows and financial condition.

**Risk Factors Related to SDX**

If the Combination is completed, the combined entity will face many of the risks that SDX currently faces with respect to its business and affairs. As SDX is engaged in similar businesses to Tenaz, the Tenaz risk factors set forth herein and in the documents incorporated by reference herein are applicable to SDX in addition to any risk factors included in Appendix A to this Information Circular.

## **Risk Factors Related to Tenaz**

### ***General***

An investment in the Tenaz Shares should be considered speculative due to various factors, including the nature of Tenaz's involvement in the oil and gas industry. Tenaz's business is subject to the risks normally encountered in the oil and natural gas industry such as competition with companies having greater resources, acquisition risks, need for capital and fluctuations in the market price for oil and natural gas. The success of acquisitions cannot be assured. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Tenaz.

The business of Tenaz is subject to a number of risks and uncertainties. Additional risk factors with respect to Tenaz are set out in the Tenaz AIF, the Tenaz Annual MD&A and the Tenaz Interim MD&A, each of which are incorporated by reference herein. In addition to considering other information contained in or incorporated by reference herein and in other publicly filed documents regarding Tenaz, the reader should carefully consider the risk factors when considering risks related to holding Tenaz Shares. These risks and uncertainties are not the only ones Tenaz may face. Additional risks and uncertainties not presently known to Tenaz or that Tenaz currently considers immaterial may also impair its business operations. If any such risks actually occur, Tenaz's business, prospects, financial condition and operations could be materially adversely affected.

### ***Dilutive Effect***

The issuance of Tenaz Shares pursuant to the Combination will have an immediate dilutive effect on the current Tenaz Shareholders.

### ***Volatility of Market Price of Tenaz Shares***

The market price of the Tenaz Shares may be volatile and this volatility may affect the ability of Tenaz Shareholders to sell Tenaz Shares at an advantageous price. Market price fluctuations in the Tenaz Shares may be due to: Tenaz's operating results or financial performance failing to meet the expectations of securities analysts or investors in any quarter; downward revision in securities analysts' estimates; governmental regulatory action; adverse change in general market conditions or economic trends; acquisitions, dispositions or other material public announcements by Tenaz or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "Note Regarding Forward-Looking Statements" in this Information Circular and in the Tenaz AIF, which is incorporated by reference herein. In addition, the market price for securities in stock markets including Tenaz Shares may experience significant price and trading fluctuations. These fluctuations may result in volatility in the market prices of securities that may be unrelated or disproportionate to changes in Tenaz's operating and financial performance.

### **Risk Factors After Giving Effect to the Combination**

In addition to the risk factors relating to Tenaz and SDX, which Tenaz will still face following Completion of the Combination, Tenaz Shareholders should consider the following additional risk factors relating to Tenaz.

#### ***The integration of SDX may not occur as planned***

The Combination has been agreed with the expectation that its Completion will result in an increase in sustained profitability, cost savings and enhanced growth opportunities for Tenaz. These anticipated benefits will depend in part on whether SDX's and Tenaz's operations can be integrated in an efficient and effective manner. Most operational and strategic decisions and certain staffing decisions with respect to integration have not yet been made. These decisions and the integration of the two companies will present challenges to management, including the integration of systems and personnel of the two companies which may be geographically separated, unanticipated liabilities, unanticipated costs, and the loss of key employees. The performance of Tenaz's operations after Completion of the Combination could be adversely affected if Tenaz cannot retain key employees to assist in the integration and operation of SDX and Tenaz. In addition, the integration process could result in diversion of the attention of

management and disruption of existing relationships with suppliers, employees, customers and other constituencies of each company. As a result of these factors, it is possible that certain benefits expected from the Combination of SDX and Tenaz may not be realized.

***Political risks in new jurisdictions***

SDX's principal operations, exploration and development and production activities are held in Egypt and Morocco, which may be considered to have an increased degree of political and sovereign risk. Any material adverse changes in government policies or legislation of Egypt, Morocco or any other country that SDX has economic interests in that affect oil and gas exploration and development and production activities, may affect the viability and profitability of Tenaz following the Combination.

While the governments in Egypt and Morocco have historically supported the development of natural resources by foreign companies, there is no assurance that such governments will not in the future adopt different regulations policies or interpretations with respect to, but not limited to, foreign ownership of oil and gas resources, royalty rates, taxation, rates of exchange, environmental protection, labour relations, repatriation of income or return of capital, restrictions on production or processing, price controls, export controls, currency remittance, or the obligations of SDX under its respective agreements governing its oil and gas concessions. The possibility that such governments may adopt substantially different policies or interpretations, which might extend to the expropriation of assets, may have a material adverse effect on Tenaz following the Combination. Political risk also includes the possibility of terrorism, civil or labour disturbances and political instability. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable oil and gas authorizations nor can assurance be given that such authorizations will not be challenged or impugned by third parties. The effect of any of these factors cannot be accurately predicted.

***Increased foreign exchange exposure may adversely affect Tenaz's earnings and the value of some of Tenaz's assets***

Tenaz's reporting currency is the Canadian dollar and the majority of its earnings and cash flows are denominated in Canadian dollars. The operations of SDX are conducted in US dollars, but SDX carries on some elements of its business in currencies other than the US dollar and, as a result, following the Combination, Tenaz's consolidated earnings and cash flows may be impacted by movements in the exchange rates to a greater extent than prior to the Combination. In particular, any change in the value of the currencies of Egypt and Morocco versus the Canadian dollar following the Combination could negatively impact Tenaz's earnings, and could negatively impact Tenaz's ability to realize all of the anticipated benefits of the Combination. Any such negative impact could be material.

***The unaudited pro forma consolidated financial information of Tenaz and SDX is presented for illustrative purposes only and may not be indicative of the results of operations or financial condition of Tenaz following the Combination***

The unaudited pro forma consolidated financial statements included in this Information Circular are presented for illustrative purposes only to show the effect of the Combination and should not be considered to be an indication of the financial condition or results of operations of Tenaz following the Combination. For example, the pro forma consolidated financial statements have been prepared using the consolidated historical financial statements of Tenaz and of SDX and do not represent a financial forecast or projection. In addition, the pro forma consolidated financial statements included in this Information Circular are based in part on certain assumptions regarding the Combination. These assumptions may not prove to be accurate, and other factors may affect Tenaz's results of operations or financial condition following the Combination. Accordingly, the historical and pro forma consolidated financial information included in this Information Circular does not necessarily represent Tenaz's results of operations and financial condition had Tenaz and SDX operated as a combined entity during the periods presented, or of Tenaz's results of operations and financial condition following the Combination.

In preparing the pro forma consolidated financial information contained in this Information Circular, Tenaz has given effect to, among other items, the Completion of the Combination and the issuance of the Consideration Shares. The unaudited pro forma consolidated financial information does not reflect all of the costs that are expected to be incurred by Tenaz in connection with the Combination. For example, the impact of any incremental costs incurred in integrating

Tenaz and SDX is not reflected in the pro forma consolidated financial information. See also the notes to the unaudited pro forma consolidated financial statements of Tenaz included in Appendix B — “*Pro Forma Consolidated Financial Statements of Tenaz*”.

***New legislation and tax risks in certain SDX operating jurisdictions***

SDX has operations and conducts business in a number of new jurisdictions for Tenaz and is subject to the taxation laws of these jurisdictions. These taxation laws are complex, subject to varying interpretations and applications by the relevant tax authorities and subject to changes and revisions in the ordinary course.

***Tenaz will be subject to significant capital requirements associated with its expanded portfolio of Assets***

Tenaz must be able to utilize available financing sources to finance its growth and sustain capital requirements. Tenaz could be required to raise significant additional capital through equity financings in the capital markets or to incur significant borrowings through debt financings to meet its capital requirements. If these financings are required, Tenaz’s cost of raising capital in the future may be adversely affected. In addition, if Tenaz is required to make significant interest and principal payments resulting from a debt financing, Tenaz’s financial condition and ability to raise additional funds may be adversely impacted. Any significant delay in completing its development projects or the incurring of capital costs that are significantly higher than estimated, could have a significant adverse effect on Tenaz’s results of operations and financial condition.

***Forward-Looking Information may Prove to be Inaccurate***

Readers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. See “*Note Regarding Forward-Looking Statements*”.

**INTERESTS OF EXPERTS**

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

PricewaterhouseCoopers LLP, independent auditor of the SDX Group, has advised that it is independent with respect to the SDX Group within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

Certain reserve estimates contained in this Information Circular are derived from reserve reports prepared by McDaniel. As of the date hereof, the designated professionals of McDaniel, as a group, do not beneficially own, directly or indirectly, interests in any securities or other property of Tenaz or SDX, or any of their associates or affiliates.

Certain reserve estimates contained in this Information Circular are derived from reserve reports prepared by Gaffney Cline. As of the date hereof, the designated professionals of Gaffney Cline, as a group, do not beneficially own, directly or indirectly, interests in any securities or other property of Tenaz or SDX, or any of their associates or affiliates.

**INFORMATION CONCERNING SDX**

See Appendix A attached to this Information Circular for detailed information concerning SDX and its assets, operations and history.

## INFORMATION CONCERNING TENAZ

### General

Tenaz is the corporation resulting from the amalgamation of Tenaz Energy Corp. and Altura Energy Inc. on October 15, 2021 under the ABCA.

On June 8, 2007, Altura Energy Inc. was incorporated under the ABCA under the name of “Northern Spirit Developments Inc.”. On November 2, 2007, “Northern Spirit Developments Inc.” filed articles of amendment to change its name to “Northern Spirit Resources Inc.”. On January 1, 2012, “Northern Spirit Resources Inc.” filed articles of amalgamation to amalgamate with Northern Spirit Operating Inc. and 1250900 Alberta Ltd. On October 16, 2015, “Northern Spirit Resources Inc.” filed articles of amendment to change its name to “Altura Energy Inc.”. On October 15, 2021, in connection with the Reorganization, Altura Energy Inc. filed articles of amalgamation and changed its name to “Tenaz Energy Corp.”.

The Corporation is a reporting issuer (or the equivalent thereof) in Alberta, British Columbia and Ontario. The Tenaz Shares are listed and posted for trading on the TSX under the symbol “TNZ”.

The Corporation has one wholly-owned subsidiary, 1880675 Alberta Ltd., a corporation existing under the ABCA.

The Corporation’s registered office is located at 1100, 225 – 6<sup>th</sup> Avenue S.W., Brookfield Place, Calgary, Alberta T2P 1N2, and its head and principal office is located at 2500, 605 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3H5.

### Documents Incorporated by Reference

**Information has been incorporated by reference in this Information Circular from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Tenaz at Suite 2500, 605 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3H5, telephone (587) 330-1714. In addition, copies of the documents incorporated herein by reference may be obtained by accessing the disclosure documents available through the Internet on the SEDAR website at [www.sedar.com](http://www.sedar.com).

The following documents of Tenaz filed with the various securities commissions or similar authorities in the provinces of Canada are specifically incorporated by reference into and form an integral part of this Information Circular:

1. the Tenaz AIF;
2. the Tenaz Annual Financial Statements;
3. the Tenaz Annual MD&A;
4. the Tenaz Interim Financial Statements;
5. the Tenaz Interim MD&A;
6. the Tenaz Management Information Circular; and
7. the material change report of Tenaz dated June 2, 2022, in respect of the Combination.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including any material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditor’s report thereon, management’s discussion and analysis of financial condition and results of operations, information circulars, annual information forms and business acquisition reports filed by Tenaz with the securities commissions or similar

authorities in Canada subsequent to the date of this Information Circular and before the Effective Date, are deemed to be incorporated by reference in this Information Circular.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Information Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Circular. Information contained on or otherwise accessed through Tenaz’s website at [www.tenazenergy.com](http://www.tenazenergy.com) or any website, other than those documents specifically incorporated by reference herein and filed on SEDAR, does not constitute part of this Information Circular.**

### Consolidated Capitalization

See “*Pro Forma Information of Tenaz After Giving Effect to the Combination - Consolidated Capitalization of Tenaz*” for the consolidated capitalization of Tenaz as at December 31, 2021, and March 31, 2022, both before and after giving effect to the Combination.

### Description of Tenaz Share Capital

Tenaz is authorized to issue an unlimited number of Tenaz Shares. The holders of Tenaz Shares are entitled to one vote per Tenaz Share at shareholder meetings, to receive dividends if, as and when declared by the Tenaz Board and to receive pro rata the remaining property and assets of the Corporation upon its dissolution or winding up, subject to the rights of shares having priority over the Tenaz Shares.

Effective December 23, 2021, Tenaz completed the consolidation of its outstanding common shares on the one new Tenaz Share for every ten existing common shares (the “**Share Consolidation**”).

### Prior Sales

During the 12-month period prior to the date of this Information Circular, Tenaz has not sold or issued any Tenaz Shares or securities convertible into Tenaz Shares other than as follows:

<u>Date of Issuance</u>	<u>Number and Type of Securities</u>	<u>Exercise Price (\$)</u>
June 30, 2021	480,000 stock options	2.10
October 5, 2021	9,000 Tenaz Shares <sup>(1)</sup>	2.70
October 8, 2021	13,611,200 Tenaz Shares <sup>(2)</sup>	1.80
October 8, 2021	2,777,800 units <sup>(3)</sup>	1.80
November 9, 2021	90,000 Tenaz Shares <sup>(1)</sup>	2.10
November 22, 2021	1,670,000 stock options	2.70
December 17, 2021	1,017,984 Tenaz Shares <sup>(4)</sup>	1.80

<b>Date of Issuance</b>	<b>Number and Type of Securities</b>	<b>Exercise Price (\$)</b>
December 23, 2021	20,000 Tenaz Shares <sup>(1)</sup>	2.10
December 30, 2021	20,000 Tenaz Shares <sup>(1)</sup>	2.10
January 4, 2022	20,000 Tenaz Shares <sup>(1)</sup>	2.10
June 8, 2022	90,000 Tenaz Shares <sup>(1)</sup>	2.10

**Notes:**

- (1) Represents an exercise of stock options.
- (2) Represents Tenaz Shares issued upon the conversion of 136,112,000 pre-Share Consolidation subscription receipts of Tenaz issued on September 22, 2021.
- (3) Represents units issued pursuant to the October 8, 2021 private placement of 27,778,000 pre-Share Consolidation units of Tenaz at a price of \$0.18 per pre-Share Consolidation unit. Each pre-Share Consolidation unit was comprised of one pre-Share Consolidation Tenaz Share and one warrant to purchase a pre-Share Consolidation Tenaz Share. Each warrant is exercisable for one pre-Share Consolidation Tenaz Share at a price of \$0.18 per Tenaz Share until October 8, 2026.
- (4) Represents Tenaz Shares issued pursuant to the December 17, 2021 rights offering of Tenaz, whereby holders of rights purchased 10,179,840 pre-Share Consolidation Tenaz Shares at a subscription price of \$0.18 per Pre-Consolidation Tenaz Share.

**Price Range and Trading Volume of Tenaz Shares**

The outstanding Tenaz Shares are listed and posted for trading on the TSX under the symbol “TNZ”. The following table sets forth the price range and trading volume of these securities on a post-consolidation basis following the Share Consolidation as reported by the TSXV for the period January 1, 2021 to May 11, 2022 and by the TSX for the period May 12, 2022 to June 29, 2022:

<b>Period</b>	<b>Price Range (\$)</b>		<b>Volume</b>
	<b>High</b>	<b>Low</b>	
<b>2021</b>			
January	1.70	1.25	39,160
February	2.25	1.35	162,319
March	2.60	1.75	100,722
April	2.15	1.45	171,618
May	2.15	1.60	144,479
June	2.30	1.80	177,546
July	2.55	2.00	185,404
August	2.15	1.40	695,150
September	3.05	1.85	1,214,072
October	3.80	2.85	1,272,315
November	3.50	2.50	452,458
December	3.38	2.35	278,443

Period	Price Range (\$)		Volume
	High	Low	
<b>2022</b>			
January	3.23	2.27	475,135
February	2.79	2.06	287,235
March	2.74	2.18	363,041
April	2.62	2.19	321,418
May 1 – 31	2.55	2.25	140,725
May 12 – 31	2.80	2.01	717,883
June 1 - 29	2.76	2.11	457,791

### Proposed Acquisition

There are no acquisitions that Tenaz has completed within 75 days prior the date of this Information Circular that is a significant acquisition for the purposes of Part 8 of NI 51-102. In addition, other than the Combination, there are no proposed acquisitions that have progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high and would be a significant acquisition for the purposes of Part 8 of NI 51-102 if completed as of the date of this Information Circular. For further details regarding the Combination, see “*The Announcement and the Scheme*”.

### Risk Factors

**An investment in the Tenaz Shares is subject to certain risks. Readers should consider carefully the risk factors included elsewhere in this Information Circular and as described under “Risk Factors” in the Tenaz AIF which are incorporated into and form part of this Information Circular.** All statements regarding Tenaz’s business should be viewed in light of these risk factors. Readers should consider carefully whether an investment in the Tenaz Shares is suitable for them in the light of the information set forth in this Information Circular and in the documents incorporated by reference. Such information does not purport to be an exhaustive list. If any of the identified risks were to materialize, Tenaz’s business, financial position, results and/or future operations may be materially affected. Additional risks and uncertainties not presently known to Tenaz, or which Tenaz currently deems immaterial, may also have an adverse effect upon Tenaz. **Readers should carefully review and consider all other information contained in this Information Circular and in the documents incorporated by reference before making an investment decision and consult their own professional advisors where necessary.**

### Auditor, Transfer Agent and Registrar

The auditor of Tenaz is KPMG LLP, Chartered Professional Accountants, in Calgary, Alberta. Odyssey Trust Company, at its principal offices in Calgary, Alberta is the transfer agent and registrar of the Tenaz Shares.

### Additional Information

Additional information relating to Tenaz is available on its profile on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information concerning Tenaz is provided in its financial statements for the year ended December 31, 2021, and the three months ended March 31, 2022, along with the accompanying management’s discussion and analysis, all of which are incorporated herein and can be accessed on SEDAR.

## GENERAL PROXY MATTERS

### Solicitation of Proxies

Each outstanding Tenaz Share is entitled to one vote on each resolution voted at the Tenaz Meeting. The Tenaz Board has fixed the Record Time for the Tenaz Meeting. Tenaz will prepare, as of the Record Date, a list of Tenaz Shareholders entitled to receive the Notice of Meeting, showing the number of Tenaz Shares held by each such Tenaz Shareholder. Only Tenaz Shareholders as of the Record Date will be entitled to vote at the Tenaz Meeting, unless that Tenaz Shareholder has transferred any Tenaz Shares subsequent to that date and the transferee Tenaz Shareholder, not later than 10 days before the Tenaz Meeting, establishes ownership of such Tenaz Shares and demands that the transferee's name be included on the list of Tenaz Shareholders entitled to vote at the Tenaz Meeting.

As always, the Corporation encourages Tenaz Shareholders to vote their Tenaz Shares by proxy not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Tenaz Meeting or any adjournment(s) or postponement(s) thereof.

**Beneficial Shareholders who do not hold Tenaz Shares in their own name but rather through a broker, financial institution, trustee, nominee or other intermediary must complete and return the voting instruction form provided to them or follow the telephone or internet-based voting procedures described therein in advance of the deadline set forth in the voting instruction form in order to have such Tenaz Shares voted at the Tenaz Meeting on their behalf.**

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, by a duly authorized officer or attorney of the company.

### Advice to Beneficial Shareholders

The information set forth in this section is provided to Beneficial Shareholders. Beneficial Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Tenaz Shares can be recognized and acted upon at the Tenaz Meeting. If Tenaz Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those Tenaz Shares will not be registered in the Beneficial Shareholder's name on the records of the Corporation. Such Tenaz Shares will more likely be registered under the name of the Beneficial Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Tenaz Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms). Tenaz Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting Tenaz Shares for their clients. The Corporation does not know for whose benefit the Tenaz Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Tenaz Shares are voted at the Tenaz Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting request forms or proxy forms to Broadridge. Often Beneficial Shareholders are alternatively provided with a toll free telephone number to vote their Tenaz Shares or a website address where shares can be voted. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Tenaz Shares to be represented at the Tenaz Meeting. **A Beneficial Shareholder receiving a voting instruction request or a proxy with a Broadridge sticker on it cannot use that instruction request or proxy to vote Tenaz Shares directly at the Tenaz Meeting as the proxy must be returned as directed by Broadridge well in advance of the Tenaz Meeting in order to have the Tenaz Shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed instructions or proxies as directed by Broadridge well in advance of the Tenaz Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Tenaz Meeting for the purposes of voting Tenaz Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend the Tenaz Meeting as proxyholder for the registered shareholder and vote Tenaz Shares in that capacity. Beneficial Shareholders who wish to attend the Tenaz Meeting and indirectly vote their Tenaz Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Tenaz Meeting.

**This Information Circular and accompanying materials are being sent to both registered Tenaz Shareholders and Beneficial Shareholders. Tenaz does not send proxy-related materials directly to Beneficial Shareholders and is not relying on the notice-and-access provisions of securities laws for delivery to either registered or Beneficial Shareholders. Tenaz will deliver proxy-related materials to nominees, custodians and fiduciaries and they will be asked to promptly forward them to Beneficial Shareholders. If you are a Beneficial Shareholder, your nominee should send you a voting instruction form or proxy form along with this Information Circular. Tenaz has elected to pay for the delivery of its proxy-related materials to Beneficial Shareholders.**

### **Appointment of Proxy Holders**

Those Tenaz Shareholders desiring to be represented by proxy at the Tenaz Meeting must deposit their respective forms of proxy with Odyssey Trust Company at Stock Exchange Tower, Suite 1230, 300 - 5th Avenue S.W., Calgary, Alberta T2P 3C4, Attention: Proxy Department in the enclosed self-addressed envelope, by no later than 2:30 (Mountain Time) on July 27, 2022 or not less than 48 hours (excluding Saturdays, Sundays and holidays) preceding any adjournment(s) or postponement(s) of the Tenaz Meeting. A proxy must be executed by the Tenaz Shareholder or by his or her attorney authorized in writing, or if the Tenaz Shareholder is a corporation, under its seal or by an officer or attorney thereof duly authorized. Registered Tenaz Shareholders may also cast their vote by faxing their proxy to 1-800-517-4553 or by internet (<https://login.odysseytrust.com/pxlogin>) by following the instructions provided on the form. If you choose to vote by internet, your vote must also be cast no later than 48 hours, excluding Saturdays, Sundays and holidays prior to the time of the Tenaz Meeting. A proxy is valid only at the Tenaz Meeting in respect of which it is given or any adjournment(s) or postponement(s) of the Tenaz Meeting.

**The persons named in the accompanying proxy are officers of Tenaz ("Management Proxyholders"). A Tenaz Shareholder has the right to appoint a person (who need not be a Tenaz Shareholder) to attend and act on such Tenaz Shareholder's behalf at the Tenaz Meeting other than the persons named in the proxy.** To exercise this right, the Tenaz Shareholder must strike out the name of the persons named in the proxy and insert the name of his or her nominee in the space provided or complete another appropriate form of proxy and, in either case, deposit the proxy with Tenaz at the place and within the time specified above for the deposit of proxies.

### **How to Attend the Tenaz Meeting**

The Corporation is conducting the Tenaz Meeting entirely online by way of live webcast. As such, there will be no in-person component to the Tenaz Meeting and Tenaz Shareholders who wish to attend the Tenaz Meeting must do so in accordance with the directions set out in this Information Circular.

Registered Tenaz Shareholders and duly appointed proxyholders can attend the Tenaz Meeting online by visiting <https://web.lumiagm.com/261608478> and entering the meeting ID: 261-608-478 password: tenaz2022 where they can participate, vote, or submit questions during the Tenaz Meeting's live webcast. Beneficial Shareholders who have not appointed themselves as proxyholders and guests can attend the Tenaz Meeting online but will not be able to participate, vote or submit questions during the Tenaz Meeting.

Beneficial Shareholders who receive these materials through their broker or other intermediary should carefully follow the instructions provided by their broker or intermediary and the instructions set out in this Information Circular.

A link to the live webcast of the Tenaz Meeting will be available on the Corporation's website at [www.tenazenergy.com](http://www.tenazenergy.com).

### **Revocation of Proxies**

A Tenaz Shareholder who has given a proxy has the power to revoke it. If a Person who has given a proxy attends personally at the Tenaz Meeting at which the proxy is to be voted, such Person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing signed by the Tenaz Shareholder or his or her attorney authorized in writing, or, if the Tenaz Shareholder is a corporation, under its corporate seal and signed by a duly authorized officer or attorney for the corporation, and deposited at the registered office of Tenaz at any time up to and including the last day (other than Saturdays, Sundays and holidays) preceding the day of the Tenaz Meeting at which the proxy is to be used, or any adjournment or adjournments thereof, or with the chair of the Tenaz Meeting on the day of the Tenaz Meeting, or on the day of any adjournment thereof, prior to the commencement of the Tenaz Meeting.

### **Persons Making the Solicitation**

**The solicitation is made on behalf of the management of Tenaz.** The costs incurred in the preparation and mailing of the form of proxy, Notice of Meeting and this Information Circular will be borne by Tenaz. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or by other means of communication and by directors and officers of Tenaz, who will not be specifically remunerated therefor. While no arrangements have been made to date by Tenaz, Tenaz may contract for the distribution and solicitation of proxies for the Tenaz Meeting. The costs incurred by Tenaz in soliciting proxies will be paid by Tenaz.

### **Exercise of Discretion by Proxy**

The Tenaz Shares represented by proxy in favour of Management Proxyholders shall be voted on each item of business at the Tenaz Meeting and, where the Tenaz Shareholder specifies a choice with respect to any matter to be acted upon, the Tenaz Shares shall be voted for or against/withheld from voting on each item of business in accordance with the specification so made.

**In the absence of such specification, the Tenaz Shares will be voted in favour of the matters to be acted upon at the Tenaz Meeting. The persons appointed under the form of proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the enclosed form of proxy, the Notice of Meeting and this Information Circular. The directors and management of the Corporation are not aware of any amendment or variation to any matter to be acted upon at the Tenaz Meeting or other matter to be brought before the Tenaz Meeting.**

### **Quorum**

A quorum for the transaction of business at the Tenaz Meeting shall be present if two Tenaz Shareholders holding in the aggregate 5% of the Tenaz Shares entitled to vote at the Tenaz Meeting are present in person or represented by proxy.

If a quorum is not present at the opening of the Tenaz Meeting, the Tenaz Shareholders present may adjourn the Tenaz Meeting to a fixed time and place but may not transact any other business.

### **Voting Securities of Tenaz and Principal Holders thereof**

As at the date hereof, there are 28,458,074 Tenaz Shares issued and outstanding which are its only outstanding voting securities. Each Tenaz Share that is outstanding at the Record Date will be entitled to one vote in respect of the Tenaz Share Issuance Resolution.

To the knowledge of the directors and officers of Tenaz, as of the date hereof, no Person or company beneficially owns, or exercises control or direction over, directly or indirectly, more than 10% of the voting rights attached to all of the outstanding Tenaz Shares.

**QUESTIONS AND OTHER ASSISTANCE**

If you are a Tenaz Shareholder and you have any questions about the information contained in the Information Circular or require assistance in completing your instrument of proxy, please contact Bradley Bennett, Chief Financial Officer of Tenaz at (587) 330-1714 or Odyssey Trust Company at 1 (888) 290-1175 (toll-free).

The contents of this Information Circular and its distribution to the Tenaz Shareholders have been approved by the Board of Directors.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
TENAZ ENERGY CORP.**

(signed) "*Anthony Marino*"

Anthony Marino  
Chief Executive Officer  
Tenaz Energy Corp.

**APPENDIX A**  
**INFORMATION CONCERNING SDX**

See attached.

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**APPENDIX “A”  
INFORMATION CONCERNING SDX**

**DEFINED TERMS**

Unless the context indicates otherwise, capitalized terms which are used in this Appendix “A” and not otherwise defined in this Appendix “A” have the respective meanings given to such terms under the heading “*Glossary of Terms*” in the Information Circular.

**NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain information regarding SDX set forth in this Appendix, including certain documents incorporated by reference into this Appendix, contain forward-looking information (within the meaning of applicable Canadian securities legislation). Such statements or information are generally identifiable by words such as “anticipate”, “believe”, “intend”, “plan”, “expect”, “estimate”, “budget”, “outlook”, “forecast”, “will” or other similar words and include statements relating to or associated with individual wells, facilities, regions or projects. In particular, statements regarding the Combination, SDX’s 2022 production and capex guidance; liquidity and sources of cash flows for the remainder of 2022; the impact of COVID-19 disruptions on SDX’s future production; future drilling developments, costs and results; and management’s beliefs with respect to SDX’s overall economic position should all be regarded as forward-looking information. With respect to forward-looking statements contained in this Appendix, including certain documents incorporated by reference into this Appendix, SDX has made assumptions regarding, among other things, commodity prices and interest and foreign exchange rates; planned synergies, capital efficiencies and cost-savings; applicable tax laws; future production rates; receipt of necessary permits; the sufficiency of budgeted capital expenditures in carrying out planned activities, and the availability and cost of labour and services. Although management considers these assumptions to be reasonable based on information currently available to them, undue reliance should not be placed on the forward-looking information because SDX can give no assurances that they may prove to be correct.

The forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such risks and other factors include, but are not limited to, political, social, and other risks inherent in daily operations of SDX, risks associated with the industries in which SDX operates, such as: operational risks; delays or changes in plans with respect to growth projects or capital expenditures; costs and expenses; health, safety and environmental risks; commodity price, interest rate and exchange rate fluctuations; environmental risks; competition; permitting risks; the ability to access sufficient capital from internal and external sources; and changes in legislation, including but not limited to tax laws and environmental regulations.

All of these factors should be considered in the context of current economic conditions, in particular, volatility in commodity prices, including the attitude of lenders and investors towards crude oil and natural gas assets, the condition of financial markets generally, as well as the stability of joint venture and other business partners, all of which are outside the control of SDX. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect SDX’s operations and financial results are included below under “*Risk Factors*”.

Ultimate recovery of reserves is based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management of SDX.

Statements relating to “reserves” are forward-looking statements, as they involve the implied assessment, based on estimates and assumptions, that the reserves described exist in the quantities predicted or estimated, and can be profitably produced in the future.

Forward-looking statements and other information contained herein concerning the oil and gas industry and SDX’s general expectations concerning this industry are based on estimates prepared by management using data from publicly available industry sources as well as market research and industry analysis and on assumptions based on data and knowledge of this industry which SDX believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While SDX is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

Readers are advised that the assumptions used in the preparation of forward-looking information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. SDX disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required under securities law.

The forward-looking statements contained herein and therein are expressly qualified by this cautionary statement.

#### **ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS OR COMPANIES**

SDX is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. SDX has appointed the following agent for service of process:

<b>Name of Company</b>	<b>Name and Address of Agent</b>
SDX Energy Plc	Blakes Extra-Provincial Services Inc. 199 Bay Street, Suite 4000, Commerce Court West Toronto, ON, Canada M5L 1A9

It may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Information has been incorporated by reference in this Information Circular, including this Appendix “A”, from documents filed with securities commissions or similar authorities in Canada and the United Kingdom. Copies of the documents incorporated in this Information Circular by reference may be obtained without charge by request to SDX Energy Plc, London, United Kingdom, W1G 8DP or by fax at +44 20 3219 5655, attention: Chief Executive Officer. In addition, copies of the documents incorporated by reference herein may be obtained without charge by accessing the disclosure documents available through the internet on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Companies House website at <https://www.gov.uk/government/organisations/companies-house>.

The following documents of SDX are filed with the various securities commissions or similar authorities in the provinces of Canada or the United Kingdom and are specifically incorporated by reference in and form an integral part of this Information Circular:

- (a) the SDX Annual Report
- (b) the SDX Annual Financial Statements;
- (c) the SDX Annual MD&A;
- (d) the SDX Reserves Report;
- (e) the SDX Form 51-101F2;
- (f) the SDX Form 51-101F3;
- (g) the SDX Interim Financial Statements;
- (h) the SDX Interim MD&A;
- (i) the SDX Information Circular; and

- (j) the material change report of SDX dated June 3, 2022, in respect of the Combination.

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

## CORPORATE STRUCTURE

### Name, Address and Incorporation

SDX is domiciled in England and Wales with its head and registered office located at 38 Welbeck Street, London, United Kingdom W1G 8DP.

SDX is a public limited company incorporated in England and Wales under the UK Companies Act 2006.

### Intercorporate Relationships

All subsidiaries and joint arrangements (Brentford Oil Tools) are listed below. A list of the investments in subsidiary undertakings (all of whose operations comprise one class of business, being oil and gas exploration, development and production), including the name, proportion of ownership interest, country of operation and country of registration, is given below. As at December 31, 2021, the companies listed below are indirectly held by SDX Energy Plc except SDX Energy Holdings (UK) Limited which is 100% directly owned by SDX Energy Plc.

Name	Percentage Ownership	Jurisdiction of Formation
SDX Energy Holdings (UK) Limited	100%	U.K.
SDX Energy Inc.	100%	Canada
Sea Dragon Energy (UK) Limited	100%	U.K.
SDX Energy Investments (UK) Limited	100%	U.K.
SDX Energy Morocco (UK) Limited	100%	U.K.
Sea Dragon Cooperatieve U.A.	100%	The Netherlands
Sea Dragon Energy Holding B.V.	100%	The Netherlands
SDX Energy Egypt (Nile Delta) B.V.	100%	The Netherlands
Sea Dragon Energy (GOS) B.V.	100%	The Netherlands
Sea Dragon Energy (Nile) B.V.	67%	The Netherlands
Sea Dragon Energy (NW Gemsa) B.V.	100%	The Netherlands
Sea Dragon Energy Holding Limited	100%	British Virgin Islands

NPC (Shukheir Marine) Limited	100%	British Virgin Islands
Madison International Oil & Gas Limited	100%	Barbados
Madison Egypt Oil & Gas Limited	100%	Barbados
Madison Cameroon Oil & Gas Limited	100%	Barbados
SDX Energy Egypt (Meseda) Limited	100%	Egypt
SDX Energy Morocco (Jersey) Limited	100%	Jersey
Limerick Services SARL	100%	Morocco
Brentford Oil Tools	50%	Egypt

## GENERAL DEVELOPMENT OF THE BUSINESS

### Description of the Business

SDX is an international oil and gas exploration, production, and development company, with a focus on Morocco and Egypt. SDX's strategy is to leverage its existing organisational capabilities and competitive positions/relationships, supported by a strong ESG ethos, to access organic and inorganic, low-cost, high-margin opportunities which generate stable cash flows and self-funded upside. Its portfolio contains interests in six concessions in Egypt and Morocco and has a strong weighting of fixed-price gas assets with low operating costs and attractive margins. Whilst this provides resilience in a low commodity price environment, SDX's portfolio also includes high impact exploration opportunities in both Egypt and Morocco.

### Egypt

In Egypt, SDX has working interests in two producing assets:

- (i) a 36.9% operated interest in the South Disouq and Ibn Yunus gas fields, and a 67.0% operated interest in the Ibn Yunus North gas field, each of which are in the Nile Delta. At the South Disouq field gas is produced from wells SD-1X, SD-3X, SD-4X and SD-5X, while at the Ibn Yunus field gas is currently produced from discovery well IY-1X and development well IY-2. At the Ibn Yunus North field gas is produced from the SD-12X well, with the SD-12\_East appraisal well expected to be brought on production by July 2022. These gas fields are serviced by a central processing facility, a ten-kilometer export pipeline, and its accompanying pipeline tie-ins; and
- (ii) a 50% non-operated production services interest in the Meseda and Rabul fields, located onshore in the Eastern Desert, situated in the G and H blocks of the West Gharib concession. At present, SDX and its partner are undertaking a 13-well drilling campaign that commenced in Q4 2021 and is expected to continue into 2023, with the goal of increasing gross field production to 3,500 - 4,000 bbl/d by mid-2023.

### Morocco

In Morocco, SDX has a 75% working interest in four exploration permits, all of which are situated in the Gharb Basin and are characterized by attractive gas prices and low operating costs, as follows:

- (i) Sebou Central and Gharb Occidental (development/production) - these permits include SDX's core production area as well as further development prospectivity. Gas produced is delivered to seven industrial customers via an 8" 55km pipeline and distribution network to the industrial city of Kenitra

- that has a capacity of 20 mmscf/d. A significant portion of these permits is covered by high-quality 3D seismic which has historically yielded a circa 80% exploration development success rate;
- (ii) Lalla Mimouna Sud (exploration) - this permit is adjacent to the producing Sebou/Gharb Occidental permits. Future discoveries will be tied into the existing gas distribution network; and
  - (iii) Moulay Bouchta Quest (exploration) - an exploration license that was awarded to SDX in 2019 for a period of eight years and has committed SDX to reprocess 150 km of 2D seismic data, acquire 100 km<sup>2</sup> of new 3D seismic, and drill one exploration well within the first three-and-a-half-year period.

## **History of the Business**

### ***Prior to 2020***

Sea Dragon Energy Inc. was incorporated under the CBCA on March 28, 2006. Sea Dragon Energy Inc. and Madison Petrogas Ltd. merged to become SDX Energy Inc. in October 2015 and SDX Energy Inc. was subsequently listed on AIM on May 20, 2016. On May 28, 2019, SDX obtained control of the entire issued share capital of SDX Energy Inc., the previous holding company of the subsidiaries and joint arrangements in a corporate reorganization, via a share-for-share exchange. There were no changes in rights or proportion of control exercised as a result of this transaction.

### ***January 1, 2020 to December 31, 2020***

#### *South Disouq, Egypt*

Two exploration wells were drilled in H1 2020 in the South Disouq concession. The first well, SD-6X (Salah), reached TD on February 28, 2020, with sub-commercial gas accumulations in the Kafr El Sheikh and the Abu Madi Formation sands. SD-6X was subsequently temporarily abandoned.

The second well, SD-12X (Sobhi), reached TD on March 29, 2020 when it encountered 108 feet of gas-bearing sands. A drill stem test (DST) conducted on SD-12X achieved a maximum rate of 25 mmscf/d on a 54/64" choke and the well was confirmed as a commercial discovery and completed as a gas producer. An FDP and a development lease application for Sobhi were submitted to the Egyptian authorities and subsequently approved. During the second half of 2020, a 5.8km flowline was laid, connecting the well to the central processing facility via the IY-1X tie in, and first gas was achieved in December.

Following further review of the 3D seismic after the SD-12X discovery, six prospects with c.233bcf of close to infrastructure, mean unrisked recoverable volumes located in productive horizons, have been high-graded to ready-to-drill prospects. SDX agreed terms with EGAS for a two-year exploration concession extension, which will enable the prospectivity in Hanut, Mohsen, El Deeb, and Ibn Newton to be tested. The Shikabala and Warda prospects are within 25-year development leases.

During the second half of the year, the SD-4X and SD-1X wells began to produce increased levels of water and sand, resulting in reduced production. The SD-4X well was successfully worked over in Q1 2021 and was put back on production, with SD-1X expected to be worked over later in the year.

#### *West Gharib, Egypt*

During the early part of H1 2020, SDX participated in the drilling of the Rabul-3 well, reaching TD on March 1, 2020, when oil was discovered in the Yusr and Bakr sands with a total net pay of 116 feet. The well was completed as a producer and came online on April 13, 2020. It stabilized, as expected, at gross 300 bbl/d.

A total of 15 well workovers were completed during 2020 in the West Gharib and Rabul Fields: Rabul-3 was recompleted in the Yusr reservoir and the other workovers predominantly related to pump and tubing replacements were also completed.

## *Morocco*

SDX completed its drilling campaign in Morocco with the drilling of SAH-5 (spudded in late 2019), SAH-3, OYF-2, BMK-1, and LMS-2. Originally planned as a 12-well campaign, SDX achieved its objectives with 10 wells, and elected to defer the remaining two wells to preserve capital. The two postponed wells will be drilled as part of a future campaign.

SAH-5 (TD January 5, 2020) was a subcommercial gas discovery made in Gharb Centre, which was subsequently plugged and abandoned. The SAH-3 well (TD January 14, 2020, testing operation complete February 20) was a commercial gas discovery in Gharb Centre. OYF-2 was a low-risk step-out exploration well, which reached TD January 22, 2020 and was a commercial gas discovery. A brief flow test was completed on OYF-2 on February 25, 2020. The BMK-1 well was a similarly low-risk step-out exploration well in the northern part of Gharb Centre. Due to down hole issues, the well was side-tracked (BMK-1) and reached TD on February 29, 2020. It was subsequently suspended as a commercial gas discovery. The success of BMK1 opens up a new area for further drilling. The last well in the campaign was the LMS-2 appraisal well in the Lalla Mimouna Nord permit. LMS-2 reached TD on March 13, 2020 with the discovery of 10.6m of net gas pay in 30.9% porosity sandstones, in a new Top Nappe play. The LMS-2 well has been cased and completed and is expected to be tested as part of the 2021 drilling campaign. The success of LMS-2, and the discovery of the new Top Nappe play, has the potential to open up the Lalla Mimouna Nord permit to further drilling, thereby de-risking a number of other prospects.

During the second half of the year, the OYF-2, SAH-4, CGD-16, and SAH-6 wells were connected. In December, an existing customer, CITIC Dicastal, completed construction and began commissioning its second factory premises, having been tied into SDX's distribution infrastructure.

## *Asset Disposals*

SDX sold its 50% working interest in the North West Gemsa, Egypt asset in July 2020, with an effective date of April 1, 2020.

SDX sold its 12.75% working interest in South Ramadan, Egypt asset in November 2020, with an effective date of November 1, 2020

The proceeds received from these asset sales was US\$2.1 million.

## ***January 1, 2021 to December 31, 2021***

### *South Disouq, Egypt*

Throughout 2021, planned field management operations were carried out on several of the existing wells. In the early part of the year, workovers were conducted on the SD-1X and SD-4X wells. SD-1X was recompleted to the shallower AM-I formation from the AM-III formation. The SD-4X well was successfully worked over to reduce water and sand production from the AM-III formation. Since the workovers both wells have been producing in line with expectation with less water and sand.

In July 2021, the central processing facility was shut-in for 36 hours for scheduled maintenance and the asset returned to production as anticipated.

The planned drilling campaign was completed during the year. The first of the wells, the IY-2X development well on the Ibn Yunus Field, spud on June 28, 2021 and reached TD on July 9, 2021. IY-2X encountered gas in the basal Kafr El Sheikh formation and was tied-in and brought on production on August 12, 2021. IY-2X is currently producing at around 7 mmscf/d. The second well in the campaign was the HA-1X exploration well, on the Kafr El Sheikh Hanut prospect, which spud on August 4, 2021 and reached the target depth of 6,000ft on August 17, 2021. The primary target for HA-1X was the Basal Kafr El Sheikh sand at approximately 5,200 ft. It was discovered that the Basal Kafr El Sheikh sand had been eroded at this location and as a result, the well was plugged and abandoned.

The SD-12X and SD-1X were put on compression in August 2021 to maximize the recovery from these wells. Following a comprehensive assessment of its productive history, SD-12X is now expected to produce lower volumes than previously estimated.

*West Gharib, Egypt*

Much of the activity in the West Gharib concession during 2021 was centered around the planning and preparation for the aforementioned infill drilling campaign. The first well of the campaign, MSD-21 producer, was spud in October and reached TD in mid-December. MSD-21 was then completed, tied-in and brought on-line.

Eight well workovers across the concession were completed during 2021.

*Morocco*

During the early part of 2021, five wells were worked-over to known gas bearing horizons in the wells to maximize recovery from wells and to maintain supply to customers. During the spring/summer, SDX completed the first phase of its 2021 drilling campaign which consisted of three appraisal/development wells.

- OYF-3 spud on April 30, 2021 and reached TD at 1,183 metres MD on May 11, 2021. The main Guebbas reservoir target was thicker than expected and encountered a 5.2 metre net gas sand. The well also encountered a 1.7 metre net gas sand in a secondary zone that OYF-3 will produce from after depletion of the primary zone.
- KSR-17 spud on May 13, 2021 and reached TD at 1,848 metres MD on May 27, 2021. In the main Hoot reservoir, the well encountered a 5.3 metre net gas sand which was slightly thinner than expected, but with good reservoir properties.
- KSR-18 spud on May 30, 2021 and reached TD at 1,905 metres MD on June 14, 2021. Both predicted targets (Mid Guebbas and Main Hoot) were successfully encountered, with the shallower Mid Guebbas target comprising a 3.8-metre net gas sand and the Main Hoot target encountering a 13.9- metre net gas sand. As expected, the Main Hoot had been slightly depleted by production from a nearby well. Further to these zones, a third 5.5-metre net gas sand was encountered at the Base Guebbas.

All three wells have been tested, connected, and are now producing into SDX's infrastructure.

Late in 2021, the OYF-2 well was recompleted to the Upper Guebbas reservoir to fully exploit the reserves in the well. KSR-18, after depleting the Base Guebbas reservoir, was completed in the Main Hoot reservoir and brought back on to production.

Much of the work through the second half of 2021 focused on preparing for the second phase of the 2021 drilling campaign, which was to consist of two wells. The first well, KSR-19, was spud on November 16, 2021. In December 2021, SDX announced that due to operational issues affecting the drilling of the KSR-19 well and COVID-19 border restrictions impacting the mobilization of equipment and personnel into Morocco, the two well campaign was suspended.

***January 1, 2022 to June 29, 2022***

*South Disouq, Egypt*

In February 2022, SDX announced the disposal of 33% of the shares in the entity that holds its interests across its South Disouq concession for US\$5.5 million (the "**South Disouq Disposition**").

In South Disouq, the planned three-well campaign has been successfully completed with three discoveries being made. SD-5X has been brought online ahead of schedule and is now contributing to production and cash flow. SD-12 East is undergoing a pressure build up test and the testing of the MA-1X well commenced in June 2022.

*West Gharib, Egypt*

In West Gharib, three wells have been successfully completed with production already commenced from the MSD-21 and MSD-25 wells. The recently completed MSD-24 well is expected to commence production in early July 2022 and operations are continuing at the MSD-20 well.

## *Morocco*

In Morocco, preparations continue for the recommencement of the drilling campaign that was suspended in December 2021. The first of up to seven wells to be drilled in the next year is expected to spud in July 2022.

On May 25, 2022, Tenaz and SDX entered into the Co-operation Agreement and issued the Announcement in which they announced that they had reached agreement on the terms and conditions of a recommended share-for-share combination pursuant to which Tenaz will acquire all of the issued and to be issued ordinary shares of SDX. The Co-operation Agreement was subsequently amended by the parties on June 30, 2022. See “*Matters to be Considered at the Tenaz Meeting – Approval of the Tenaz Share Issuance Resolution*” in the main body of the Information Circular.

### **Competitive Conditions**

SDX operates in the highly competitive areas of oil and gas exploration, development and acquisition with a substantial number of other companies, including U.S.-based and foreign companies, doing business in Egypt and, to a lesser extent, in Morocco. SDX faces intense competition from both major and other independent oil and gas companies in seeking oil and gas exploration licences and production licences in Egypt and Morocco; and acquiring desirable producing properties or new leases for future exploration.

SDX believes it has significant in-country relationships within the business community and government authorities needed to obtain cooperation to execute projects.

### **Specialized Skill and Knowledge**

Given the nature of operations in the oil and gas industry SDX requires experienced professionals with specialized skills and knowledge to gather, interpret and process geological and geophysical data, design, drill and complete wells, and numerous additional activities required to explore for, and produce, oil and natural gas. This includes experienced professionals with specialist data analytical skills, mathematical and computer skills, and a solid knowledge of geological information, such as seismic and electromagnetic methods, and rock properties to assist in determining which areas should be explored, and which drilling methods will be most effective. In addition, SDX is dependent on senior management and directors of SDX in respect of governance, environmental social governance and health and safety risks, and all matters pertaining to SDX. SDX has employed a strategy of attracting key members of management and directors, and contracting consultants and other service providers to supplement the skills and knowledge of its permanent staff in order to provide the specialized skills and knowledge to undertake its oil and natural gas operations efficiently and effectively. There is no assurance that SDX will continue to attract or retain all personnel necessary for SDX’s business.

### **Cyclical Nature of the Industry**

SDX’s results and financial conditions over the medium- to long-term are linked to the price of oil and gas. Such prices may be volatile, as they are determined by certain factors, including weather, the demand for oil and gas and other global market factors. SDX currently has relatively low short-term exposure to oil and gas prices, as approximately 90% of its production is natural gas that is sold on longer-term, fixed-price contracts.

### **Key Agreements**

#### ***Block H Meseda Service Agreement***

The Block H Meseda Service Agreement was entered into between the General Petroleum Company (“GPC”) and Dublin Petroleum on June 8, 2009. The Block H Meseda Service Agreement was entered into pursuant to the Block H Meseda concession agreement and SDX Energy Inc. (through its subsidiary SDX Energy Egypt (Meseda) Limited) has a 50% participating interest in the EPSA by virtue of the EPSA deed of assignment which has been approved by GPC.

The contractors under the service agreement are Dublin Petroleum and SDX Energy Egypt (Meseda) Limited (each, a “**Contractor**” and together, the “**Contractors**”).

The Block H Meseda Service Agreement comprises of two parts: the exploration services agreement (the “ESA”) and the production services agreement (the “PSA”).

### ***Part 1: Exploration Services Agreement***

Pursuant to the terms of the ESA, in relation to the first exploration phase (three years) the Contractor has to commit at least US\$3.8 million to execute the following work program:

- acquire and process at least 68 km<sup>2</sup> of high resolution 3D seismic survey;
- conduct geological and geophysical interpretation program; and
- drill at least three exploration and/or appraisal wells.

The Contractor may elect to enter into the second exploration phase of two years subject to the fulfilment of the following conditions:

- completion of the work and financial obligations for the initial exploration phase (as set out above);
- relinquishment of 25% of the original area;
- commit to spend US\$2.5 million to execute the following work program;
  - conduct and update geological and geophysical interpretation program and execute integrated technical study in the area; and
  - drill at least two exploration and/or appraisal wells.

Whether or not the Contractor enters into the PSA for development and production of a discovery, the Contractor bears all exploration expenditures in the area and does not have any right to claim recovery of such expenditures from GPC.

The Contractor paid GPC a signature bonus of US\$1 million.

### **Part 2: Production Services Agreement**

Under the terms of the PSA, the Contractor gives notice of commercial discovery to GPC immediately after the discovery. GPC shall guarantee the approval of GPC and Minister of Petroleum to the development lease as soon as practically possible and which shall not be unreasonably withheld.

Under the terms of the PSA, the service fee due to the Contractor is variable related to the amount of oil produced and the export or sale price per barrel. There is no entitlement to a share of production under the PSA and neither SDX Energy Egypt (Meseda) Limited nor Dublin Petroleum is party to that agreement. The service fee is paid by GPC to the Contractor in accordance with the following:

- 0-1,000 bbl/d net amount of oil – 38.5%, of the export or sale price of the net amount of oil produced;
- more than 1,000 bbl/d net amount of oil – 38% of the export or sale price of the net amount of oil produced.

This aggregate service fee calculated on the basis of the above is then split equally between SDX Energy Egypt (Meseda) Limited and Dublin Petroleum as contractors.

Under the terms of the PSA the original operational period expired on November 9, 2021, but there was an option to extend it, with the approval of GPC, for a further 10 years.

On March 5, 2021, SDX announced that it had received final approval from the Egyptian authorities to extend the PSA governing its producing Meseda and Rabul oil fields in its West Gharib concession until November 9, 2031. The key terms of the extension were as follows:

- A commitment, irrespective of the Brent crude oil price, to drill six development wells by December 31, 2022 and one water injection well;
- If the Brent crude oil price reaches US\$55/bbl for twelve consecutive months during the extension period, four further development wells will be drilled during the extension period;

- If the Brent crude oil price reaches US\$60/bbl for twelve consecutive months during the extension period, two further development wells will be drilled during the extension period;
- Payment of a deferred signature bonus of US\$2.0 million (SDX's share being US\$1.0 million), with US\$1.0 million of this deferred bonus paid in monthly installments in the 12 months following the extension and the remaining US\$1.0 million paid in two installments of US\$0.5 million each on December 31, 2022 and December 31, 2023; and
- A further contingent bonus of up to US\$2.0 million (SDX's share being US\$1.0 million) would be payable if the Brent crude oil price reaches the following price points:
  - US\$75/bbl for a period of six months - a further US\$0.5 million is payable
  - US\$80/bbl for a period of six months - a further US\$0.5 million is payable
  - US\$85/bbl for a period of six months - a further US\$1.0 million is payable

The Contractor bears the cost of transporting all quantities of oil from the wells to the delivery point and maintains and operates the receiving pumps leading to the attached GPC receiving tank or tanks and is responsible for constructing the pump housing.

Under the PSA the following tariff fee is payable to GPC by the Contractor (Dublin Petroleum and SDX Energy (Meseda) Limited) in return for its services after delivery point in accordance with the following ratios:

- US\$1.32 for 38.5% of the first 1,000 bbl/d;
- US\$1.32 for 38% of the quantity from 1,000 to 3,000 bbl/d;
- US\$1.20 for 38% of the quantity from 3,000 to 6,000 bbl/d;
- US\$1.10 for 38% of the quantity from 6,000 to 10,000 bbl/d; and
- US\$0.88 for 38% of the quantity more than 10,000 bbl/d.

#### ***South Disouq Concession Agreement***

A concession agreement for gas and crude oil exploration and exploitation was entered into between Sea Dragon Energy Inc. and The Arab Republic of Egypt in relation to the South Disouq concession in 2014 (the “**South Disouq Concession Agreement**”) and subsequently assigned to Sea Dragon Energy Nile B.V. in 2015. Pursuant to the South Disouq Concession Agreement, SDX Energy Inc. (through its subsidiary Sea Dragon Energy Nile B.V.) has the rights for the exploration, development and production of oil, natural gas and liquefied petroleum gas in the South Disouq concession. Sea Dragon Energy Nile B.V. is the operator of the South Disouq concession (“**South Disouq Contractor**”).

The South Disouq Concession Agreement was ratified by the Egyptian Government on March 19, 2014.

#### ***Working interest***

Sea Dragon Energy Nile B.V. has a 55% working interest in the South Disouq and Ibn Yunus gas fields, and a 100% working interest in the Ibn Yunus North gas field. As a result of the South Disouq Disposition, SDX currently has a 67% ownership interest in Sea Dragon Energy Nile B.V., with the remaining 33% ownership interest held by Energy Flow Global Limited.

#### ***Principal fiscal terms***

Sea Dragon Energy Nile B.V. is entitled to a share of natural gas and liquefied petroleum gas produced under the South Disouq concession as follows:

- 25% if production is 500,000,000 SCFD and above;
- 27.5% if production level is between 250,000,000 and 500,000,000 SCFD;
- 30% of production level is between 100,000,000 and 250,000,000 SCFD; and
- 32.5% if production level is less than 100,000,000 SCFD.

According to the South Disouq Concession Agreement, all operational costs and expenses are borne by the South Disouq Contractor and are subject to cost recovery up to 25% of the production of the South Disouq Concession Agreement in accordance with its terms. Save for the operational costs, expenses and the bonuses (if applicable), no

other payments, whether rent or access of surface rights, are required to be paid by the South Disouq Contractor to EGAS.

Pursuant to the South Disouq Concession Agreement, cost recovery gas price and production sharing gas shall be agreed under the relevant gas sales agreement. The cost recovery and production shares of liquefied petroleum gas produced from a plant constructed and operated on behalf of the Contractor members and EGAS is separately valued for propane and butane in according to a specific formula under the South Disouq Concession Agreement, unless otherwise agreed between EGAS and the contractor members.

There are certain bonuses which shall be paid by the Contractor members to EGAS under the South Disouq Concession Agreement, namely;

- bonus of US\$4 million to be paid during the issuance of the South Disouq concession and its execution by the Minister of Petroleum;
- US\$25,000 upon the approval on each development block on the approval date of a development lease;
- US\$2 million upon the five years extension of any development lease;
- assignment bonus (only to third parties) equal 10% of the total financial commitments of the then current exploration period and according to the assigned percentage, if assignment is made during exploration period, 10% of the value of the assignment if assignment is made during production period, and both values if assignment is made during exploration period whilst a development lease is in place;
- US\$150,000 assignment bonus if assignment is made to a contractor member/affiliate;
- US\$250,000 training bonus (for EGAS employees) during any exploration period;
- production bonus which varies from US\$1 million to US\$4 million when the production reaches certain level (from 10,000 bbl/d to 25,000 bbl/d – or equivalent barrels of gas according to a specific formula) for 30 consecutive days.

The contractor members have to spend a minimum of US\$9 million during the initial exploration period (which expired on March 18, 2017) and shall carry out a 3D seismic scan of 300 km<sup>2</sup> of the concession area and to drill one exploratory well. During the extension of the additional exploration period (if any) the contractor members have to spend a minimum of US\$8 million and shall carry out a 3D seismic scan of 100 km<sup>2</sup> of the concession area and to drill two exploratory wells. Any excess expenditures during the first exploration period, excess seismic scans or excess in drilling wells during the initial exploration period shall reduce the obligations of the contractor members accordingly in the extension of the exploration period pursuant to the South Disouq concession.

#### *Extension*

The South Disouq exploration licence was awarded March 18, 2014. Phase 1 of the exploration licence ended on March 18, 2017, at which point, in compliance with the South Disouq Concession Agreement, the contractor members relinquished 35% of the South Disouq concession area (excluding any areas converted to development lease(s)). SDX then entered Phase 2 of the exploration stage which covered an additional period of 3 years to March 18, 2020. On January 2, 2019, as a result of drilling success in March 2017, a 25-year South Disouq development lease was granted over the South Disouq development area (which expires on January 2, 2039, with an option to extend by an additional 5 years).

Successful drilling in March 2018 then led to the award of the Ibn Yunus development lease on July 1, 2019, for a period of 20 years (initial expiry July 1, 2039, with an option to extend by an additional 5 years). The exploration licence expired on March 18, 2020, but SDX applied for and was awarded a 6 month extension to September 18, 2020 in order to complete drilling operations.

As a result of successful drilling in March 2020, the Ibn Yunus North development lease was awarded on August 21, 2020 for a period of 20 years (initial expiry August 21, 2040, with an option to extend by an additional 5 years). At the expiry of the original exploration licence, SDX applied for an extension over a selected area, which was awarded with an effective date of September 18, 2020 and will expire September 18, 2022. SDX has applied for a 6 month drilling extension for such area to March 18, 2023, which has yet to be approved. SDX is also in the process of applying for a development lease around the discovery made as a result of drilling in May 2022.

## **Commodity Prices**

SDX's operational and financial results are dependent on the prices received for oil and natural gas production. Although SDX currently has relatively low short-term exposure to oil and gas prices, as approximately 90% of its production is natural gas that is sold on longer-term, fixed-price contracts, any substantial and extended decline in the price of oil and natural gas would have an adverse effect on, among other things, SDX's revenues and financial condition. Commodity prices increased significantly in 2021 with the trend continuing into 2022.

## **Employees**

SDX directly employed 64 employees as at December 31, 2021.

## **Significant Acquisitions**

SDX has not completed any acquisition within 75 days prior to the date of the Information Circular that is a significant acquisition for the purposes of Part 8 of NI 51-102. In addition, there are no proposed acquisitions that have progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high and would be a significant acquisition for the purposes of Part 8 of NI 51-102 if completed as of the date of the Information Circular.

## **Recent Developments**

SDX has submitted a disbursement application for the first draw down of its credit facility with the European Bank of Reconstruction and Development ("**EBRD**"). Due to global macroeconomic circumstances, in recent months it has become more challenging to repatriate cash from SDX's Egyptian operations as restrictions have been placed on outgoing US dollar transfers by the Central Bank of Egypt. Although SDX has been able to repatriate some funds, the board of SDX has determined that, in order to meet planned working capital needs, it would now be prudent to draw down US\$2.5 million under the EBRD credit facility, to be repaid as soon as regular US dollar repatriations from Egypt resume. As at May 31, 2022, SDX Group's reported cash balance was US\$15.2 million and all ongoing and planned operations in Morocco and Egypt remain fully-funded from in-country cash flows and existing cash balances.

Following the initial draw down, SDX expects to have US\$3.2 million of available liquidity under the EBRD facility.

## **STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION**

For information concerning the reserves data and other oil and gas information, see the SDX Reserves Report, SDX Form 51-101F2 and SDX Form 51-101F3 incorporated by reference.

Note that the South Disouq Disposition was completed in February 2022. As such transaction occurred subsequent to December 31, 2021, the effect of such transaction would not be reflected in the oil and gas reserves data and other information presented in the SDX Reserves Report. For pro forma information regarding the reserves of the Combined Group following Completion, which reflect the South Disouq Disposition, see "*Pro Forma Information of Tenaz After Giving Effect to the Combination*" in the main body of the Information Circular.

## **DIVIDENDS**

SDX has not paid any dividends on the SDX Shares and does not intend to pay dividends on the SDX Shares in the foreseeable future. The declaration and payment of dividends remains at the discretion of the directors after taking into account a number of factors including, but not limited to, SDX's financial and operating results, anticipated current and future cash requirements, future opportunities and prospectus, general financial conditions, distributable reserves tests imposed by law and other factors deemed relevant.

The global trading environment has significantly changed over the past few months due to the war in Ukraine, as well as ongoing challenges presented by COVID-19, with the long-term impact on the market of these factors remaining unclear. In light of this, the directors continue to review the appropriateness of a dividend being made to shareholders and only intend to pay dividends when it is commercially prudent to do so, if at all.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

See the SDX Annual MD&A and SDX Interim MD&A incorporated by reference in this Information Circular, as well as the SDX Annual Report.

### CAPITALIZATION OF SDX

Since March 31, 2022, there has not been any material change in the share and loan capital of SDX, on a consolidated basis.

On May 31, 2022, SDX announced that it had cancelled 815,024 SDX Shares that had been held in trust since May 2019 for the benefit of non-claiming shareholders of SDX Energy Inc. under the plan of arrangement pursuant to which SDX completed its reorganization by acquiring all of the issued and outstanding common shares in the capital of SDX Energy Inc. in exchange for SDX Shares on a one-for-one basis.

### DESCRIPTION OF SHARE CAPITAL

The authorized share capital of SDX consists of an unlimited number of SDX Shares. As of the date hereof, there are 204,563,045 SDX Shares issued and outstanding.

Holders of SDX Shares are entitled to receive notice of, to attend and to one vote per share at a general meeting of shareholders of SDX, to receive dividends declared by SDX, and distribution rights on a winding up of SDX.

As of the date of this Information Circular, the total number of options to subscribe for SDX Shares was 7,130,318 which if exercised would represent approximately 3.5% of SDX's issued ordinary share capital as at that date (excluding treasury shares).

### PRIOR SALES

In the 12 months prior to the date hereof, no SDX Shares or securities convertible into SDX Shares have been issued.

### MARKET FOR SECURITIES

The SDX Shares trade on the AIM in the United Kingdom under the symbol "SDX". The following table sets forth the price range and trading volume of the SDX Shares on AIM as reported by the AIM for the periods indicated. On May 24, 2022, the last trading prior to the Announcement, the closing price of the SDX Shares on AIM was GBP£0.0825.

<b>Date</b>	<b>Price Range</b>		<b>Average Daily Trading Volume</b>
	<b>High (£)</b>	<b>Low (£)</b>	
<b>2021</b>			
June	0.1675	0.1500	221,893
July	0.1600	0.1463	130,292
August	0.1575	0.1025	583,047
September	0.1080	0.0970	319,664
October	0.1175	0.0950	289,898
November	0.1150	0.0900	327,244
December	0.1000	0.0750	505,126
<b>2022</b>			
January	0.1140	0.0960	578,545
February	0.0960	0.0792	507,042
March	0.0875	0.0760	698,059
April	0.0840	0.0705	633,576
May	0.0950	0.0780	1,082,462
June (1 to 29)	0.0955	0.0885	631,951

## ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of the date of the Information Circular, no securities of SDX are held in escrow or subject to any contractual restrictions on transfer.

### PRINCIPAL SHAREHOLDERS

The following table sets forth, to the best of the knowledge of SDX as of the date hereof, the persons, corporations or other entities (other than securities depositories) who beneficially own, directly or indirectly, exercise control or direction over voting securities, or have a combination of direct or indirect beneficial ownership of and control or direction over the voting rights carrying more than 10% of the voting rights attached to the SDX Shares.

<u>Name and Municipality of Residence</u>	<u>Number of SDX Shares</u>	<u>Percentage of SDX Shares</u>
SDX SPV Limited / Waha Capital London, United Kingdom	38,301,803	18.72% <sup>(1)</sup>
River and Mercantile Asset Management LLP London, United Kingdom	20,500,000	10.02% <sup>(2)</sup>

**Notes:**

- (1) Approximately 18.09% of the SDX Shares on a fully-diluted basis.  
 (2) Approximately 9.68% of the SDX Shares on a fully-diluted basis.

As of the date of this Information Circular, after giving effect to the Combination and assuming that no elections are made for the Cash Alternative, SDX SPV Limited and River and Mercantile Asset Management LLP would own 2,872,635 and 1,537,500 shares of the Combined Group, respectively (approximately 6.52% and 3.47%, respectively, on a non-diluted basis or approximately 6.23% and 3.34%, respectively, on a fully-diluted basis).

### DIRECTORS AND OFFICERS

***Name, occupation and security holding***

The following table sets forth, in respect of each director and executive officer of SDX, the city and country of residence, the period during which each has served as a director, all positions currently held with SDX, principal occupation and the approximate number and percent of SDX Shares beneficially owned, controlled or directed, directly or indirectly, as of the date of this Information Circular.

Name and City and Country of Residence	Date Since Served as a Director <sup>(1)</sup>	Office or Position	Present Principal Occupation	Number and Percent of SDX Shares Beneficially Owned, or Controlled or Directed
Michael Edmond Doyle <sup>(2)(3)(5)</sup>  Calgary, Alberta, Canada	May 28, 2019	Non-Executive Chairman and Director	Non-Executive Chairman and Director of SDX or its predecessor since October 1, 2015. Prior thereto Chairman and Director of Madison PetroGas from its inception in 2003 until September 30, 2015. Mr. Doyle is also a Director of CanPetro International Ltd., Richmond Road Capital Corp. and Colson Capital Corp.	2,169,669  1.06%
Mark Reid  London, U.K.	March 20, 2019	Chief Executive Officer and Director	Chief Executive Officer and Director of SDX since March 20, 2019, having previously served as Chief Financial Officer and Director of SDX's predecessor since November 13, 2015. Mr. Reid was CFO and Director of Chariot Oil and Gas Limited from April 2012 to May 2015, and CFO and Director of Aurelian Oil and Gas PLC from September 2009 to April 2012.	692,897  0.34%

Nicholas James Box  London, U.K.	November 12, 2019	Chief Financial Officer and Director	Chief Financial Officer and Director of SDX since November 12, 2019. Prior to joining SDX as Group Financial Controller in 2016, Mr. Box worked for PwC in the UK, Australia, and Mongolia, primarily in the natural resources sector.	97,261  0.05%
Timothy James Thornton Linacre <sup>(2)(4)(5)</sup>  London, U.K.	May 28, 2019	Non- Executive Director	Non-Executive Director of SDX or its predecessor since June 29, 2018. Mr. Linacre has been Deputy Chairman of Instinctif Partners, a leading business communications firm, since March 2021, and previously held positions of Managing Director from 2016 until September 2019 and Chief Executive from September 2019 until March 2021. He has also been the Chairman of Frenkel Topping plc, a specialist financial advisory firm listed on AIM since June 2021. He has worked in London, U.K. for over four decades in investment banking, stockbroking and business communications, advising a range of businesses in a variety of sectors.	160,000  0.08%
Catherine Elizabeth Ann Stalker <sup>(2)(4)(5)</sup>  London, U.K.	February 6, 2020	Non- Executive Director	Non-Executive Director of SDX since February 6, 2020. Ms. Stalker has worked in various roles at Independent Audit Limited, a leading board evaluation firm, since September 2014, advancing from an associate to director to her current position as partner, which she has held since June 2020. She has been on the board of PUMB, a Ukrainian retail bank, since December 2018 and previously served as a director of DTEK Grids BV (from September 2018 to March 2022) and DTEK Energy BV (from March 2011 to May 2021), subsidiaries of a Dutch energy company with vertically integrated assets in Ukraine.	111,359  0.05%
Mohamed Farid  Cairo, Egypt	N/A	Country Manager – Egypt	Mr. Farid was appointed Country Manager of Egypt of SDX on March 3, 2019. Prior thereto, Mr Farid was the CEO of Rally Energy Corporation, an oil and gas exploration, development and production company with its primary operations in Egypt. Mr. Farid held such role from 2008 until joining SDX in 2019. In such role, Mr. Farid managed a total investment of US\$1.5 billion with assets in Egypt, Sudan and Pakistan. Mr. Farid has 28 years of experience, the majority of which is in oil and gas (upstream & downstream), having worked for British Gas and BP in Africa, Europe, Asia and the Middle East where he acquired significant exposure to M&A in the energy sector.	Nil
Yvon Quillien  Souissi- Rabat Kingdom of Morocco	N/A	Country Manager – Morocco	Mr. Quillien was appointed Country Manager of Morocco of SDX on March 16, 2022. Prior thereto, Mr. Quillien was the Head of Exploration and Production of Philia SA, an Africa focused oil and gas company based in Geneva Switzerland. Mr. Quillien held such role from 2017 until 2021. Mr Quillien is a petroleum engineer who has worked in the E&P industry for over 35 years (30 years with Shell International), including positions in Senegal, Nigeria, Gabon, Congo Brazzaville, the Netherlands, USA, Malaysia, the UK and Kazakhstan.	Nil

**Notes:**

- (1) Indicates date appointed as a director of SDX. Prior to their appointments as directors of SDX, Messrs. Doyle, Reid, and Linacre were appointed as directors of SDX Energy Inc., the previous holding company of the group.
- (2) Member of the Audit Committee.
- (3) Member of the Reserves Committee.
- (4) Member of the Remuneration Committee.
- (5) Member of the Nominations Committee.

As of the date of this Information Circular, the number and percentage of SDX Shares beneficially owned, or controlled or directed, directly or indirectly, by all directors and executive officers of SDX as a group is 3,231,186 and 1.58%, on a non-diluted basis.

***Cease trade orders, bankruptcies, penalties or sanctions***

No director or executive officer of SDX is, as at the date of this Information Circular, or has been, within the preceding 10 years, a director, chief executive officer or chief financial officer of any corporation (including SDX) that: (i) while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (ii) was subject to a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer.

Except as described below, no proposed director or executive officer of SDX is, as at the date of this Information Circular, or has been, within the preceding 10 years, a director or executive officer of any corporation (including SDX) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Michael Doyle was a director of Brevia Energy Inc., an Alberta oil and gas producer, which entered into a voluntary receivership in January 2016 as a result of financial difficulties.

No director or executive officer of SDX has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets.

No director or executive officer of SDX has been subject to any: (a) penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in deciding whether to vote for a proposed director.

***Conflicts of interest***

There are potential conflicts of interest to which some of the directors and officers of SDX or a subsidiary of SDX will be subject in connection with the operations of SDX. Situations may arise where some of the business activities of the directors and officers will be in direct competition with SDX. In particular, certain directors and officers of SDX will be in managerial or director positions with other oil and gas companies, whose operations may, from time to time, provide financing to, or make equity investments in, competitors of SDX. Conflicts, if any, will be subject to the provisions relating to conflicts of interest under the articles of association of SDX.

**EXECUTIVE COMPENSATION**

For information concerning executive compensation of directors and executive officers, see the SDX Information Circular incorporated by reference.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

As of the date hereof, no director, executive officer, employee or former director, executive officer or employee of SDX or any of its subsidiaries, or any associate of any such person is now, or has been at any time since the beginning of the most recently completed financial year, indebted to SDX, any of its subsidiaries, or any other entity whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by SDX or any of its subsidiaries.

## **AUDIT COMMITTEE DISCLOSURE**

For information concerning the audit committee, see Appendix B of the SDX Information Circular incorporated by reference.

## **CORPORATE GOVERNANCE DISCLOSURE**

For information concerning corporate governance, see Appendix C of the SDX Information Circular incorporated by reference.

## **RISK FACTORS**

**An investment in the SDX Shares is subject to certain risks.** All statements regarding SDX's business should be viewed in light of these risk factors. Such information does not purport to be an exhaustive list. If any of the identified risks were to materialize, SDX's business, financial position, results and/or future operations may be materially affected. Additional risks and uncertainties not presently known to SDX, or which SDX currently deems immaterial, may also have an adverse effect upon SDX.

SDX continuously monitors and assesses its risks across the organization. Risk registers are maintained at the SDX Group, country, and project level. At the SDX Group level, each risk is managed by a member of the executive committee, and owned by either an executive director, or the board, as appropriate. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with the SDX's business and the oil and natural gas business generally.

### **Input Costs for Materials and Services**

Historically, SDX's capital and operating costs have risen during periods of increasing commodity prices. These cost increases result from a variety of factors beyond SDX's control. Increased levels of drilling activity in the petroleum industry in recent periods has led to increased costs of certain drilling equipment, materials and supplies. Such costs may rise faster than increases in SDX 's revenue, thereby negatively affecting its profitability, cash flow and ability to complete development activities as scheduled and on budget.

Future oil and natural gas exploration may involve unprofitable efforts from dry wells as well as from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completing, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, and shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow levels to varying degrees.

### **Inflation and Cost Management**

SDX's operating costs could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, commodity prices, and additional government intervention through stimulus spending or additional regulations. SDX's inability to manage costs may impact project returns and future development decisions, which could have a material adverse effect on its financial performance and cash flows.

The cost or availability of oil and gas field equipment may adversely affect SDX's ability to undertake exploration, development and construction projects. The oil and gas industry is cyclical in nature and is prone to shortages of supply of equipment and services including drilling rigs, geological and geophysical services, engineering and construction services, major equipment items for infrastructure projects and construction materials generally. These materials and services may not be available when required at reasonable prices. A failure to secure the services and

equipment necessary to SDX's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on SDX's financial performance and cash flows.

### **Project Risks**

Project interruptions may delay expected revenues from operations. Significant project cost overruns could make a project uneconomic. SDX's ability to execute projects and to market oil and natural gas depends upon numerous factors beyond its control, including:

- availability of processing capacity;
- availability and proximity of pipeline capacity;
- availability of storage capacity;
- availability of, and the ability to acquire, water supplies needed for drilling, and waterfloods or SDX's ability to dispose of water used or removed from strata at a reasonable cost and in accordance with applicable environmental regulations;
- effects of inclement and severe weather events, including fire, drought and flooding;
- availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- regulatory changes;
- availability and productivity of skilled labour; and
- regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, SDX could be unable to execute projects on time, on budget, or at all.

### **Egypt Government Credit Risk**

SDX is and may in the future be exposed to third party credit risk through its contractual arrangements with the Government of Egypt. Significant changes in the crude oil industry, including fluctuations in the commodity prices and economic conditions, environmental regulations, government policy, royalty rates and other geopolitical factors, could adversely affect SDX's ability to realize the full value of its accounts receivable from the Government of Egypt. While the Government of Egypt has made regular payments on these amounts owing, the timing of these payments has historically been longer than normal industry standard. The receivable balance due from the Egyptian Government has been reduced to a manageable level as a result of continued payments from the Egyptian Government. However, there remains a balance due from the Egyptian Government, and there can be no assurance that future payments will occur on a more-timely basis or occur at all. In the event the Government of Egypt fails to meet its obligation, such failures could materially adversely affect SDX's financial and operational results.

### **Changing Investor Sentiment**

A number of factors, including the effects of the use of hydrocarbons on climate change, the impact of oil and natural gas operations on the environment and environmental damage relating to spills of petroleum products during production and transportation, have affected certain investors' sentiments towards investing in the oil and natural gas industry. As a result of these concerns, some institutional, retail and governmental investors have announced that they no longer are willing to fund or invest in oil and natural gas properties or companies, or are reducing the amount thereof over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust social, environmental and governance policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the SDX board, management and employees of SDX. Failing to implement the policies and practices, as requested by institutional investors, may result in such investors reducing their investment in SDX, or not investing in SDX at all. Any reduction in the investor base interested or willing to invest in the oil and natural gas industry and more specifically, SDX, may result in limiting SDX's access to capital, increasing the cost of capital, and decreasing the price and liquidity of SDX's securities even if SDX's operating results, underlying asset values or prospects have not changed.

### **Risks Relating to Reserves Estimates**

There are numerous uncertainties inherent in estimating reserves and the future cash flows attributed to such reserves. The reserves and associated cash flow information incorporated by reference herein are estimates only. Generally, estimates of economically recoverable oil and natural gas reserves (including the breakdown of reserves by product type) and the future net cash flows from such estimated reserves are based upon a number of variable factors and assumptions, such as:

- historical production from properties;
- production rates;
- ultimate reserve recovery;
- timing and amount of capital expenditures;
- marketability of oil and natural gas;
- royalty rates; and
- the assumed effects of regulation by governmental agencies and future operating costs (all of which may vary materially from actual results).

For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times may vary. SDX's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates and such variations could be material.

The estimation of proved reserves that may be developed and produced in the future is often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas are often estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

In accordance with applicable securities laws, SDX's independent reserves evaluator has used forecast prices and costs in estimating the reserves and future net cash flows as summarized by the documents incorporated herein. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and cash flows derived from SDX's oil and natural gas reserves will vary from the estimates contained in the reserves evaluation, and such variations could be material. The reserves evaluation is based in part on the assumed success of activities SDX intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom and contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific effective date and, except as may be specifically stated, has not been updated and therefore does not reflect changes in SDX's reserves since that date.

### **Exploration, Development and Production Risks**

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of SDX depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, SDX's existing reserves, and the production from them, will decline over time as SDX produces from such reserves. A future increase in SDX's reserves will depend on both the ability of SDX to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance that SDX will be able to continue to find satisfactory properties to acquire or participate in. Moreover, management of SDX may determine that current markets, terms of acquisition, participation or pricing conditions make potential acquisitions or participation uneconomic. There is also no assurance that SDX will discover or acquire further commercial quantities of oil and natural gas.

Future oil and natural gas exploration may involve unprofitable efforts from dry wells or from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completing, operating and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion and operating costs.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, shut-ins of wells resulting from extreme weather conditions, insufficient storage or transportation capacity or geological and mechanical conditions. While diligent well supervision, effective maintenance operations and the development of enhanced oil recovery technologies can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment and cause personal injury or threaten wildlife. Particularly, SDX may explore for and produce sour gas in certain areas. An unintentional leak of sour gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to SDX.

Oil and natural gas production operations are also subject to geological and seismic risks, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on SDX's business, financial condition, results of operations and prospects.

As is standard industry practice, SDX is not fully insured against all risks, nor are all risks insurable. Although SDX maintains liability insurance and business interruption insurance in an amount that it considers consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered.

### **Global Political Uncertainty**

SDX's results can be adversely impacted by political, legal, or regulatory developments in the countries in which it operates and elsewhere that affect local operations and local and international markets. Changes in government, government policy or regulations, changes in law or interpretation of settled law, third-party opposition to industrial activity generally or projects specifically, and duration of regulatory reviews could impact SDX's existing operations and planned projects. This includes actions by regulators or other political actors to delay or deny necessary licenses and permits for SDX's activities or restrict the operation of third-party infrastructure that SDX relies on. Additionally, changes in environmental regulations, assessment processes or other laws may increase the cost of compliance or reduce or delay available business opportunities and adversely impact SDX's results.

Other government and political factors that could adversely affect SDX's financial results include increases in taxes or government royalty rates (including retroactive claims) and changes in trade policies and agreements. Further, the adoption of regulations mandating efficiency standards, and the use of alternative fuels or uncompetitive fuel components could affect SDX's operations. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources, and the success of these initiatives may decrease demand for SDX's products.

### **Russian Ukrainian Conflict**

In February 2022, Russian military forces invaded Ukraine. In response, Ukrainian military personnel and civilians are actively resisting the invasion. Many countries throughout the world have provided aid to the Ukraine in the form of financial aid and in some cases military equipment and weapons to assist in their resistance to the Russian invasion. The North Atlantic Treaty Organization ("NATO") has also mobilized forces to NATO member countries that are close to the conflict as deterrence to further Russian aggression in the region. The outcome of the conflict is uncertain and is likely to have wide-ranging consequences on the peace and stability of the region and the world economy.

In addition, certain countries including Canada and the United States, have imposed strict financial and trade sanctions against Russia, which sanctions may have far reaching effects on the global economy. Russia is a major exporter of oil and natural gas. Disruption of supplies of oil and natural gas from Russia could cause a significant worldwide supply shortage of oil and natural gas and have a significant impact on worldwide prices of oil and natural gas. A lack of supply and high prices of oil and natural gas could have a significant adverse impact on the world economy. The long-term impacts of the conflict and the sanctions imposed on Russia remain uncertain.

### **Prices, Markets and Marketing**

Oil and natural gas prices may be volatile for a variety of reasons including market uncertainties over the supply and demand of these commodities due to the current state of the world economies, the ongoing COVID-19 pandemic, OPEC actions, political uncertainties, sanctions imposed on certain oil producing nations by other countries and conflicts in the Middle East. Prices for oil and natural gas are also subject to the availability of foreign markets and SDX's ability to access such markets. A material decline in prices could result in a reduction of SDX's net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes and the value of SDX's reserves. SDX might also elect not to produce from certain wells at lower prices. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on SDX's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on SDX's business, financial condition, results of operations and prospects.

Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for, and project the return on, acquisitions and development and exploitation projects.

SDX is somewhat insulated from short-term fluctuations in the price of natural gas, as all of its natural gas production is sold via long-term fixed-price contracts.

### **Additional Funding Requirements**

SDX's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times and, from time to time, SDX may require additional financing in order to carry out its oil and natural gas acquisition, exploration and development activities. Failure to obtain financing on a timely basis could cause SDX to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce its operations. Due to the conditions in the oil and natural gas industry and/or global economic and political volatility, SDX may, from time to time, have restricted access to capital and increased borrowing costs. The current conditions in the oil and natural gas industry have negatively impacted the ability of oil and natural gas companies to access, or the cost of, additional financing.

As a result of global economic and political conditions and the domestic lending landscape, SDX may, from time to time, have restricted access to capital and increased borrowing costs. Failure to obtain suitable financing on a timely basis could cause SDX to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If SDX's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect SDX's ability to expend the necessary capital to replace its reserves or to maintain its production. To the extent that external sources of capital become limited, unavailable or available on onerous terms, SDX's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result. In addition, the future development of SDX's petroleum properties may require additional financing and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms. Alternatively, any available financing may be highly dilutive to shareholders. Failure to obtain any financing necessary for SDX's capital expenditure plans may result in a delay in development or production on SDX's properties.

SDX anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. As future capital expenditures will be financed out of cash generated from operations, borrowings and possible future equity sales, SDX's ability to do so is dependent on, among other factors:

- the overall state of the capital markets;
- SDX's credit rating (if applicable);

- commodity prices;
- interest rates;
- royalty rates;
- tax burden due to current and future tax laws; and
- investor appetite for investments in the energy industry and SDX's securities in particular.

Further, if SDX's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. The conditions in, or affecting, the oil and natural gas industry have negatively impacted the ability of oil and natural gas companies, including SDX, to access additional financing and/or the cost thereof. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to SDX. SDX may be required to seek additional equity financing on terms that are highly dilutive to shareholders. The inability of SDX to access sufficient capital for its operations could have a material adverse effect on SDX's business financial condition, results of operations and prospects.

### **Foreign Jurisdiction Risk**

SDX's current production is located in Egypt and Morocco. As such, and in addition to the specific political risks mentioned above, SDX is subject to political, economic, and other uncertainties, including, but not limited to, expropriation of property without fair compensation, changes in energy policies or the personnel administering them, a change in oil or natural gas pricing policy, the actions of national labour unions, nationalization, currency fluctuations and devaluations, renegotiation or nullification of existing concessions and contracts, exchange controls and royalty and tax increases and retroactive tax claims, investment restrictions, import and export regulations and other risks arising out of foreign governmental sovereignty over the areas in which SDX's operations are conducted, as well as risks of loss due to civil strife, acts of war, terrorist activities and insurrections, economic sanctions, the imposition of specific drilling obligations and the development and abandonment of fields.

SDX's operations may also be adversely affected by laws and policies of Egypt and Morocco affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with SDX's operations in Egypt and/or Morocco, SDX may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons, especially foreign oil ministries and national oil companies, to the jurisdictions of UK courts or enforcing UK judgments in such other jurisdictions. SDX may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, SDX's exploration, development and production activities in Egypt and Morocco could be substantially affected by factors beyond SDX's control, any of which could have a material adverse effect on SDX.

If SDX's operations are disrupted and/or the economic integrity of its projects are threatened for unexpected reasons, its business may be harmed. These unexpected events may be due to technical difficulties, operational difficulties which impact the production, transport or sale of SDX's products, security risks related to terrorist activities and insurrections, difficult geographic and weather conditions, unforeseen business reasons or otherwise. Prolonged problems may threaten the commercial viability of its operations.

### **Share Price Volatility and Liquidity**

The trading price of the securities of oil and natural gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of the issuers involved. Factors unrelated to SDX's performance could include macroeconomic developments globally, commodity prices, and/or current perceptions of the oil and natural gas market. In recent years, the volatility of commodities has increased due, in part, to the implementation of computerized trading and the decrease of discretionary commodity trading. In addition, the volatility, trading volume and share price of issuers have been impacted by increasing investment levels in passive funds that track major indices, as such funds only purchase securities included in such indices. Similarly, the market price of the SDX Shares could be subject to significant fluctuations in response to variations in SDX's operating results, financial condition, liquidity and other internal factors. Accordingly, the price at which the SDX Shares will trade cannot be accurately predicted.

## **Management of Growth**

SDX may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls. The ability of SDX to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. If SDX is unable to deal with this growth, it may have a material adverse effect on SDX's business, financial condition, results of operations and prospects.

## **Failure to Realize Anticipated Benefits of Acquisitions and Dispositions**

SDX considers acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and SDX's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of SDX. The integration of acquired businesses and assets may require substantial management effort, time and resources diverting management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided by third parties and the resources required to provide such services. In this regard, non-core assets may be periodically disposed of so SDX can focus its efforts and resources more efficiently. Depending on the market conditions for such non-core assets, certain non-core assets of SDX may realize less on disposition than their carrying value on the financial statements of SDX.

## **Operating Risks**

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property, the environment and personal injury. If any of these types of events were to occur, they could result in failure to discover hydrocarbons and if discovered delay in or loss of production, environmental damage, injury to persons or loss of life. They could also result in significant delays to drilling programs, a partial or total shutdown of operations, significant damage to equipment owned or used by SDX and personal injury, wrongful death or other claims related to loss being brought against SDX. These events could result in SDX being required to take corrective measures, incurring significant civil liability claims, significant fines or penalties as well as criminal sanctions potentially being enforced against SDX and/or its officers. SDX may also be required to curtail or cease operations on the occurrence of such events. Any of the above could have a material adverse effect on SDX's business, prospects, financial condition or results of operations.

Whilst SDX intends to implement certain policies and procedures to identify and mitigate such hazards, develop appropriate work plans and approvals for high-risk activities and prevent accidents from occurring, these procedures may not be sufficiently robust or appropriately followed by SDX's staff or third-party contractors to prevent accidents. Particularly, SDX may explore for and produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to SDX.

Oil and natural gas drilling and production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on SDX's business, financial condition, results of operations and prospects.

## **Climate Change**

### ***Chronic Climate Change Risks***

Global climate issues continue to attract public and scientific attention. Numerous reports, including reports from the Intergovernmental Panel on Climate Change, have engendered concern about the impacts of human activity, especially hydrocarbon combustion, on global climate issues. In turn, increasing public, government, and investor attention is being paid to global climate issues and to emissions of GHG, including emissions of carbon dioxide and methane from the production and use of oil, liquids and natural gas. The majority of countries across the globe have agreed to reduce

their carbon emissions in accordance with the Paris Agreement. As discussed below, SDX faces both transition risks and physical risks associated with climate change and climate change policy and regulations.

### ***Transition risks***

Foreign and domestic governments continue to evaluate and implement policy, legislation, and regulations focused on restricting emissions commonly referred to as GHG emissions and promoting adaptation to climate change and the transition to a low-carbon economy. It is not possible to predict what measures foreign and domestic governments may implement in this regard, nor is it possible to predict the requirements that such measures may impose or when such measures may be implemented. However, international multilateral agreements, the obligations adopted thereunder and legal challenges concerning the adequacy of climate-related policy brought against foreign and domestic governments may accelerate the implementation of these measures. Given the evolving nature of climate change policy and the control of GHG emissions and resulting requirements, including carbon taxes and carbon pricing schemes implemented by varying levels of government, it is expected that current and future climate change regulations will have the effect of increasing SDX's operating expenses, and, in the long-term, potentially reducing the demand for oil, liquids, natural gas and related products, resulting in a decrease in SDX's profitability and a reduction in the value of its assets.

Claims have been made against certain energy companies alleging that GHG emissions from oil and natural gas operations constitute a public nuisance under certain laws or that such energy companies provided misleading disclosure to the public and investors of current or future risks associated with climate change. As a result, individuals, government authorities, or other organizations may make claims against oil and natural gas companies, including SDX, for alleged personal injury, property damage, or other potential liabilities. While SDX is not a party to any such litigation or proceedings, it could be named in actions making similar allegations. An unfavorable ruling in any such case could adversely affect the demand for and price of securities issued by SDX, impact its operations and have an adverse impact on its financial condition.

Given the perceived elevated long-term risks associated with policy development, regulatory changes, public and private legal challenges, or other market developments related to climate change, there have also been efforts in recent years affecting the investment community, including investment advisors, sovereign wealth funds, banks, public pension funds, universities and other institutional investors, promoting direct engagement and dialogue with companies in their portfolios on climate change action (including exercising their voting rights on matters relating to climate change) and increased capital allocation to investments in low-carbon assets and businesses while decreasing the carbon intensity of their portfolios through, among other measures, divestments of companies with high exposure to GHG-intensive operations and products. Certain stakeholders have also pressured insurance providers and commercial and investment banks to reduce or stop financing, and providing insurance coverage to oil and natural gas and related infrastructure businesses and projects. The impact of such efforts require SDX's management to dedicate significant time and resources to these climate change-related concerns, may adversely affect SDX's operations, the demand for and price of SDX's securities and may negatively impact SDX's cost of capital and access to the capital markets.

### ***Physical risks***

Based on SDX's current understanding, the potential physical risks resulting from climate change are long-term in nature and associated with a high degree of uncertainty regarding timing, scope, and severity of potential impacts. Many experts believe global climate change could increase extreme variability in weather patterns such as increased frequency of severe weather, rising mean temperature and sea levels, and long-term changes in precipitation patterns. Extreme hot and cold weather, storms and other extreme weather conditions may restrict SDX's ability to access its properties and cause operational difficulties including damage to equipment and infrastructure. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions.

### **Adverse General Economic, Business and Industry Conditions**

The demand for energy, including crude oil, natural gas liquids and natural gas, is generally linked to broad-based economic activities. If there was a slowdown in economic growth, an economic downturn or recession or other adverse economic or political development in the United States, Europe or Asia, there could be a significant adverse effect on global financial markets and commodity prices. In addition, continued hostilities in the Middle East and the occurrence or threat of terrorist attacks in the United States or other countries could adversely affect the global economy. Global

or national health concerns, including the outbreak of pandemic or contagious diseases, such as the recent COVID-19 (coronavirus), may adversely affect SDX by (i) reducing global economic activity thereby resulting in lower demand for crude oil, natural gas liquids and natural gas, (ii) impairing its supply chain (for example, by limiting the manufacturing of materials or the supply of services used in SDX operations), and (iii) affecting the health of its workforce, rendering employees unable to work or travel. These and other factors disclosed elsewhere herein would ultimately have an adverse impact on SDX's results of operations and cash flow.

## **Competition**

The petroleum industry is competitive in all of its phases. SDX competes with numerous other entities in the exploration, development, production and marketing of oil and natural gas. SDX's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of SDX. Some of these companies not only explore for, develop and produce oil and natural gas, but also carry on refining operations and market oil and natural gas on an international basis. As a result of these complementary activities, some of these competitors may have greater and more diverse competitive resources to draw on than SDX. SDX's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price, process, and reliability of delivery and storage.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

To the knowledge of SDX, there are no outstanding legal proceedings material to SDX to which SDX or its subsidiaries are, or were a party to, or that any of their respective properties are or were the subject of, since the beginning of the most recently completed financial year, nor are there any such proceedings known to be contemplated.

Within the three recently completed financial years there were: (i) no penalties or sanctions imposed against SDX or its subsidiaries by a court relating to securities legislation or by a securities regulatory authority; and (ii) no settlement agreements that SDX or its subsidiaries entered into with a court relating to securities legislation or with a securities regulatory authority. In addition, there are no other penalties or sanctions imposed by a court or regulatory body against SDX or its subsidiaries that would likely be considered important to a reasonable investor in making an investment decision.

## **INTERESTS OF MANAGEMENT AND INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as set forth below, none of SDX's directors or executive officers or companies or persons that beneficially own, control or direct, directly or indirectly, or a combination of both, more than 10% of the shares of SDX, or any of their respective associates and affiliates, has any material interest in any transaction SDX since the commencement of SDX's last financial year or in any proposed transaction which has materially affected or would materially affect SDX.

## **The Combination**

### ***Ownership of SDX Shares and SDX Options***

As at the Latest Practicable Date, the SDX Directors as of the time of the Announcement, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of approximately 5,040,636 SDX Shares, representing, in aggregate, approximately 2.45% of the issued and outstanding SDX Shares as at the Latest Practicable Date. Pursuant to irrevocable undertakings, the SDX Directors who hold SDX Shares have irrevocably undertaken to vote in favour of the Scheme at the SDX Court Meeting and in favour of the SDX Resolutions to be proposed at the SDX General Meeting.

All of the SDX Shares held by SDX Directors as of the time of the Announcement will be treated in the same fashion under the Scheme as SDX Shares held by any other SDX Shareholder. If the Combination is completed and assuming that no SDX Shareholders elect the Cash Alternative, the SDX Directors as of the time of the Announcement will receive, in exchange for such SDX Shares, an aggregate of approximately 378,047 Tenaz Shares.

As of the Latest Practicable Date, the SDX Directors as of the time of the Announcement and executive officers of SDX, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of

approximately 4,726,660 SDX Options, of which 582,815 were vested and 4,143,845 were unvested. It is the intention of SDX's remuneration committee that 50% of all unvested awards outstanding as of the Latest Practicable Date will be determined as fully vested on the date of the Scheme Court Order (to the extent they do not become fully vested in accordance with their terms between the Latest Practicable Date and the date of the Court Order). Vested SDX Options granted under the SDX Share Option Schemes will be exercisable until six months (or, in the case of the SDX CSOP, twenty days) after the Effective Date (unless they lapse earlier under the terms of the SDX Share Option Schemes).

### ***Board Nominees and Consultant Agreements***

Certain key members of the SDX management team will continue to have an ongoing, or in some cases, a temporary role in the Combined Group. Subject to Completion and election at the Tenaz Meeting, Michael Doyle and Catherine Stalker will be appointed as non-executive directors of Tenaz. Two members of the SDX management team, Mark Reid and Nick Box will continue as consultants to Tenaz for a period of up to six months from Completion. Each will receive a fixed fee equal to 50% of their current annual base salaries in respect of their half-year of services. Rothschild and Co. has confirmed that, in its opinion, the terms of the consultancy arrangements with Mark Reid and Nick Box are fair and reasonable so far as the other SDX shareholders are concerned. It is expected that the SDX Directors will step down from the SDX board upon Completion.

### ***Settlement Agreement with Mark Reid***

On May 25, 2022, SDX and Mark Reid entered into a settlement agreement in relation to the termination of Mr. Reid's employment with SDX following Completion. Under the terms of that agreement, Mr. Reid shall be engaged as a consultant to SDX on and from the Effective Date and as a result, his employment with SDX will terminate. If the Scheme does not become Effective, Mr. Reid will continue to be employed as Chief Executive Officer of SDX.

On the Effective Date, SDX shall pay Mr. Reid £300,000 in lieu of the twelve-month notice period under his service agreement. SDX shall also pay Mr. Reid a bonus of £75,000, being 25% of his annual base salary, as agreed with SDX in November 2021.

### ***Settlement Agreement with Nick Box***

On May 25, 2022, SDX and Nick Box entered into a settlement agreement in relation to the termination of Mr. Box's employment with SDX following Completion. Under the terms of that agreement, Mr. Box shall be engaged as a consultant to SDX on and from the Effective Date and as a result, his employment with SDX shall cease. If the Scheme does not become Effective, Mr. Box employment will continue to be employed as Chief Financial Officer of SDX.

On the Effective Date, SDX shall pay Mr. Box £157,500 in lieu of the twelve-month notice period under his service agreement. SDX shall also pay Mr. Box a bonus of £39,375, being 25% of his annual base salary, as agreed with SDX in November 2021.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of SDX are PricewaterhouseCoopers LLP, Chartered Professional Accountants and Statutory Auditors, 1 Embankment Place, London, WC2N 6RH, United Kingdom. The transfer agent and registrar for SDX is Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

## **MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business (as determined pursuant to Canadian securities laws), SDX has not entered into any material contracts (as determined pursuant to Canadian securities laws) (i) since January 1, 2021 or (ii) prior to January 1, 2021 but which still remain in effect, other than (i) the Co-operation Agreement, and (ii) the share purchase agreement in connection with the South Disouq Disposition between Sea Dragon Energy Holding B.V. ("**Sea Dragon B.V.**") and Energy Flow Global Limited dated January 25, 2022 (the "**SDEFG SPA**"), as amended by the amendment agreement between Sea Dragon B.V. and Energy Flow Global Limited dated March 23, 2022 (the "**SDEFG Amendment Agreement**").

Under the SDEFG SPA, Sea Dragon B.V. agreed to sell 33% of its issued and outstanding shares of Sea Dragon Energy (Nile) B.V. to Energy Flow Global Limited for US\$5,500,000. Pursuant to the SDEFG Amendment

Agreement, US\$2,200,000 would be paid on the first business day following the signing of the SDEFG Amendment Agreement and US\$3,300,000 would be paid five business days after the legalisation of a power of attorney under which Energy Flow Global Limited would become a joint signatory on all bank accounts operated by Sea Dragon B.V. The consideration was satisfied in Egyptian pounds at an exchange rate calculated as at February 1, 2022.

The SDEFG SPA contains warranties given by Sea Dragon B.V. in relation to, inter alia, incorporation of Sea Dragon Energy (Nile) B.V., title to assets, due authorisation and enforceability of obligations. Limited warranties were given by Energy Flow Global Limited in relation to, inter alia, its corporate status, due authorisation and enforceability of obligations under the SDEFG SPA. The SDEFG SPA contains customary limitations and exclusions, including a limitation period requiring that claims be notified within 180 days after the date of completion. As at the Latest Practicable Date, no claim had been brought.

### **FINANCIAL STATEMENTS**

Please see the SDX Annual Financial Statements and SDX Interim Financial Statements incorporated by reference herein.

### **ADDITIONAL INFORMATION**

Additional information relating to SDX can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com) and the Companies House website at <https://www.gov.uk/government/organisations/companies-house>. Additional financial information is provided in the SDX Annual Financial Statements the SDX Interim Financial Statements, the SDX Annual MD&A, and the SDX Interim MD&A, which are incorporated by reference in this Information Circular, including this Appendix “A”. See “Documents Incorporated by Reference” in this Appendix “A”.

Information contained in or otherwise accessible through SDX’s website does not form a part of this Information Circular and is not incorporated by reference in this Information Circular.

**APPENDIX B**  
**PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF TENAZ**

See attached.

# **TENAZ ENERGY CORP.**

## **Unaudited Pro Forma Consolidated Financial Statements**

**As at and for the three months ended March 31, 2022  
and for the year ended December 31, 2021**

# Tenaz Energy Corp.

## PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

As at March 31, 2022

<i>(Canadian \$000)</i>	Tenaz Energy Corp.	SDX Energy Plc	Notes	Pro forma adjustments	Pro forma Consolidated
			<i>Note 3</i>		
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	21,804	15,176		-	36,980
Accounts receivable	2,855	25,715		-	28,570
Prepaid expenses and deposits	222	-		-	222
Inventory	-	8,670		-	8,670
<b>Total current assets</b>	<b>24,881</b>	<b>49,561</b>		<b>-</b>	<b>74,442</b>
<b>Non-current assets</b>					
Investments	-	4,641		-	4,641
Property, plant and equipment	51,199	38,044	4.1	18,372	107,615
Exploration and evaluation assets	-	29,792	4.1	(10,928)	18,864
Right-of-use assets	-	1,567	4.1	40	1,607
Deferred tax asset	-	-	4.1	6,248	6,248
<b>Total non-current assets</b>	<b>51,199</b>	<b>74,044</b>		<b>13,732</b>	<b>138,975</b>
<b>Total assets</b>	<b>76,080</b>	<b>123,605</b>		<b>13,732</b>	<b>213,417</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	3,830	15,498	4.2	5,000	24,328
Current portion of income taxes	-	1,867		-	1,867
Current portion of lease liabilities	56	517		-	573
Derivative instruments	623	-		-	623
<b>Total current liabilities</b>	<b>4,509</b>	<b>17,882</b>		<b>5,000</b>	<b>27,391</b>
<b>Non-current liabilities</b>					
Lease liabilities	98	1,090		-	1,188
Decommissioning liability	2,282	7,251	4.1	(1,342)	8,191
Deferred tax liability	-	362		-	362
<b>Total non-current liabilities</b>	<b>2,380</b>	<b>8,703</b>		<b>(1,342)</b>	<b>9,741</b>
<b>Total liabilities</b>	<b>6,889</b>	<b>26,585</b>		<b>3,658</b>	<b>37,132</b>
<b>Shareholders' equity</b>					
Share capital	64,569	3,250	4.1	(3,250)	
			4.1	40,597	105,166
Share premium	-	162	4.1	(162)	-
Warrants	3,203	-		-	3,203
Contributed surplus	7,974	9,500	4.1	(9,500)	7,974
Accumulated other comprehensive income (loss)	-	(1,146)	4.1	1,146	-
Merger reserve	-	46,278	4.1	(46,278)	-
Retained earnings (Deficit)	(6,555)	29,222	4.1	(29,222)	
			4.1	62,465	
			4.2	(5,000)	50,910
<b>Total shareholders' equity attributable to Tenaz shareholders</b>	<b>69,191</b>	<b>87,266</b>		<b>10,796</b>	<b>167,253</b>
Non-controlling interest	-	9,754	4.1	(722)	9,032
<b>Total shareholders' equity</b>	<b>69,191</b>	<b>97,020</b>		<b>10,074</b>	<b>176,285</b>
<b>Total liabilities and shareholders' equity</b>	<b>76,080</b>	<b>123,605</b>		<b>13,732</b>	<b>213,417</b>

# Tenaz Energy Corp.

## PRO FORMA CONSOLIDATED STATEMENT OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) (unaudited)

For the three months ended March 31, 2022

<i>(Canadian \$000, except per share and share amounts)</i>	<b>Tenaz Energy Corp.</b>	<b>SDX Energy Plc</b>	<b>Notes</b>	<b>Pro forma adjustments</b>	<b>Pro forma Consolidated</b>
					<i>Note 3</i>
<b>Revenue</b>					
Petroleum and natural gas sales	6,201	13,805		-	20,006
Royalties	(940)	(3,053)		-	(3,993)
Production service fees	-	3,473		-	3,473
Petroleum and natural gas revenue	5,261	14,225		-	19,486
Loss on derivative instruments	(994)	-		-	(994)
Net revenue and loss on derivative instruments	4,267	14,225		-	18,492
<b>Expenses</b>					
Operating	1,905	2,582		-	4,487
Transportation	142	41		-	183
Exploration and evaluation	-	315		-	315
General and administrative	1,246	1,275		-	2,521
Share-based compensation	312	84		-	396
Interest and financing charges	5	44		-	49
Depletion, depreciation and amortization	1,349	6,679	4.3	(1,110)	6,918
Impairment reversal	(4,240)	-		-	(4,240)
Accretion of decommissioning liability	51	71	4.4	122	244
Share of profit from joint venture	-	(153)		-	(153)
Foreign exchange loss (gain)	-	2,008		-	2,008
Total expenses	770	12,946		(988)	12,728
<b>Income before taxes</b>	<b>3,497</b>	<b>1,279</b>		<b>988</b>	<b>5,764</b>
<b>Income tax expense (recovery)</b>					
Current	-	2,013		-	2,013
Deferred	-	-	4.5	-	-
Total taxes	-	2,013		-	2,013
<b>Net income (loss) and comprehensive income (loss)</b>	<b>3,497</b>	<b>(734)</b>		<b>988</b>	<b>3,751</b>
<b>Net income (loss) attributable to:</b>					
- Shareholders	3,497	(189)		707	4,015
- Non-controlling interest	-	(545)	4.6	281	(264)
<b>Net income (loss) per share (\$)</b>					
- Basic	0.12	-			0.09
- Diluted	0.12	-			0.08
<b>Weighted average number of shares</b>					
- Basic	28,457,407	205,378,000	4.7	15,614,224	44,071,631
- Diluted	29,361,207	205,821,000	4.7	15,614,224	44,975,431

# Tenaz Energy Corp.

## PRO FORMA CONSOLIDATED STATEMENT OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) (unaudited)

For the year ended December 31, 2021

<i>(Canadian \$000, except per share and share amounts)</i>	Tenaz Energy Corp.	SDX Energy Plc	Notes	Pro forma adjustments	Pro forma Consolidated
		<i>Note 3</i>			
<b>Revenue</b>					
Petroleum and natural gas sales	17,830	69,752		-	87,582
Royalties	(2,076)	(13,795)		-	(15,871)
Production service fees	-	11,556		-	11,556
Petroleum and natural gas revenue	15,754	67,513		-	83,267
Loss on derivative instruments	(2,962)	-		-	(2,962)
<b>Net revenue and loss on derivative instruments</b>	<b>12,792</b>	<b>67,513</b>		<b>-</b>	<b>80,305</b>
<b>Expenses</b>					
Operating	4,978	11,963		-	16,941
Transportation	737	236		-	973
Exploration and evaluation	-	17,656		-	17,656
General and administrative	2,273	5,329		-	7,602
Transaction costs	1,245		4.2	5,000	6,245
Share-based compensation	557	335		-	892
Interest and financing charges	291	469		-	760
Depletion, depreciation and amortization	4,660	40,894	4.3	(10,038)	35,516
Impairment (reversal)	(9,683)	11,943		-	2,260
Accretion of decommissioning liability	199	335	4.4	353	887
Share of profit from joint venture	-	(480)		-	(480)
Foreign exchange loss (gain)	-	224		-	224
Gain on property dispositions	(804)	-		-	(804)
<b>Total expenses</b>	<b>4,453</b>	<b>88,904</b>		<b>(4,685)</b>	<b>88,672</b>
<b>Income (loss) before taxes</b>	<b>8,339</b>	<b>(21,391)</b>		<b>4,685</b>	<b>(8,367)</b>
<b>Income tax expense (recovery)</b>					
Current	-	8,638		-	8,638
Deferred	-	-	4.5	-	-
<b>Total taxes</b>	<b>-</b>	<b>8,638</b>		<b>-</b>	<b>8,638</b>
<b>Net income (loss) and comprehensive income (loss)</b>	<b>8,339</b>	<b>(30,029)</b>		<b>4,685</b>	<b>(17,005)</b>
<b>Net income (loss) attributable to:</b>					
- Shareholders	8,339	(30,029)		4,685	(17,005)
- Non-controlling interest	-	-		-	-
<b>Net income (loss) per share (\$)</b>					
- Basic	0.57	(0.15)			(0.56)
- Diluted	0.56	(0.15)			(0.56)
<b>Weighted average number of shares</b>					
- Basic	14,717,579	205,378,000	4.7	15,614,224	30,331,803
- Diluted	14,876,424	205,821,000	4.7	15,614,224	30,490,648

# Tenaz Energy Corp.

## NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As at and for the three months ended March 31, 2022 and for the year ended December 31, 2021

(All amounts in Canadian dollars, except as indicated)

### 1. BASIS OF PRESENTATION

The unaudited pro forma consolidated statement of financial position at March 31, 2022 and unaudited pro forma consolidated statements of income (loss) and comprehensive income (loss) for the three months ended March 31, 2022 and the year ended December 31, 2021 have been prepared for inclusion in the Notice of Special Meeting and Information Circular and Proxy Statement with respect to the Special Meeting of Shareholders to be held on July 29, 2022 (the "**Meeting**"), dated June 30, 2022 ("**Information Circular**"), in respect of the offer by Tenaz Energy Corp. ("**Tenaz**" or the "**Company**") to acquire all of the issued and outstanding ordinary shares of SDX Energy Plc ("**SDX**") in exchange for an estimated 15,614,224 Tenaz common shares assuming no elections are made for the Cash Alternative (as defined herein), (the "**Combination**").

On May 25, 2022, it was announced that the boards of directors of Tenaz, a Canadian-listed company focused on the acquisition and sustainable development of international oil and gas assets headquartered in Calgary, Alberta, and SDX, a UK-listed, MENA-focused, international oil and gas production, development and exploration company headquartered in London, had reached agreement on the terms of a recommended combination between Tenaz and SDX. The Combination is to be implemented by means of a United Kingdom court-sanctioned scheme of arrangement with the entire issued and to be issued ordinary share capital of SDX ("**SDX Shares**") being acquired by Tenaz in a ratio of 0.075 Common Shares for each one SDX ordinary share, an estimated 208.2 million SDX ordinary shares on a fully-diluted basis. Pursuant to the Combination, holders of SDX shares ("**SDX Shareholders**") can elect to receive, for each SDX Share held on the effective date of the Combination, either: (a) 0.075 of a Tenaz Share; or (b) £0.11 in cash under the alternative whereby SDX Shareholders receive cash instead of the Tenaz Shares which they would otherwise be entitled to receive under the Combination (the "**Cash Alternative**").

The completion of the Combination will require Tenaz and SDX shareholder and regulatory approvals.

These pro forma consolidated financial statements have been prepared from information derived from and should be read in conjunction with the following financial statements incorporated by reference in the Information Circular:

- Unaudited interim condensed consolidated financial statements of Tenaz for the three months ended March 31, 2022;
- Audited consolidated financial statements of Tenaz for the year ended December 31, 2021;
- Unaudited interim condensed consolidated financial statements of SDX for the three months ended March 31, 2022; and
- Audited consolidated financial statements of SDX for the year ended December 31, 2021.

The unaudited pro forma consolidated statement of financial position and unaudited pro forma consolidated statements of income (loss) and comprehensive income (loss) have been prepared by management based on the principles of International Financial Reporting Standards ("**IFRS**").

The unaudited pro forma consolidated statement of financial position at March 31, 2022 gives effect to the proposed Combination described above as if those had occurred on March 31, 2022.

The unaudited pro forma consolidated statements of income (loss) and comprehensive income (loss) for the three months ended March 31, 2022 and the year ended December 31, 2021 give effect to the proposed Combination as if it occurred on January 1, 2021 based on the estimates of the fair values of assets acquired and liabilities assumed relating to the proposed Combination at March 31, 2022.

Accounting policies used in preparation of the pro forma consolidated financial statements are those of Tenaz or those of SDX where previously not applicable to Tenaz, except with respect to decommissioning liability described below.

SDX utilizes a risk-free discount rate to determine the discounted amount of the decommissioning liability. Tenaz utilizes a credit-adjusted risk-free discount rate to determine the discounted amount of the liability presented at each balance sheet date. 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 information for the readers of the Company's financial statements. The effect of applying the Tenaz accounting policy for the decommissioning liability to SDX's decommissioning liability is reflected in the pro forma adjustments in Note 4.

# Tenaz Energy Corp.

## NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As at and for the three months ended March 31, 2022 and for the year ended December 31, 2021

(All amounts in Canadian dollars, except as indicated)

### 2. PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The pro forma consolidated financial Statements have been prepared on the basis that Tenaz will account for the Combination as a purchase of SDX using the acquisition method pursuant to IFRS 3, *Business Combinations*. Under the acquisition method, the assets and liabilities of SDX are recorded at their fair value on the date of acquisition and the total consideration and non-controlling interest assumed is allocated to the assets acquired and liabilities assumed.

The adjustments to the pro forma financial statements are preliminary and have been made solely for the purpose of presenting the pro forma consolidated financial statements, which are necessary to comply with applicable disclosure and reporting requirements.

The pro forma financial information may not reflect the financial condition or operating results of the combined or reorganized Company or may not be useful in predicting the future condition and operating results of the Company. The pro forma consolidated financial statements do not necessarily reflect what the combined Company's financial condition or results of operations would have been had the Combination occurred on the dates indicated. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

It is management's opinion that the pro forma consolidated financial statements contain all adjustments necessary for the fair presentation of the proposed Combination, in all material respects.

### 3. CONSOLIDATION OF SDX AND TRANSLATION OF SDX ENERGY PLC FINANCIAL STATEMENTS

These pro forma consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control.

The proposed Combination in which the Company acquires SDX (Note 4.1) is accounted for as a business combination in which the Company obtains control of SDX. SDX becomes a subsidiary of Tenaz as the Company will have the power to direct the relevant activities of SDX, the Company will have exposure or rights to the variable returns of SDX and the Company will have the ability to use its power to affect the returns of SDX.

#### Consolidation of SDX as subsidiary

The consolidated results of the Company include 100% of the results of the entities it controls; the minority interest share, which the Company or its subsidiaries does not own, is recognized as net income (loss) attributable to non-controlling interest in the pro forma consolidated statements of income (loss) and comprehensive income (loss) and as non-controlling interest in the pro forma consolidated statement of financial position.

The consolidation of SDX is included as a pro forma adjustment in Note 4.1.

#### Translation of SDX as foreign entity

The Tenaz financial statements and these pro forma consolidated financial statements are expressed in Canadian dollar (or "C\$") which is the Company's functional and presentation currency.

The SDX consolidated financial statements are expressed in United States dollar (or "US\$") which is SDX's functional and presentation currency. All SDX amounts included in these pro forma consolidated financial statements are presented in Canadian dollar and have been translated into Canadian dollar as described below.

For the purposes of these pro forma consolidated financial statements, SDX is a foreign entity whose functional currency is not the Canadian dollar. As such, the Company translates SDX's assets and liabilities at period-end rates (March 31, 2022 - US\$1/C\$1.2496; December 31, 2021 – US\$1/C\$1.2678; January 1, 2021 - US\$1/C\$1.2732) and income and expense accounts at average exchange rates (3 months ended March 31, 2022 - US\$1/C\$1.2662; and 12 months ended December 31, 2021 - US\$1/C\$1.2535).

#### Reclassifications to conform to Tenaz presentation

Please note that certain SDX information and figures presented have been reclassified, where applicable, to conform to the Tenaz financial statement presentation used in these pro forma consolidated financial statements with no impact to net income (loss).

# Tenaz Energy Corp.

## NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As at and for the three months ended March 31, 2022 and for the year ended December 31, 2021

(All amounts in Canadian dollars, except as indicated)

### Revenue

Tenaz presents petroleum and natural gas revenue as petroleum and natural gas sales less royalties plus other revenue in the statement of income (loss) and comprehensive (loss). In the statement of income (loss), SDX presents revenue, net of royalties.

In the notes to the SDX consolidated financial statements, SDX presents total net revenue as follows:

<i>(Canadian \$000)</i>	Three months ended March 31, 2022	Year ended December 31, 2021
<b>SDX Revenue, net of royalties per SDX financial statements</b>		
West Gharib production service fee revenues	3,473	11,556
South Disouq gas sales revenue	7,092	33,319
Royalties	(2,391)	(11,249)
Net South Disouq gas revenue	4,701	22,070
Morocco gas sales revenue	4,862	30,021
Royalties	(34)	(540)
Net Morocco gas sales revenue	4,828	29,481
Net other products revenue <sup>(1)</sup>	1,223	4,406
Total net revenue	<b>14,225</b>	<b>67,513</b>

(1) Net other products revenue consists of \$1.851 million and \$6.412 million condensate revenue for the three months ended March 31, 2022 and the year ended December 31, 2021, respectively, net of royalties of \$0.628 million and \$2.006 million for the three months ended March 31, 2022 and the year ended December 31, 2021, respectively.

In these pro forma consolidated financial statements, Tenaz presents SDX's total net revenues as follows:

<b>SDX Petroleum and natural gas revenue per Tenaz presentation</b>		
Petroleum and natural gas sales <sup>(1)</sup>	13,805	69,752
Royalties <sup>(2)</sup>	(3,053)	(13,795)
Production service fees <sup>(3)</sup>	3,473	11,556
Petroleum and natural gas revenue	<b>14,225</b>	<b>67,513</b>

(1) Includes South Disouq gas sales revenue, Morocco gas sales revenue and other product revenue.

(2) Includes South Disouq royalties, Morocco royalties and other product royalties.

(3) Includes West Gharib production service fee revenues.

### Operating and Transportation Expenses

Tenaz presents operating and transportation expenses separately in the statement of income (loss) and comprehensive income (loss). SDX presents direct operating expenses, including transportation expenses, if any.

SDX direct operating expenses for the three months ended March 31, 2022 of \$2.623 million and December 31, 2021 of \$12.199 million include \$0.041 million and \$0.236 million of transportation expenses, respectively.

### Accretion on decommissioning liability

Tenaz presents accretion on decommissioning liability in the statement of income (loss) and comprehensive income (loss). SDX includes accretion on decommissioning liability in finance costs.

SDX finance costs for the three months ended March 31, 2022 of \$0.115 million and December 31, 2021 of \$0.804 million include \$0.071 million and \$0.335 million of accretion on decommissioning liability, respectively.

# Tenaz Energy Corp.

## NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As at and for the three months ended March 31, 2022 and for the year ended December 31, 2021

(All amounts in Canadian dollars, except as indicated)

### 4. SDX COMBINATION - PRO FORMA ACCOUNTING ADJUSTMENTS

The unaudited pro forma consolidated financial statements give effect to the following assumptions and adjustments:

#### 4.1 Purchase Price Allocation and Consolidation of SDX net assets acquired

Pursuant to the proposed Combination, Tenaz acquires all of the issued and outstanding ordinary shares of SDX, in exchange for Tenaz common shares assuming no elections are made for the Cash Alternative.

**For the purpose of these consolidated pro forma financial statements, the Combination is presented as an all-share exchange as Tenaz shareholders will be asked at the Meeting, among other things, to consider and vote upon an ordinary resolution approving the issuance of such number of Tenaz common shares as are required to be issued in connection with the proposed Combination, representing the maximum dilutive impact for Tenaz shareholders and the maximum issuance of Tenaz common shares to SDX Shareholders.**

As consideration, SDX shareholders will receive an estimated 15.6 million common shares of the Company. The estimated consideration to be paid for SDX is based on the March 31, 2022 closing price of the Company's shares of C\$2.60 per common share.

The proposed Combination will be accounted for using the acquisition method of accounting. Differences between the fair values below and that of the carrying amounts disclosed in SDX's stand-alone consolidated financial statements reflect the accounting for the Combination as a purchase of SDX using the acquisition method pursuant to IFRS 3, *Business Combinations*, which is different from the accounting treatment in the preparation of stand-alone consolidated financial statements by SDX. Therefore, the fair values below will differ compared to the carrying amounts presented in SDX's standalone consolidated financial statements.

The estimates of the fair values of assets acquired and liabilities assumed relating to the proposed Combination at March 31, 2022 are as follows:

	C\$000
<b>Consideration</b>	
Tenaz common shares issued to SDX shareholders <sup>(1)(2)</sup>	40,597
Cash	-
<b>Total consideration</b>	<b>40,597</b>
<b>Fair value of net assets acquired</b>	
Cash and cash equivalents	15,176
Accounts receivable	25,715
Inventory	8,670
Investments	4,641
Property, plant and equipment <sup>(3)</sup>	56,416
Exploration and evaluation assets <sup>(4)</sup>	18,864
Right-of-use assets <sup>(5)</sup>	1,607
Deferred tax asset <sup>(6)</sup>	6,248
Accounts payable and accrued liabilities	(15,498)
Current portion of income taxes	(1,867)
Current portion of lease liabilities	(517)
Lease liabilities	(1,090)
Decommissioning liability <sup>(7)</sup>	(5,909)
Deferred tax liability	(362)
Net identifiable assets acquired <sup>(2)</sup>	<b>112,094</b>
Fair value of SDX non-controlling interest <sup>(2)(8)</sup>	(9,032)
<b>Total fair value of net assets acquired</b>	<b>103,062</b>
<b>Gain on acquisition<sup>(2)(9)</sup></b>	<b>62,465</b>

(1) Issuance of an estimated 15,614,224 Tenaz common shares at the closing price of \$2.60 per common share (assuming no elections are made for the Full Cash Alternative).

# Tenaz Energy Corp.

## NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As at and for the three months ended March 31, 2022 and for the year ended December 31, 2021

(All amounts in Canadian dollars, except as indicated)

(2) At the proposed Combination on March 31, 2022, Tenaz recognizes \$112.1 million of net SDX identifiable assets, recognizes \$40.6 million of share capital on the issuance of Tenaz common shares to SDX shareholders, eliminates SDX's total shareholders' equity of \$97.0 million, recognizes \$9.0 million of non-controlling interest and recognizes a gain on acquisition of \$62.5 million.

(3) Tenaz's estimate of the fair value of SDX's property, plant and equipment results in an \$18.372 million increase.

(4) Tenaz's estimate of the fair value of SDX's exploration and evaluation assets results in a \$10.928 million decrease.

(5) Tenaz's estimate of the fair value of SDX's right-of-use assets results in a \$0.04 million increase.

(6) At March 31, 2022, SDX has more than US\$70 million of unrecognized non-capital losses in its Canadian subsidiary. Tenaz recognizes an estimated \$6.2 million deferred tax asset, calculated at the Canadian federal and provincial statutory rate of 23%, estimated to be realized from future pro forma taxable income of Tenaz.

(7) Tenaz's estimate of the fair value of SDX's decommissioning liability using Tenaz's credit-adjusted risk-free rate of return results in a \$1.342 million decrease.

(8) The SDX non-controlling interest is attributed to SDX's disposal of shares in Sea Dragon Energy (Nile) B.V., an SDX subsidiary that holds SDX's interest across its South Disouq (Egypt) concession, for consideration of US\$5.5 million on February 1, 2022. As of February 1, 2022, SDX owns 67% of this subsidiary with the remaining 33% held by a minority shareholder.

(9) The gain on acquisition is a preliminary estimate and subject to change in conjunction with changes of estimates inherent in the purchase price calculation of the proposed Combination. The amount is primarily related to (i) the discount of SDX common shares in relation to SDX's net asset carrying amount; (ii) the resulting net asset fair value increase from the above purchase price; and (iii) the recognition of a deferred tax asset by Tenaz for previously unrecognized SDX tax pools. The gain on acquisition has not been recognized in the pro forma consolidated statement of income (loss) and comprehensive income (loss).

The above fair values of the acquired assets and liabilities, consideration and non-controlling interest have been preliminarily determined by the management of Tenaz for the Combination as at March 31, 2022 and are based on the best information management currently has available and will change as a result of several factors including:

- Changes in the fair value estimates of SDX's assets and liabilities and non-controlling interest between March 31, 2022 and the closing of the Combination;
- Actual number of SDX common shares at the closing of the Combination;
- Tenaz common share price at the closing of the Combination;
- Foreign exchange rates at the closing of the Combination; and
- Actual transaction costs incurred.

Following the proposed Combination of SDX, Tenaz recognizes net comprehensive income (loss) attributable to non-controlling interest for SDX's non-controlling interest.

### 4.2 Transaction Costs

To effect the Combination at March 31, 2022, accounts payable and accrued liabilities have been increased by \$5.0 million in respect of estimated transaction costs related to the Combination and also included in retained earnings.

To effect the Combination at January 1, 2021, net income (loss) for the year ended January 1, 2021 includes approximately \$5.0 million in respect of transaction costs related to the Combination.

Transaction costs include legal, accounting, consulting and other costs associated with the completion of the Combination.

### 4.3 Depletion, Depreciation and Amortization

Depletion, depreciation and amortization expense for SDX has been decreased by \$1.11 million and \$10.038 million for the three months ended March 31, 2022 and for the year ended December 31, 2021, respectively, to reflect the amount that would have been recorded at the revised carrying amount as a result of the purchase price allocation. As such, the pro forma depletion, depreciation and amortization expense for these periods has been calculated as if the proposed Combination had occurred as of January 1, 2021 based on Tenaz's fair value estimate of property, plant and equipment at March 31, 2022 (Note 4.1).

### 4.4 Accretion on Decommissioning Liability

Accretion expense for SDX has been increased by \$0.122 million and \$0.353 million for the three months ended March 31, 2022 and for the year ended December 31, 2021, respectively, to reflect the amount that would have been recorded at the revised carrying amount as a result of the purchase price allocation and using a credit-adjusted risk-free rate discounting the decommissioning liability in accordance with Tenaz accounting policy. As such, the pro forma accretion on decommissioning liabilities for these periods has been calculated as if the proposed Combination had occurred as of January 1, 2021 based on Tenaz's fair value estimate of decommissioning liability at March 31, 2022 (Note 4.1).

# Tenaz Energy Corp.

## NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As at and for the three months ended March 31, 2022 and for the year ended December 31, 2021

*(All amounts in Canadian dollars, except as indicated)*

### 4.5 Deferred Tax Expense

The purchase price allocation to effect the Combination at January 1, 2021 and the resulting pro forma adjustments did not have an impact on deferred tax expense (recovery) for the three months ended March 31, 2022 and for the year ended December 31, 2021.

The countries in which SDX operate charge income tax on a profit basis with no resulting temporary differences between the carrying amount and tax base of assets and liabilities and no resulting deferred taxes.

### 4.6 Net income (loss) attributable to Non-controlling interest

The above pro forma adjustments for the three months ended March 31, 2022 results in a \$0.281 million decrease of net loss attributable to the minority shareholder of Sea Dragon Energy (Nile) B.V. for the two months ended March 31, 2022 following its 33% interest acquired on February 1, 2022 consisting of a \$0.289 million decrease of depletion, depreciation and amortization and an \$0.008 million increase of accretion on decommissioning liability.

### 4.7 Weighted Average Shares

Pro forma basic and diluted net income (loss) per share was calculated using the combined net income of pro forma Tenaz divided by the weighted average number of Tenaz shares outstanding after giving effect to the Combination as if it occurred on January 1, 2021. The pro forma adjustment for the three months ended March 31, 2022 and the year ended December 31, 2021 reflects the amount that would have been calculated had the Combination occurred on January 1, 2021.

**APPENDIX C**  
**CO-OPERATION AGREEMENT**

See attached.

**Dated**

**25 May**

**2022**

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**TENAZ ENERGY CORP.**

**and**

**SDX ENERGY PLC**

**CO-OPERATION AGREEMENT**

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**THIS CO-OPERATION AGREEMENT is made on** 25 May **2022 between:**

- (1) Tenaz Energy Corp., a company incorporated under the laws of Canada whose registered office is at Suite 2500, 605 5th Ave SW, Calgary, Alberta, T2P 3H5, Canada ("**Tenaz**"); and
- (2) SDX Energy Plc, a public limited company incorporated in England and Wales with registered number 11894102 and whose registered office is at 38 Welbeck Street, London, United Kingdom, W1G 8DP ("**SDX**").

**WHEREAS:**

- (A) Tenaz intends to announce, immediately following execution of this Agreement, a firm intention to make a recommended offer for the entire issued and to be issued share capital of SDX on the terms and subject to the conditions set out in the Rule 2.7 Announcement (as defined below) (the **Combination**).
- (B) The Combination will be implemented by means of a scheme of arrangement under Part 26 of the Companies Act (the **Scheme**).
- (C) Tenaz reserves the right, as set out in this Agreement and the Rule 2.7 Announcement, to elect to implement the Combination by making a takeover offer pursuant to Part 28 of the Companies Act, the Takeover Code and NI 62-104 (the **Takeover Offer**).
- (D) The parties wish to enter into this Agreement to set out certain steps they have agreed to take to effect completion of the Combination.

**NOW IT IS HEREBY AGREED** as follows:

**1 Definitions and Interpretation**

- 1.1 In this Agreement (including the recitals), the following terms and expressions shall have the following meanings:

**Acceptance Condition** means, if applicable, the acceptance condition to the Takeover Offer as specified in Clause 5.2.

**Admission** has the meaning given to that term in Clause 4.15(a).

**Agreed Switch** has the meaning given to that term in Clause 5.1(a).

**AIM** means the AIM market of the London Stock Exchange plc.

**AIM Rules** means the rules governing the admission to, and operation of, AIM as set out in the AIM Rules for Companies published by the London Stock Exchange plc from time to time.

**Business Day** means a day other than a Saturday, Sunday, bank holiday or other public holiday in the UK or Canada, as the context may require, on which banks are generally open in London and Toronto, as the context may require, for the transaction of normal banking business.

**Combination Document** means (i) if the Combination is (or is to be) implemented by the Scheme, the Scheme Circular; or (ii) if the Combination is (or is to be) implemented by the Takeover Offer, the Offer Document.

**Companies Act** means the Companies Act 2006, as amended.

**Conditions** means the Scheme Conditions, as further amended by Tenaz and SDX with the consent of the Panel so far as applicable, and subject to appropriate amendments for a Takeover Offer, including the deletion of the Condition set out in paragraph 2 of Part of Appendix I of the Rule 2.7 Announcement and its replacement with a condition that the Takeover Offer be conditional on valid acceptances being received in respect of not less than 75 per cent (or such other percentage as may apply under Clause 5.2(a)) in nominal value of the SDX Shares to which the Takeover Offer relates.

**Court** means the High Court of Justice in England and Wales.

**Court Hearing** means the Court hearing (and any adjournment thereof) to sanction the Scheme pursuant to Part 26 of the Companies Act, at which the Scheme Order is expected to be granted.

**Court Meeting** means the meeting of holders of Scheme Shares to be convened by order of the Court pursuant to section 896 of the Companies Act to consider and, if thought fit, to approve the Scheme (with or without amendment) and any adjournment thereof.

**Day 60** means where Tenaz has elected to implement the Combination by means of a Takeover Offer in accordance with Clause 5.1, the 60th day following the publication of the Offer Document or such later date as is set in relation to the Takeover Offer pursuant to Rule 31.3 of the Takeover Code and the notes on that Rule.

**Effective Date** means (i) if the Combination is implemented by means of the Scheme, the date upon which the Scheme becomes effective in accordance with its terms; or (ii) if Tenaz elects to implement the Combination by way of the Takeover Offer, the date that the Combination becomes or is declared unconditional in all respects.

**GM** means the general meeting of SDX Shareholders to be convened in connection with the Scheme to consider and, if thought fit, to approve the GM Resolutions (with or without amendment) and any adjournment, postponement or reconvening thereof.

**GM Resolutions** means such shareholder resolutions of SDX as are (i) necessary to approve, implement and effect the Scheme and the Combination, including any resolution(s) required by the Takeover Code; (ii) necessary to amend the articles of association of SDX by the adoption of a new article under which any SDX Shares issued or transferred after the GM shall either be subject to the Scheme or (after the Effective Date) shall be immediately transferred to Tenaz (or as it may direct) in exchange for the same consideration as would be due under the Scheme; and (iii) necessary to approve such other matters as may be agreed between Tenaz and SDX as necessary or desirable for the purposes of implementing the Scheme (or, if relevant, the Takeover Offer).

**Group** means, in relation to any person, its subsidiaries, subsidiary undertakings, holding companies and parent undertakings and the subsidiaries and subsidiary undertakings of any such holding company or parent undertaking, and **Tenaz Group** or **SDX Group** shall be construed accordingly.

**Long Stop Date** means 24 May 2023 or such later date as may be agreed in writing by Tenaz and SDX (with the Panel's consent and as the Court may approve (if such approval(s) are required)).

**Meetings** means the Court Meeting and the GM.

**New Tenaz Shares** means the Tenaz Shares proposed to be issued to SDX Shareholders pursuant to the Scheme (or the Takeover Offer, as the context requires).

**NI 62-104** means National Instrument 62-104 – *Take-Over Bids and Issuer Bids* of the Canadian Securities Administrators.

**Offer Document** means, if following the date of this Agreement, Tenaz elects to implement the Combination by way of the Takeover Offer, the document to be prepared in accordance with the requirements of the Takeover Code and NI 62-104 and posted to SDX Shareholders and others by Tenaz (or such other entity as it may elect) containing, amongst other things, the Conditions and certain information about Tenaz and SDX and, where the context so admits, includes any form of acceptance, election, notice or other document required in connection with the Takeover Offer.

**Panel** means the UK Panel on Takeovers and Mergers.

**Prospectus** means any UK or Canadian prospectus (or other equivalent document) which, in the event of a Switch only, is required to be published by Tenaz in respect of Admission of the New Tenaz Shares to be issued in connection with the Combination, including any supplementary prospectus.

**Regulatory Authority** means any central bank, ministry, governmental, quasi-governmental, national, supranational (including the European Union), statutory, regulatory, environmental, administrative, supervisory, fiscal or investigative body or authority (including any antitrust, competition or merger control authority, any sectoral ministry or regulator and any foreign investment or national security review body), national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof), any tribunal, court, trade agency, association, institution, employee representative body or any other body or person whatsoever in any jurisdiction, including the Panel.

**Regulatory Clearances** means all approvals, consents, clearances, permissions, confirmations, comfort letters and waivers that may need, or are advisable, to be obtained, all filings that may need to be made or are advisable to be made and all waiting periods that may need to have expired, from or under any laws or practices applied by any Regulatory Authority (or under any agreements or arrangements to which any Regulatory Authority is a party), in each case, that are required, necessary or advisable to satisfy one or more of the Regulatory Conditions, and any reference to the "satisfaction" of the Regulatory Conditions shall be construed as meaning that the foregoing have been obtained or, where appropriate, made or expired in accordance with the relevant Regulatory Condition.

**Regulatory Conditions** means conditions 3(d) and (e) of Part A of Appendix I of the Rule 2.7 Announcement.

**Relevant Officers** has the meaning given to that term in Clause 11.3.

**Remedies** means any conditions, obligations, measures, commitments, modifications, undertakings, remedies (including disposals and any pre divestiture reorganisations) or assurance (financial or otherwise) offered or required in connection with the obtaining of any Regulatory Clearance and **Remedy** shall be construed accordingly.

**Rule 2.7 Announcement** means the joint announcement in (or substantially in) the form set out in Schedule 2.

**Run-Off Cover** has the meaning given to that term in Clause 11.2.

**Scheme** has the meaning given to it in Recital (B) and includes any modification, addition or condition thereto approved or imposed by the Court or the Panel (if relevant) and/or agreed to by SDX and Tenaz.

**Scheme Circular** means, if the Combination is implemented by way of the Scheme, the document prepared in accordance with Part 26 of the Companies Act and posted to SDX Shareholders and others by SDX containing, amongst other things, the Scheme Conditions and other relevant terms and conditions, details relating to the Scheme, certain information about Tenaz and SDX and the notices of the Meetings and, where the context so permits, includes any form of proxy, election, notice, court document, meeting advertisement or other document required in connection with the Scheme.

**Scheme Conditions** means the terms and conditions set out in Appendix I of the Rule 2.7 Announcement, together with any other conditions as Tenaz and SDX may agree in writing.

**Scheme Order** means the order of the Court sanctioning the Scheme.

**Scheme Record Time** means the time and date specified in the Combination Document or such later time as Tenaz and SDX may agree.

**Scheme Shares** has the meaning given in the Rule 2.7 Announcement.

**Scheme Voting Record Time** means 6.00 p.m. UK time on the day which is two days before the date of the Court Meeting or, if such Court Meeting is adjourned, 6.00 p.m. UK time on the second day before the day of such adjourned meeting (or, in each case, such other day and time as the parties may agree having regard to applicable law).

**SDX Board Adverse Recommendation Change** means:

- (a) if SDX makes an announcement prior to the publication of the Scheme Circular that:
  - (i) the SDX Directors no longer intend to make the SDX Board Recommendation or intend to adversely modify or adversely qualify such recommendation;
  - (ii) other than where a Switch has occurred, it will not convene the Court Meeting or the GM; or
  - (iii) other than where a Switch has occurred, it intends not to post the Scheme Circular or (if different) the document convening the GM;
- (b) if SDX makes an announcement that it will or intends to delay the convening of, or will or intends to adjourn or postpone, the Court Meeting or the GM to a date which is later than the latest date permitted by the Conditions set out in paragraph 2 of Part A of Appendix I to the Rule 2.7 Announcement, in each case without the consent of Tenaz, except where:
  - (i) Tenaz has committed a breach of Clause 3 which has not been caused by any prior breach of this Agreement by SDX and such breach has caused the delay, provided that the duration of such delay is commensurate with such breach;

- (ii) a supplementary circular is required to be published in connection with the Scheme, and as a result, the Court Meeting and/or the GM cannot be held by such date in compliance with the Takeover Code and any other applicable law (but provided that SDX has used reasonable endeavours to publish the supplementary circular as soon as reasonably practicable after the date on which the requirement to publish a supplementary circular arises); or
- (iii) such delay or adjournment is solely caused by logistical or practical reasons beyond SDX's reasonable control;
- (c) other than where a Switch has occurred, the SDX Board Recommendation is not included in the Scheme Circular;
- (d) the SDX Directors publicly withdraw or modify or qualify the SDX Board Recommendation in a manner adverse to the completion of the Combination; or
- (e) without prejudice to the provisions of Rule 21.1 of the Takeover Code, if the SDX Directors announce the entry into by any member of the SDX Group of any transaction (whether implemented in a single transaction or a series of transactions and whether conditional or otherwise) which would constitute:
  - (i) a reverse takeover of SDX (as defined in the Takeover Code); or
  - (ii) except where Tenaz has given prior written consent to such transaction:
    - (A) a fundamental change of business transaction for, or a reverse takeover of, SDX (each as defined in the AIM Rules);
    - (B) an acquisition or disposal, directly or indirectly, of any material business, assets and/or undertakings by or of the SDX Group or any member of the SDX Group in each case to an extent which is material in the context of the SDX Group (other than pursuant to the Combination (and except for transactions between SDX and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of SDX and transactions in the ordinary course of business)); or
    - (C) a demerger, or any material reorganisation and/or liquidation, involving of the SDX Group or any member of the SDX Group other than in connection with the Combination or in the ordinary course of business;
- (f) if, after the Scheme has been approved by SDX Shareholders and/or the approval of the GM Resolutions at the GM, the SDX Directors announce that they will not implement the Scheme (other than: (i) in connection with an announcement of a Takeover Offer or revised offer by Tenaz for SDX; or (ii) because a Condition to the Combination has become incapable of fulfilment or satisfaction),

provided that, in all cases, the issuance of: (1) any holding statement(s) by SDX following a change of circumstances; (2) any announcement(s) by SDX that the SDX Directors are considering a possible offer for SDX by a third party; and (3) any announcement by SDX that the SDX Directors are considering any transaction of the kind contemplated in paragraph (i) above, shall not, in any case, constitute a SDX Board Adverse Recommendation Change;

**SDX Board Recommendation** means a unanimous and unqualified recommendation from the SDX Directors: (i) that SDX Shareholders vote in favour of the GM Resolutions at the GM and vote in favour of the Scheme at the Court Meeting; or (ii) if Tenaz elects to implement the Combination by means of a Takeover Offer in accordance with the terms of this Agreement and the Panel consents, for SDX Shareholders to accept the Takeover Offer (as the case may be);

**SDX Directors** means the directors of SDX from time to time.

**SDX Shareholders** means the holders of SDX Shares.

**SDX Shares** means the 205,378,069 ordinary shares of £0.01 each in the capital of SDX (or such lesser or greater number as may arise from (a) the transfer and cancellation of SDX Shares as referred to in its announcement of 19 April 2022 and (b) the issue of SDX Shares in accordance with the SDX Share Plans as envisaged in Schedule 1, and being 209,004,675 ordinary shares if no shares are transferred and cancelled under (i) and all awards and options vested and to be vested as envisaged in Schedule 1 are exercised).

**SDX Share Plans** has the meaning given to it in Schedule 1.

**Securities Act** means the United States Securities Act of 1933 and the rules and regulations promulgated thereunder.

**Switch** has the meaning given to it in Clause 5.1.

**Takeover Code** means the United Kingdom City Code on Takeovers and Mergers issued, and as from time to time amended and interpreted, by the Panel.

**Takeover Offer** has the meaning given to it in Recital (C).

**Tenaz AGM Notice** means the notice of meeting and accompanying information circular (including all schedules, appendices and exhibits thereto) mailed by Tenaz to Tenaz Shareholders in connection with the Tenaz's annual general meeting to be held on 31 May 2022, including any amendments or supplements thereto.

**Tenaz Circular** means any notice of meeting and accompanying information circular (including all schedules, appendices and exhibits thereto) to be mailed by Tenaz to Tenaz Shareholders in connection with the Tenaz Special Meeting, including any amendments or supplements thereto.

**Tenaz Directors** means the directors of Tenaz from time to time.

**Tenaz Recommendation** means the unanimous and unqualified recommendation from the Tenaz Directors to the Tenaz Shareholders to vote in favour of the Tenaz Resolution at the Tenaz Special Meeting.

**Tenaz Resolution** means the resolution approving the issuance of New Tenaz Shares in connection with the Combination to be approved by a simple majority of the votes cast by Tenaz Shareholders present in person (virtually) or represented by proxy at the Tenaz Special Meeting.

**Tenaz Responsible Persons** means those persons designated by the Panel as being required to take responsibility for Tenaz information under the Takeover Code as more particularly set out in the Scheme Circular.

**Tenaz Shareholders** means holders of existing Tenaz Shares.

**Tenaz Share Plans** means all long term incentive plans and stock option plans of Tenaz as described or defined in the Tenaz AGM Notice.

**Tenaz Shares** means the common shares in the capital of Tenaz from time to time.

**Tenaz Special Meeting** means the special meeting of Tenaz Shareholders (and any adjournment thereof) for the purposes of considering and, if thought fit, approving the Tenaz Resolution.

1.2 In this Agreement, unless the context otherwise requires:

- (a) references to clauses, sub-clauses and Schedules are to clauses and sub-clauses of, and schedules to, this Agreement;
- (b) references to a **person** include any individual, firm, body corporate (wherever incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representative body (whether or not having separate legal personality);
- (c) headings do not affect the interpretation of this Agreement, the singular shall include the plural and vice versa, and references to one gender include all genders;
- (d) references to any English legal term or concept shall, in respect of any jurisdiction other than England, be construed as references to the term or concept which most nearly corresponds to it in that jurisdiction;
- (e) references to a **day** (including within the phrase Business Day) shall mean a period of 24 hours running from midnight to midnight;
- (f) references to time are to London time;
- (g) a reference to any other document referred to in this Agreement is a reference to that other document as amended, revised, varied, novated or supplemented at any time;
- (h) any phrase introduced by the terms **including, include, in particular** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms; and
- (i) the terms **holding company, parent undertaking, subsidiary, subsidiary undertaking** and **undertaking** (and, unless the context otherwise requires, other terms used in this Agreement that are defined in the Companies Act) shall be interpreted in accordance with the Companies Act.

1.3 Except as otherwise expressly provided in this Agreement, any express reference to an enactment (which includes any legislation in any jurisdiction) includes references to (i) that enactment as amended, replaced, consolidated or re-enacted by or under any other enactment before or after the date of this Agreement; (ii) any enactment which that

enactment re-enacts (with or without modification); and (iii) any subordinate legislation (including regulations) made (before or after the date of this Agreement) under that enactment, including (where applicable) that enactment as amended, consolidated or re-enacted as described in (i) or (ii) above.

## **2 Effective Date and terms of the Combination**

- 2.1 The obligations of the parties under this Agreement, other than those in Clause 1, this Clause 2.1, Clause 2.2, Clause 8 and Clauses 12 to 27 (inclusive), shall be conditional on the release of the Rule 2.7 Announcement via a Regulatory Information Service at or before 07.00 a.m. (London) time on the date of this Agreement (or such other date and time as may be agreed by the parties and, where required by the Takeover Code, approved by the Panel). Clause 1, this Clause 2.1, Clause 2.2, Clause 8 and Clauses 12 to 27 shall take effect upon execution of this Agreement.
- 2.2 The parties shall each use reasonable efforts to ensure that the Announcement is released by no later than 7.00 a.m. (London time) on the Business Day following the entry into this Agreement.
- 2.3 The terms of the Combination shall be as set out in the Rule 2.7 Announcement, together with such other terms as may be agreed by the parties in writing, and, where required by the Takeover Code, approved by the Panel.
- 2.4 The terms of the Combination at the date of posting of the Scheme Circular shall be set out in the Scheme Circular. Should Tenaz elect to implement the Combination by way of a Takeover Offer in accordance with Clause 5, the terms of the Combination shall be set out in the announcement of the switch to a Takeover Offer and in the Offer Document and in any form of acceptance.

## **3 Undertakings in relation to Regulatory Clearances**

### ***Regulatory Conditions Strategy***

- 3.1 Except where otherwise required by law or a Regulatory Authority and without prejudice to their obligations under rule 13.5 of the Takeover Code, Tenaz shall:
- (a) determine, having consulted in good faith with SDX, the strategy to be pursued for satisfying the Regulatory Clearances; and
  - (b) contact and correspond with any Regulatory Authority in relation to any Regulatory Clearances sought by Tenaz in respect of the Combination in accordance with this Agreement, including submitting and preparing, with the assistance of SDX and each relevant member of the SDX Group in accordance with this Agreement, all necessary filings, notifications and submissions, other than any Regulatory Clearances for which SDX or any other member of the SDX Group alone is required by Law or a Regulatory Authority to apply (in which case SDX shall, and shall procure that the relevant member of the SDX Group shall, be responsible for contacting and corresponding with any relevant Regulatory Authority and submitting all necessary filings, notifications and submissions in respect of such Regulatory Clearances, with the assistance of Tenaz in accordance with this Agreement and in form satisfactory to Tenaz, acting reasonably).

***Undertakings to satisfy Regulatory Clearances***

- 3.2 Without prejudice to the provisions of rule 13.5 of the Takeover Code, Tenaz shall take, or cause to be taken, and procure that each relevant member of the Tenaz Group shall take, all required or necessary steps (as applicable) to secure the Regulatory Clearances (if any) as soon as reasonably practicable following the date of this Agreement and, in any event, in sufficient time to enable the Effective Date to occur by the Long Stop Date (including by offering, agreeing and/or executing any Remedies that are required or necessary to obtain such Regulatory Clearances). Notwithstanding any other provision of this Agreement to the contrary, Tenaz acknowledges and agrees that its obligation to take, or cause to be taken, all required or necessary steps pursuant to this Clause 3.2 requires it to offer, agree and execute (and/or, if applicable, to cause to cause the offer, agreement and/or execution of) any Remedies that are required or necessary to obtain any and all Regulatory Clearances as soon as reasonably practicable following the date of this Agreement and, in any event, in sufficient time to enable the Effective Date to occur by the Long Stop Date.
- 3.3 Without prejudice to the generality of Clause 3.2 and the provisions of rule 13.5 of the Takeover Code, Tenaz undertakes to SDX to:
- (a) to the extent that any Regulatory Clearances are required in respect of the Combination, make filings, notifications or submissions in respect of the Regulatory Clearances which it has a responsibility to make under applicable law (or if otherwise required by a Regulatory Authority) with or to the relevant Regulatory Authorities in respect of the Combination and to take all required or necessary steps (as applicable) to avoid: (i) any declaration of incompleteness by any Regulatory Authority; and (ii) any suspension of any review period by any Regulatory Authority;
  - (b) if and to the extent permitted by applicable law and the requirements of the relevant Regulatory Authority, notify SDX as soon as reasonably practicable of any communication (whether written or oral) from any Regulatory Authority in connection with the Combination;
  - (c) if and to the extent permitted by applicable Law and the requirements of the relevant Regulatory Authority, and where practicable, give SDX reasonable notice of and reasonable opportunity to participate in all meetings and telephone calls with any Regulatory Authority in connection with the Combination (unless solely administrative in nature);
  - (d) if and to the extent permitted by applicable law and to the extent possible, provide SDX with drafts of all written communications (unless solely administrative in nature) intended to be sent to any Regulatory Authority in connection with the Combination sufficiently in advance of their submission to allow SDX a reasonable opportunity to comment on them and provide SDX with final copies of all such communications; and
  - (e) if and to the extent permitted by applicable law and the requirements of any Regulatory Authority, keep SDX informed of any developments which are material to the obtaining of the Regulatory Clearances.
- 3.4 Subject to Clause 3.5, to the extent that any Regulatory Clearances are required in respect of the Combination, SDX undertakes, to the extent reasonably practicable, to provide in a timely manner such information and assistance to Tenaz as Tenaz may reasonably require for the purposes of obtaining such Regulatory Clearances and making submissions, filings or notifications to any Regulatory Authorities.

3.5 Without prejudice to the provisions of rule 13.5 of the Takeover Code and except with the prior written consent of SDX, Tenaz shall not, and shall procure that each member of the Tenaz Group shall not, and shall not direct or cause any person acting in concert with (or deemed to be acting in concert with) Tenaz to, in each case, directly or indirectly:

- (a) take, or omit to take, or permit or cause to be taken, any action; or
- (b) enter into any acquisition, transaction, agreement or other arrangement,

in either case, which would, or would be reasonably expected to, preclude, impede, materially prejudice or materially delay receipt of the Regulatory Clearances or satisfaction of the Regulatory Conditions or prevent, impede, materially prejudice or materially delay completion of the Combination.

3.6 Nothing in this Agreement shall require either party to provide or disclose to the other, or to its advisers, any information:

- (a) which the disclosing party reasonably considers to be commercially sensitive or confidential or which constitutes a trade secret, and has not already been disclosed to the other party;
- (b) which the disclosing party is prohibited from disclosing by contract or by applicable law or regulation; or
- (c) in circumstances where such disclosure would result in the loss of any privilege that subsists in relation to such information (including legal advice privilege),

and any such information shall, to the extent practicable and deemed appropriate by the disclosing party, be provided or disclosed to the other party's legal advisers (and, to the extent reasonably necessary, its other advisers) on an "external advisers only" basis, with a non-confidential version of any relevant filing, notification, submission or communication that includes or refers to such information being provided to the other party.

#### **4 Scheme Circular and Tenaz Circular**

4.1 Tenaz agrees to provide promptly to SDX (and/or its legal advisers) all such information about itself, the Tenaz Group and the Tenaz Responsible Persons (and, where relevant, any persons acting in concert with them, within the meaning of the Takeover Code) as may be reasonably requested and which is required for the purpose of preparation of and inclusion in the Scheme Circular (including all information that would be required under the Takeover Code and applicable law and regulations, including the Companies Act, the AIM Rules and any applicable Canadian securities law or regulations) and to promptly provide all other documentation, assistance and access which may be reasonably required in connection with the preparation of the Scheme Circular and any other document required by applicable law or under the Takeover Code, the AIM Rules, the Companies Act or any applicable Canadian securities law or regulations to be published in connection with the Scheme, including access to, and ensuring reasonable assistance is provided by, its personnel and professional advisers.

4.2 Tenaz shall procure that the Tenaz Responsible Persons take and accept responsibility for all information in the Scheme Circular relating to, inter alia, themselves, their Groups, Tenaz, the Tenaz Group and in each case, their respective directors, including any statements of opinion, belief or expectation of the Tenaz Directors in relation to the Combination and the Tenaz Group (as enlarged by the Combination) and any other information in the Scheme Circular for

which an offeror or its directors would be required under the Takeover Code or applicable regulations to accept responsibility (and, including where relevant, any persons acting in concert with them, within the meaning of the Takeover Code).

- 4.3 Where the Combination is being implemented by way of the Scheme, Tenaz agrees and undertakes:
- (a) that, if any supplemental circular or document is required to be published in connection with the Scheme or any variation or amendment to the Scheme, the provisions of Clauses 4.1 and 4.2 shall apply to such document; and
  - (b) to notify SDX if any Tenaz related information included in the Scheme Circular or any supplementary circular or document is or has become false or misleading as promptly as reasonably practicable after it becomes aware that such information is or has become false or misleading.
- 4.4 The parties intend that the Scheme Circular and the Tenaz Circular will be published and dispatched (as applicable) at or around the same time in accordance with the timetable agreed between the parties in writing from time to time.
- 4.5 Where the Combination is being implemented by way of the Scheme and unless the Panel otherwise consents, Tenaz undertakes to deliver a notice in writing to SDX on the Business Day prior to the Court Hearing, confirming either:
- (a) the satisfaction or waiver of all Conditions (other than the Scheme Conditions); or
  - (b) its intention to invoke one or more Conditions so as to cause the offer not to proceed, to lapse or be withdrawn in accordance with Rule 13.5 of the Takeover Code (if permitted by the Panel), and providing reasonable details of the event which has occurred, or circumstances which have arisen, which Tenaz considers entitles it to invoke each such Condition or treat it as unsatisfied or incapable of satisfaction, together in each such case, with (following engagement with the Panel) an explanation as to why Tenaz considers such event or circumstance to be of material significance for the Panel to permit it to invoke such Condition.
- 4.6 Where Tenaz confirms the satisfaction or waiver of all Conditions (other than the Scheme Conditions) in accordance with Clause 4.5(a), Tenaz agrees that SDX shall be permitted to take the necessary steps to procure that the Court Hearing is duly held as soon as reasonably practicable thereafter (having regard to the proposed timetable agreed between the parties and included in the Scheme Circular or in any subsequent agreed announcement regarding the implementation of the Combination).
- 4.7 Where the Combination is being implemented by way of the Scheme, Tenaz hereby agrees to be bound by the Scheme (subject to the satisfaction or waiver of the Conditions) and shall instruct counsel to appear on its behalf at the Court Hearing to undertake to the Court to be bound by the terms of the Scheme in so far as it relates to Tenaz and, to the extent that all the Conditions (other than the Scheme Conditions) have been satisfied or waived prior to or on the date of the Court Hearing, Tenaz shall provide such documentation or information as may reasonably be required by SDX's counsel and/or the Court in relation to such undertaking.
- 4.8 If Tenaz becomes aware of any fact, matter or circumstance that would allow any of the Conditions to be invoked or allow it to treat any of the Conditions as unsatisfied or incapable of satisfaction for the purposes of Rule 13.5 of the Takeover Code or if the board of Tenaz

resolves to seek the permission of the Panel to invoke a Condition, it will, subject to applicable law, as soon as reasonably practicable and in any event prior to approaching the Panel inform SDX of its intention to do so and provide SDX with reasonable details of the ground on which it intends to invoke the relevant Condition including the reasons why it considers such fact, matter or circumstance to be sufficiently material for the Panel to permit Tenaz to withdraw or lapse the Scheme.

4.9 Tenaz shall or shall procure that:

- (a) the Tenaz Directors shall, at a duly convened meeting or meetings of the board of Tenaz:
  - (i) approve the Tenaz Circular to be mailed to Tenaz Shareholders for the purposes of considering and, if thought fit, approving the Tenaz Resolution at the Tenaz Special Meeting; and
  - (ii) subject to approval of the Tenaz Resolution, resolve to issue all of the New Tenaz Shares that are to be issued to SDX Shareholders upon the Scheme becoming effective and cause such New Tenaz Shares to be issued upon the Scheme being effective; and
- (b) the Tenaz Circular is dispatched and published (as applicable) at or around the same time as the Scheme Circular;
- (c) convene the Tenaz Special Meeting for the same date as the Court Meeting and the GM (or such other date as may be agreed by both parties in writing);
- (d) the New Tenaz Shares to be issued to SDX Shareholders shall be issued as fully paid and non-assessable and rank *pari passu* with the other outstanding Tenaz Shares on the Effective Date and to be issued free from any and all encumbrances.

4.10 Tenaz shall provide, or procure the provision to SDX and its advisers of, draft copies of the Tenaz Circular at such times as will allow SDX and its advisers reasonable notice of and a reasonable opportunity to review and provide comments on such drafts, and Tenaz and its advisers shall have regard in good faith to comments reasonably proposed by SDX and its advisers in a timely manner before such drafts are submitted or sent to any Regulatory Authority (as applicable) or published in final form and, where practicable, Tenaz shall promptly notify SDX and its advisers of any material comments received from any Regulatory Authority in relation to the Tenaz Circular.

4.11 The Tenaz Circular shall include the Tenaz Recommendation, except to the extent that the directors of Tenaz have determined in good faith that including the Tenaz Recommendation would be inconsistent with any of the respective fiduciary duties of the Tenaz Directors, provided that:

- (a) any such determination must be based on appropriate external financial and legal advice; and
- (b) to the extent permitted by law and where reasonably practicable, before such decision is notified to the Tenaz Shareholders or made public, Tenaz must notify SDX of such decision (or any intention of the Tenaz Directors to make such a decision) and provide SDX with the opportunity to provide representations to the Tenaz Directors for a period of ten Business Days following notification.

- 4.12 SDX agrees to provide in a timely manner to Tenaz (and/or its legal advisers), to the standard that is required for Tenaz to meet its obligations in relation to applicable law, including applicable Canadian securities laws, all such information about itself, its directors and the SDX Group as may be reasonably requested and which is required for the purpose of inclusion in (or submission with) the Tenaz Circular, and to provide all other assistance and access which may be reasonably required for the preparation of the Tenaz Circular, including access to, and ensuring that reasonable assistance is provided by, its professional advisers.
- 4.13 After the posting of the Tenaz Circular and before the Tenaz Special Meeting, Tenaz shall keep SDX informed, on a regular basis or as soon as reasonably practicable following a request from SDX, of the number and content of proxy votes received in respect of the Tenaz Resolution and of Tenaz Shareholders' stated voting instructions in respect of the Tenaz Resolution.
- 4.14 Tenaz shall permit up to six representatives of SDX and its advisers to attend the Tenaz Special Meeting.
- 4.15 Tenaz shall, subject to the approval of the Tenaz Resolution at the Tenaz Special Meeting:
- (a) cause all of the New Tenaz Shares that are to be issued to SDX Shareholders upon the Scheme becoming effective to be conditionally approved for listing on the TSX, subject only to customary conditions ("**Admission**") as soon as practicable but in any event on or before the Long Stop Date;
  - (b) issue all of the New Tenaz Shares to the SDX Shareholders in accordance with the timetable set out in the Scheme Circular;
  - (c) procure Admission of the New Tenaz Shares in accordance with the timetable set out in the Scheme Circular;
  - (d) ensure the New Tenaz Shares to be issued pursuant to the Combination are not subject to any contractual or other restrictions on transferability or voting created by Tenaz; and
  - (e) otherwise ensure that the issuance of all such New Tenaz Shares complies with all applicable laws and regulations.
- 4.16 For so long as the Combination is being implemented by way of the Scheme Tenaz shall use all reasonable endeavours to cause all New Tenaz Shares which are issued to SDX Shareholders upon the Scheme becoming effective to be issued in reliance on the exemption from the registration requirements of the Securities Act provided by section 3(a)(10) of the Securities Act and in reliance on exemptions from registration under US state "blue sky" or securities laws. Accordingly, in the application for the Scheme Order, Tenaz shall inform the Court that the parties intend to rely on the exemption provided by section 3(a)(10) of the Securities Act for the issuance of the New Tenaz Shares pursuant to the Scheme and that, in connection therewith, the Court will be required to approve the substantive and procedural fairness of the terms and conditions of the Scheme to each person to whom Tenaz Shares will be issued. Each person to whom Tenaz Shares will be issued on completion of the Scheme will be given adequate notice advising them of their right to attend and appear before the Court at the Court Hearing for the Scheme Order and providing them with adequate information to enable such person to exercise such right.

## 5 Takeover Offer

- 5.1 The parties intend that the Combination will be implemented by way of the Scheme. However, Tenaz shall be entitled, with the consent of the Panel, to elect to implement the Combination by way of a Takeover Offer, rather than the Scheme (a "**Switch**"), whether or not the Scheme Circular has been published, provided that (i) the Takeover Offer is made in accordance with the terms and conditions set out in the Rule 2.7 Announcement (with any modifications or amendments to such terms and conditions as may be required by the Panel or which are necessary as a result of a switch from the Scheme to the Takeover Offer), and either:
- (a) SDX provides its prior written consent making express reference to this Clause 5 and this Agreement (an **Agreed Switch**);
  - (b) a third party announces a firm intention to make an offer (whether or not subject to the satisfaction or waiver of any pre-conditions) for all or part of the entire issued, and to be issued, share capital of SDX; or
  - (c) a SDX Board Adverse Recommendation Change occurs.
- 5.2 In the event of an Agreed Switch, Tenaz shall:
- (a) ensure that the Acceptance Condition shall be set at 75 percent of the voting rights attaching to SDX Shares (or such other percentage (being more than 50 percent but not more than 75 per cent) as the parties may agree in writing, or if the circumstances in Clauses 5.1(b) or 5.1(c) arise after an Agreed Switch, as Tenaz may decide (subject, in each case, to the Panel's consent, to the extent necessary));
  - (b) consult with SDX in a timely manner as to the form and content of any announcements (and the related form of acceptance) relating to the Agreed Switch and its implementation and any proposed changes to the timetable in relation to the implementation of the Agreed Switch;
  - (c) prepare the Offer Document and any Prospectus and shall consult reasonably with SDX in relation thereto and shall allow SDX a reasonable opportunity to consider the draft Offer Document and any such draft Prospectus for review and comment, and shall consider any reasonable comments proposed by SDX for the purposes of preparing revised drafts;
  - (d) seek SDX's approval of the contents of the information on SDX contained in the Offer Document and/or any Prospectus for which SDX or the SDX Directors take responsibility, in each case before the relevant document is published, to take into account in good faith comments reasonably made by SDX on the contents of the Offer Document and/or any Prospectus, and to afford SDX sufficient time to consider each such document in order to give its approval and make any comments; and (ii) consult and agree with SDX as to the timetable for publication of any Prospectus and use all reasonable endeavours to procure that such Prospectus is prepared and published in accordance with the timetable agreed between the parties;
  - (e) not take any action which would cause the Offer not to proceed, to lapse or to be withdrawn, in each case for non-fulfilment of any Condition, prior to midnight on Day 60 (including by publishing any acceptance condition invocation notice under Rule 31.6 of the Takeover Code or specifying in the Offer Document an unconditional date which is earlier than Day 60) and Tenaz shall ensure that the Offer remains open for acceptance until such time;

- (f) not, without the prior written consent of SDX, make any acceleration statement (as defined in the Takeover Code) unless: (i) all of the Conditions (other than the Acceptance Condition) have been satisfied or waived (if capable of waiver); (ii) the acceleration statement contains no right for Tenaz to set the statement aside (except with SDX consent); and (iii) Tenaz undertakes to SDX not to take any action or step otherwise to set the acceleration statement aside;
  - (g) if at any time following the publication of the Offer Document, it is reasonably expected that any outstanding Regulatory Condition is not likely to be satisfied or waived (if capable of waiver) prior to the last date permitted under Rule 31.1 of the Takeover Code, Tenaz shall, before the 30th day after the publication of the Offer Document (or such later date as SDX may agree), consult with SDX as to whether the offer timetable should be suspended in accordance with Rule 31.4 of the Takeover Code (or, if applicable, further suspended or extended) and, if required by SDX, shall request such suspension to a date agreed with SDX and the Panel, in each case with the effect of extending Day 60 in accordance with Rule 31.3 of the Takeover Code (or, if applicable, further suspended or extended), provided always that the date extended (as, if applicable, it may be further extended) shall be no later than the Long Stop Date;
  - (h) keep SDX informed, on a regular and confidential basis and in any event promptly following a written request by SDX, of the number of SDX Shareholders that have: (i) validly accepted the Takeover Offer; (ii) withdrawn their acceptance of the Takeover Offer; and/or (iii) incorrectly submitted their acceptance or withdrawal, together with, in each case, the identity of such shareholders and the number of SDX Shares held by such shareholders.
- 5.3 Notwithstanding that Tenaz may determine that there is no realistic prospect of one or more of the Regulatory Conditions being satisfied by the Long Stop Date, nothing in Clause 5.2(g) shall prevent or restrict SDX from making a request to the Panel as is referred to in Clause 5.2(g) in accordance with Rule 31.4(a)(ii) of the Takeover Code and nothing in Clause 5.2(g) shall imply that any Regulatory Condition in respect of which such determination may be made by Tenaz is a “material official authorisation or regulatory clearance” for the purpose of Rule 31.4(a)(ii) of the Code.
- 5.4 In the event of any Agreed Switch, the parties agree that all provisions of this Agreement relating to the Scheme and the Scheme Circular and its implementation shall apply to the Takeover Offer, the Offer Document and its implementation mutatis mutandis, save as set out in this Clause 5.
- 5.5 Tenaz hereby warrants that it is not, at the date of this Agreement, and undertakes that (for so long as this Agreement is in force) it shall not become, following the date of this Agreement, required to make a mandatory offer for SDX under Rule 9 of the Takeover Code.
- 5.6 In the event of any Switch in connection with which the Takeover Offer is to be registered under the Securities Act (absent an applicable exemption from the registration requirements of the Securities Act), Tenaz, with SDX's assistance in the case of an Agreed Switch, shall prepare a registration statement on Form F-4 (or any other applicable form) with respect to the New Tenaz Shares to be issued in connection with the Combination (the **Registration Statement**) and, in the event of an Agreed Switch, Tenaz shall consult reasonably with SDX in relation thereto and shall allow SDX a reasonable opportunity to consider the draft Registration Statement for review and comment, and shall consider in good faith comments proposed by SDX.

## **6 Court Proceedings**

In connection with all Court proceedings relating to obtaining the Scheme Order and save as otherwise prohibited by law, SDX shall as soon as is reasonably practicable notify Tenaz of any material written shareholder communications which are materially adverse to the grant of the Scheme Order by the Court.

## **7 SDX Share Plans**

7.1 The parties agree that the provisions of Schedule 1 shall be implemented in accordance with that Schedule.

7.2 The parties agree that if the Combination is implemented by way of the Scheme, the timetable for its implementation shall be fixed so as to enable options and awards under the relevant SDX Share Plans that are exercised and/or vest upon the sanction of the Scheme by the Court to be exercised or vest in sufficient time to enable the resulting SDX Shares to be bound by the Scheme on the same terms as the SDX Shares held by SDX Shareholders.

## **8 Termination**

8.1 This Agreement shall terminate (and all obligations of Tenaz and SDX under this Agreement shall cease) with immediate effect in the following circumstances:

- (a) if the Rule 2.7 Announcement is not released via a Regulatory Information Service on or before the date and time specified in Clause 2.1 (unless, prior to that time, the parties have agreed another time and date in accordance with Clause 2, in which case the later time and date shall apply for the purposes of this Clause 8.1(a));
- (b) if agreed in writing between Tenaz and SDX at any time prior to the Effective Date;
- (c) upon service of written notice by Tenaz to SDX, if a SDX Board Adverse Recommendation Change occurs; or
- (d) upon service of written notice by Tenaz to SDX or by SDX to Tenaz, if one or more of the following occurs:
  - (i) prior to the Long Stop Date, any Condition has been invoked by Tenaz (where the invocation of the relevant Condition has been specifically permitted by the Panel);
  - (ii) prior to the Long Stop Date, a third party announces a firm intention to make an offer or revised offer (whether or not subject to the satisfaction or waiver of any pre-conditions) for SDX under Rule 2.7 of the Takeover Code, which completes, becomes effective or is declared or becomes unconditional in all respects;
  - (iii) if (a) there is a withdrawal, qualification or modification of the SDX Board Recommendation (provided, however, that an announcement by the SDX Directors that any proposal in respect of a possible offer or offer for SDX is under consideration by the SDX Directors, shall not of itself constitute a withdrawal, or adverse modification or qualification, of the SDX Board Recommendation so long as either: (x) any such statement or announcement contains an express statement that the SDX Board Recommendation is not withdrawn, modified or qualified, or (y) SDX announces, within 7 Business Days after the relevant statement or announcement, its

reconfirmation or reinstatement of the SDX Board Recommendation (failing which there shall be deemed to have been a withdrawal, qualification or modification of the SDX Board Recommendation for the purposes of this Clause 8) or if SDX makes an announcement prior to the publication of the Scheme Circular that the SDX Directors no longer intend to make the SDX Board Recommendation or (subject to the proviso above) intend to modify or qualify such recommendation; or (b) prior to the Long Stop Date, a third party announces a firm intention to make an offer or revised offer for SDX which is recommended by the SDX Directors; or

- (iv) if the Combination (whether implemented by way of the Scheme or Takeover Offer) is withdrawn, terminated or lapses in accordance with its terms prior to the Long Stop Date and, where required, with the consent of the Panel (other than: (A) where such lapse or withdrawal is as a result of the exercise of Tenaz's right to effect a Switch from the Scheme to the Offer; or (B) it is otherwise to be followed within five Business Days (or such other period as SDX and Tenaz may agree) by an announcement under Rule 2.7 of the Takeover Code made by Tenaz or any person acting in concert with Tenaz (or deemed to be acting in concert with Tenaz) to implement the Combination by a different offer or scheme on substantially the same or improved terms);
- (v) except following a Switch, if the Scheme is not approved by the requisite majority of SDX Shareholders at the Court Meeting and/or the GM Resolutions are not approved by the requisite majority of the SDX Shareholders at the GM, or the Court definitively refuses to sanction the Scheme; or
- (vi) unless otherwise agreed by the parties in writing or required by the Panel, if the Effective Date has not occurred by the Long Stop Date; or
- (vii) upon service of a written notice by SDX to Tenaz if Tenaz elects to implement the Combination by way of a Takeover Offer other than pursuant to any of its rights to Switch pursuant to Clause 5.

8.2 Termination of this Agreement shall be without prejudice to the rights of either party which have arisen on or prior to termination including any claim in respect of a breach of this Agreement. Clause 1, the whole of this Clause 8 and clauses 12 to 27 (inclusive) and (only in circumstances where this Agreement is terminated on or after the Effective Date or the date of the Takeover Offer becoming or being declared unconditional, as the case may be), Clause 7, Clause 11 and Schedule 1 shall survive the termination of this Agreement.

## **9 Conduct of Business**

9.1 Subject to Clauses 9.2 and 9.3, Tenaz undertakes not to:

- (a) take any action not expressly contemplated by this Agreement and/or the Rule 2.7 Announcement which it would not be permitted to undertake under Rule 21.1 (a) of the Takeover Code if it were the offeree for the purposes of that rule; and
- (b) seek the approval of Tenaz Shareholders for any action set out in Rule 21.1(a)(i) to (iv) of the Code (inclusive).

If there is any doubt as to whether any proposed action would fall within this Clause 9.1, Tenaz shall consult SDX in advance in relation to it.

- 9.2 The restrictions contained in Clause 9.1 shall not apply to:
- (a) any action required by law or under any contract to which any member of the Tenaz Group is party as at the date of this Agreement and which has been Disclosed or which is expressly permitted by or in this Agreement or the Rule 2.7 Announcement;
  - (b) any transaction or arrangement between one wholly-owned member of the Tenaz Group and another wholly-owned member of the Tenaz Group, in each case including Tenaz;
  - (c) any action the taking of which is conditional on the Combination not becoming effective or wholly unconditional;
  - (d) any action taken with the prior written consent of SDX (not to be unreasonably withheld, delayed or conditioned); or
  - (e) any issue of securities by Tenaz for the purposes of satisfying in the ordinary course awards pursuant to the terms of the Tenaz Share Plans; or
  - (f) any issue of options or awards by Tenaz in the ordinary course of business pursuant to the Tenaz Share Plans.
- 9.3 The obligations under Clause 9.1 shall cease to have effect on the occurrence of a SDX Board Adverse Recommendation Change.

## **10 The Takeover Code/SDX Directors Duty**

- 10.1 Nothing in this Agreement shall in any way limit the parties' obligations under the Takeover Code and other applicable law and any uncontested rulings of the Panel as to the application of the Takeover Code in conflict with the terms of this Agreement shall take precedence over such terms.
- 10.2 The parties agree that any provision of this Agreement that requires SDX to take or not to take action, whether as a direct obligation or as a condition to any other person's obligation (however expressed), where (i) the Panel determines such provision is not permitted by Rule 21.2 of the Takeover Code, or (ii) such action or inaction would be contrary to the fiduciary duty of the SDX Directors, then in either case, such provision shall have no effect and shall be disregarded and neither SDX nor the SDX Directors shall have any obligation to take or not take an such action.
- 10.3 Nothing in this Agreement shall oblige SDX or the SDX Directors to recommend a Takeover Offer or a Scheme proposed by Tenaz or any member of the Tenaz Group or any person acting in concert with any of them.

## **11 D&O Insurance**

- 11.1 If, and to the extent such obligations are permitted by law, for six years after the Effective Date, Tenaz shall procure that the members of the SDX Group shall honour and fulfil their respective obligations (if any) existing at the date of this Agreement to indemnify directors and officers of SDX Group companies and advance expenses with respect to matters existing or occurring at or prior to the Effective Date.

- 11.2 Tenaz acknowledge that SDX may purchase directors' and officers' liability insurance for both current and former directors and officers of the SDX Group, including, without limitation, directors and officers of SDX at the date hereof who retire or whose employment is terminated on or prior to the Effective Date as a result of the Combination, for acts and omissions up to and including the Effective Date, in the form of run-off cover for a period of six years following the Effective Date (the "**Run-Off Cover**"). The Run-Off Cover shall be with reputable insurers and provide cover, in terms of quantum and scope, substantially equivalent to that provided under the SDX Group's directors' and officers' insurance as at the date of this Agreement.
- 11.3 Tenaz will provide access to information as is reasonably requested by the current directors and officers of SDX ("**Relevant Officers**") to the extent they need such information to make a claim against any SDX directors' and officers' insurance policy (including any associated run-off cover) or to seek indemnity or the advancement of expenses. Nothing in this Clause 11.3 will require any member of the Tenaz Group to provide access to such information if in doing so any such entity would: (i) be in contravention of, or acting contrary to the spirit of, any request made of such entity by any regulatory body or public authority; (ii) by the provision of access to such information (in the relevant entity's opinion acting reasonably) materially prejudice the conduct of any investigation (whether internal or external) or any legal or regulatory proceedings; or (iii) prejudice any right of privilege which attaches to such information. As a condition of access to such information, the director or officer in question must agree to keep it confidential and not disclose it to any other person save where reasonably necessary in the context of legal proceedings or regulatory investigations involving the director or officer or as required by law, by any relevant regulatory body or public authority or in order to obtain professional advice from an adviser who is subject to a corresponding duty of confidentiality or to the relevant insurers for the directors' and officers' insurance policy (or associated run-off cover) in connection with evaluating or making any claim or potential claim against any directors' and officers' insurance policy. Nothing in this Clause 11.3 shall prevent or restrict any Relevant Officers and/or their respective advisers from communicating together in relation to any information which has been provided to each of such Relevant Officers pursuant to this Clause 11.3.
- 11.4 Each of the directors and officers of the SDX Group to which Clause 11.1, 11.2 and 11.3 apply will have the right, under the UK Contracts (Rights of Third Parties) Act 1999, to enforce his or her rights against Tenaz under Clause 11.1, 11.2 and 11.3 (as applicable).

## **12 Representations and Warranties**

- 12.1 Each of Tenaz and SDX represents and warrants to the other on the date of this Agreement that:
- (a) it has the requisite power and authority to enter into, and perform its obligations under, this Agreement;
  - (b) this Agreement constitutes its legal, valid and binding obligations in accordance with its terms; and
  - (c) the execution and delivery of, and performance of its obligations under, this Agreement will not:
    - (i) result in a breach of any provision of its constitutional documents; or

- (ii) result in a breach of, or constitute a default under, any agreement or instrument to which it is a party or by which it is bound; or
- (iii) result in a breach of any order, judgment or decree of any court or governmental agency to which it is a party or by which it is bound.

12.2 Tenaz acknowledges and agrees, on its own behalf and on behalf of the Tenaz Group, that any information and/or assistance provided by any of the SDX Directors or SDX's officers, employees or advisers (each a **SDX Representative**) to it and/or any member of the Tenaz Group, any other person acting in concert with either of them, and any of their respective directors, officers, employees or advisers (each a **Recipient**), whether before, on or after the date of this Agreement: (i) pursuant to the obligations of SDX or any member of the SDX Group under or otherwise in connection with this Agreement; or (ii) in connection with the Combination, shall in each case be (and have been) given on the basis that the relevant SDX Representative shall not incur any liability, whether in contract, tort (including negligence) or otherwise or owe any duty of care to any Recipient, in respect of any loss or damage that any of the Recipients may suffer as a result of the provision of any such information and/or assistance, save, in each case for loss or damage resulting from the fraudulent misrepresentation of the relevant SDX Representative. Each SDX Representative shall have the right under this Clause 12.2, pursuant to the UK Contracts (Rights of Third Parties) Act 1999, to enforce their rights against Tenaz or any of their successors or assignees.

### 13 Notices

13.1 Notices under this Agreement shall be given in writing in English by personal delivery or post or airmail or email, and shall be effective when given or deemed given. Notices shall be given as follows:

(a) if to SDX:

38 Welbeck Street, London, United Kingdom, W1G 8DP

FAO: the Directors

email: [redacted]

(b) if to Tenaz:

Suite 2500 – 605, 5th Ave SW, Calgary, Alberta, Canada, T2P 3H5

FAO: [redacted]

email: [redacted]

13.2 Any notice given under this Agreement shall, in the absence of earlier receipt, be deemed to have been duly given as follows:

- (a) if delivered personally or sent by courier, on delivery;
- (b) if sent by post, except air mail, two Business Days after posting it;
- (c) if sent by air mail, five Business Days after posting it;

- (d) if sent by email, when sent, provided that the sender does not receive a notice of non-delivery.

Any notice given outside of the hours of 9.00 a.m. to 5.30 p.m. in the place of receipt shall be deemed to be given at the start of the next Business Day.

#### **14 Further Assurances**

Each Party shall, and shall use reasonable endeavours to procure that any necessary third party shall, at the cost of the requesting party, from time to time, execute such documents and do such acts and things as the requesting party may reasonably require for the purpose of giving the full benefit of this Agreement to the requesting party.

#### **15 Remedies and Waivers**

15.1 The rights and remedies provided for in this Agreement are cumulative and not exclusive of any other rights or remedies, whether provided by law or otherwise.

15.2 No failure or delay by any party in exercising any right or remedy provided under this Agreement shall operate as a waiver of it, nor shall any single or partial exercise of any right or remedy preclude any other or further exercise of it or the exercise of any other right or remedy.

15.3 Any waiver of a breach of this Agreement shall not constitute a waiver of any subsequent breach.

15.4 Without prejudice to any other rights and remedies which any party may have, each party acknowledges and agrees that damages alone would not be an adequate remedy for any breach by any party of the provisions of this Agreement and any party shall be entitled to seek the remedies of injunction, specific performance and other equitable relief (and the parties shall not contest the appropriateness or availability thereof) for any threatened or actual breach of any such provision of this Agreement by any party and no proof of special damages shall be necessary for the enforcement by any party of the rights under this Agreement.

#### **16 No Partnership**

Nothing in this Agreement and no action taken by the parties under this Agreement shall be deemed to constitute a partnership between the Parties nor constitute any Party the agent of any other Party for any

#### **17 Time of Essence**

Except as otherwise expressly provided, time shall be of the essence of this Agreement both as regards any dates, times and periods mentioned and as regards any dates, times and periods which may be substituted for them in accordance with this Agreement or by agreement in writing between the Parties.

#### **18 Costs and Expenses**

Without prejudice to its other rights pursuant to this Agreement (or in relation to a breach by either party of the terms of this Agreement), each party shall pay its own costs and expenses in relation to the negotiation and preparation of this Agreement and the implementation of the transactions contemplated by it.

## **19 Invalidity**

- 19.1 If any provision in this Agreement shall be held to be illegal, invalid or unenforceable, in whole or in part, the provision shall apply with whatever deletion or modification is necessary so that the provision is legal, valid and enforceable and gives effect to the commercial intention of the parties.
- 19.2 If and to the extent it is not possible to delete or modify the provision, in whole or in part, under Clause 18.1, then such provision or part of it shall, if and to the extent that it is illegal, invalid or unenforceable, be deemed not to form part of this Agreement and the legality, validity and enforceability of the remainder of this Agreement shall, subject to any deletion or modification made under Clause 18.1, not be affected.

## **20 Entire Agreement**

- 20.1 Save for the confidentiality agreements dated 6 April and 13 May 2022 entered into between the parties in relation to the Combination (each of which remains in force at the date of this Agreement), this Agreement constitute(s) the entire agreement between the parties relating to its subject matter and supersede(s) any prior written or oral agreement, understanding, undertaking or arrangement between the parties relating to the subject matter of this Agreement.
- 20.2 Except in the case of fraud or fraudulent misrepresentation, each party agrees and acknowledges that it is entering into this Agreement in reliance only upon this Agreement and that it is not relying upon any pre-contractual statement that is not set out in this Agreement.
- 20.3 Except in the case of fraud or fraudulent misrepresentation, no party shall have any right of action (including those in tort or arising under statute) against another party arising out of or in connection with any pre-contractual statement except to the extent that it is repeated in this Agreement.
- 20.4 For the purposes of this Clause 19, “**pre-contractual statement**” means any draft, agreement, undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of this Agreement made or given by any person at any time before the date of this Agreement.

## **21 Variation**

- 21.1 The provisions of this Agreement may be modified or amended only by written agreement between the parties.
- 21.2 Notwithstanding Clause 23, this Agreement may be varied in any way without the consent of any third party beneficiary under Clause 11 and 12.2, provided that:
- (a) the consent of each third party beneficiary under Clause 11 and 12.2 shall be required for any variation of Clause 11 and 12.2 affecting that third party beneficiary at any time on or after the Effective Date or the Takeover Offer becoming or being declared unconditional (as the case may be); and
  - (b) each such third party beneficiary shall have the right, pursuant to the UK Contracts (Rights of Third Parties) Act 1999, to enforce their rights under Clause 21.2(a) against each of the parties or any of their successors or assignees.

**22 Assignment**

Neither party to this Agreement may (or may purport to) assign, transfer, charge or otherwise deal with all or any of its rights under this agreement nor grant, declare, create or dispose of any right or interest in it without the prior written consent of the other party.

**23 Contracts (Rights of Third Parties) Act 1999**

Save as set out in Clauses 11, 12.2 and 21.2, a person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

**24 Counterparts**

This Agreement may be executed in any number of counterparts and by the parties to it on separate counterparts, each of which is an original but all of which together constitute one and the same instrument.

**25 Governing Law**

This Agreement and any non-contractual obligations connected with it shall be governed by and construed in accordance with English law.

**26 Jurisdiction**

26.1 Subject to Clause 26.2, the parties irrevocably agree that the courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Agreement and that accordingly any proceedings arising out of or in connection with this Agreement shall be brought in such courts. Each party irrevocably submits to the jurisdiction of such courts and irrevocably waives any objection to proceedings in any such court on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum.

26.2 Notwithstanding Clause 26.1, the parties shall be entitled to seek from any competent court any interim or interlocutory remedy. Nothing in this Clause 26.2 shall deprive any competent court of jurisdiction from granting any such remedy or relief.

**27 Appointment of Process Agent**

27.1 Tenaz hereby irrevocably authorises and appoints WFW Legal Services Limited as its agent to accept service of all process in England and Wales in any legal action or proceedings arising out of or in connection with this Agreement.

27.2 Tenaz agrees to inform SDX in writing of any change of address of such process agent within 14 days of such change.

27.3 If such process agent ceases to be able to act as such or to have an address in England, Tenaz irrevocably agrees to appoint a new process agent in England and Wales acceptable to SDX and to deliver to SDX within 14 days a copy of a written acceptance of appointment by the process agent.

27.4 Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law or the right to bring proceedings in any other jurisdiction for the purposes of the enforcement or execution of any judgment or other settlement in any other courts.

**IN WITNESS WHEREOF** this Agreement has been entered into on the date stated on page 1.

## SCHEDULE 1

### SDX Share Plans

#### 1 INTERPRETATION

- 1.1 The Parties agree that the provisions of this Schedule 1 (the “**Schedule**”) shall apply in respect of the SDX Share Plans and certain employment arrangements.
- 1.2 The acknowledgements in paragraphs 2 and 4 of this Schedule 1 do not impose contractual restrictions or obligations on any member of the SDX Group or their boards of directors.
- 1.3 In this Schedule 1, each of the following words and expressions shall have the following meanings:

“**Awards**” means awards comprising conditional awards and nil cost options granted under the rules of the LTIPs.

“**CSOP**” means the Company Share Option Plans contained in the Inc LTIP and the PLC LTIP.

“**Disclosed**” has the meaning given to that term in the Rule 2.7 Announcement.

“**Exchange Ratio**” has the meaning given to that term in the Rule 2.7 Announcement.

“**Inc LTIP**” means the SDX Energy Inc Long Term Incentive Plan including a Company Share Option Plan as Schedule A thereto, the existing awards under which at the time of redomiciliation of the group to the UK were rolled over into awards over shares of SDX but otherwise continued on the terms of such Plan (adopted on 31 July 2017 and as amended from time to time).

“**LTIPs**” means the Inc LTIP and the PLC LTIP.

“**PLC LTIP**” means the SDX Energy PLC Long Term Incentive Plan including a Company Share Option Plan as Schedule A thereto adopted by the board of SDX on 18 August 2020.

“**SOP**” means SDX Energy Inc Stock Option Plan, the existing options under which at the time of redomiciliation of the group to the UK were rolled over into awards over shares of SDX but otherwise continued on the terms of such Plan.

“**SDX Share Plans**” means the LTIPs, the CSOP and the SOP.

#### 2 GENERAL

- 2.1 The Parties acknowledge that:
- (a) Tenaz and SDX intend to jointly write (which may be in electronic form) to participants in the LTIPs setting out the Parties’ appropriate proposals as to the treatment of awards under the SDX Share Plans, where and as required under Rule 15 of the Code and in accordance with the treatment set out below, and SDX will arrange the delivery of such letters at the same time as

the posting of the Scheme Document (or such later time as the Parties and the Panel may agree);

- (b) subject always to Rule 21 of the Code, SDX may amend the rules of the LTIPs (in accordance with their terms) if the directors of SDX (or the relevant committee) are of the opinion, having consulted with Tenaz and its advisers, that such amendments: (i) are necessary or desirable to implement the Scheme or the treatment set out in this Agreement; or (ii) are minor in nature and facilitate the administration of the LTIPs or obtain or maintain favourable tax treatment for participants or for (and without material cost to) any member of the SDX Group; and
- (c) any payments and vesting, exercise and settlement under the LTIPs will be subject to the usual deductions for applicable taxes and national insurance and similar social security deductions or contributions, and the appropriate proposals to be made by the Parties may include mechanisms to ensure that any such deductions may be made including a withholding of shares such that the full number of shares are not issued to participants but instead SDX or the relevant member of the SDX Group shall account to the relevant tax authority for applicable taxes and national insurance and similar social security deductions or contributions equal to the value of the shares withheld.

2.2 Each Party acknowledges that, before the Effective Date and subject always to Rule 21 of the Code, SDX will continue to operate the SDX Share Plans in accordance with the rules of the relevant plan and SDX's normal practice. For the avoidance of doubt, subject always to Rule 21 of the Code, the normal operation of the SDX Share Plans includes (without limitation): granting awards, determining the extent to which awards vest and satisfying the vesting of awards and exercise of options (including as detailed in this Schedule 1). Notwithstanding the foregoing, SDX expects that no further awards or options will be granted under any of the SDX Share Plans if the Effective Date occurs prior to the Long Stop Date.

2.3 Each Party acknowledges that, having consulted with the other Party, either Party may make any submission to the Panel which it deems necessary or desirable to implement the arrangements referred to in this Schedule 1 and the other Party shall co-operate promptly and in good faith in the making of any such submission.

2.4 Subject to applicable confidentiality, legal and regulatory requirements, each Party will co-operate with the other Parties in order to facilitate the implementation of the arrangements set out in this Schedule 1.

2.5 This Schedule 1 shall apply mutatis mutandis in the event that the Combination is effected by way of a Takeover Offer rather than the Scheme.

### **3 OUTSTANDING SHARE AWARDS**

3.1 As at 24 May 2022, there are outstanding vested Awards (in the form of nil cost options) over a total of 442,892 SDX Shares under the LTIPs.

3.2 As at 24 May 2022, there are outstanding unvested Awards over a total of 6,367,427 SDX Shares under the LTIPs. Of this there are:

- (a) conditional awards over 1,863,927 SDX Shares; and
- (b) nil cost options over 4,503,500 SDX Shares.

- 3.3 SDX confirms that none of the Awards:
- (a) have dividend equivalent rights; and
  - (b) save as Disclosed, are subject to any holding period.
- 3.4 SDX confirms that, as at the date of this Agreement, save for Awards under the LTIPs referred to in paragraph 2.1 and 2.2 of this Schedule 1, there are no awards or options or similar rights to acquire shares in any member of the SDX Group outstanding under the SDX Share Plans or any other employee share plan or similar arrangement. In particular SDX confirms that, as at the date of this Agreement, there are no options outstanding under the SOP.
- 3.5 SDX confirms that any CSOP Options granted under Schedule A to the LTIPs have an exercise price of at least 16.96p per SDX Share and that such CSOP Options are linked to awards of nil cost options and will lapse (if not exercised at the same time) upon exercise of such nil cost options. If a CSOP Option is exercised, the number of SDX Shares that can be acquired under the nil cost options is reduced by the number of SDX Shares over which the CSOP Option is exercised which has a value on the date of exercise of the CSOP Option equal to the difference between the market value of the SDX Shares on the date of exercise of the CSOP Option and the exercise price payable on exercise of the CSOP Option.

#### **4 LTIP**

- 4.1 Tenaz acknowledges and agrees that unvested Awards granted under the LTIPs will vest on the date of the Court Order but only to the extent determined by the remuneration committee of the SDX Directors. Tenaz acknowledges that such committee has determined that 50% of all unvested Awards as at the date of this Agreement will (to the extent that they do not become fully vested in accordance with their terms between the date of this Agreement and the date of the Court Order) vest on the date of the Court Order and that the expiry date of any Awards outstanding as at the date of this Agreement will not be adjusted pursuant to the LTIPs. Options granted under the LTIPs will be exercisable until six months after the Effective Date (unless they lapse earlier under the terms of the LTIPs). CSOP Options granted under the LTIPs will be exercisable until twenty days after the Effective Date (unless they lapse earlier under the terms of the LTIPs).
- 4.2 Each Party acknowledges and agrees that the nominal value of the SDX Shares being issued in satisfaction of the Awards may be paid up by the capitalisation of reserves available for the purpose.
- 4.3 Each Party acknowledges and agrees that:
- (a) where relevant, all vested Awards will, to the extent requested by the Award Holder (as defined in the LTIPs, **Award Holder**) be exercised or deemed exercised as soon as reasonably practicable after the sanction of the Scheme (or vesting, if later) and before the Scheme Record Time so that any SDX Shares issued to the Award Holder as a result of such exercise shall constitute Scheme Shares;
  - (b) shareholder approval will be sought for an amendment to the articles of association of SDX so that any SDX Shares issued or transferred after the Effective Date (including pursuant to the vesting of awards under SDX Share Plans) will be compulsorily acquired by Tenaz on the same terms as were available to other SDX Shareholders under the Scheme (other than the terms in relation to timings and formalities); and

- (c) to the extent that any vested Awards are not exercised as described in paragraph 4.3(a), those Awards will remain outstanding and be exercisable under the LTIPs and, under the proposed amendments to the articles of association of SDX, the SDX Shares that would have been issued to Award Holders will automatically be acquired by Tenaz and, in return, holders of Awards will automatically receive Tenaz Shares for every SDX Share in accordance with the Exchange Ratio.
- 4.4 Tenaz confirms that paragraphs 4.1 to 4.3 apply notwithstanding any winding-up or liquidation or similar or event relating to SDX.

**SCHEDULE 2**

**Form of Rule 2.7 Announcement**

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM THE UNITED STATES, AUSTRALIA OR JAPAN OR ANY OTHER JURISDICTION WHERE TO DO SO WOULD BE UNLAWFUL OR CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION.

THIS ANNOUNCEMENT IS AN ADVERTISEMENT AND NOT A PROSPECTUS OR PROSPECTUS EQUIVALENT DOCUMENT AND INVESTORS SHOULD NOT MAKE ANY INVESTMENT DECISION IN RELATION TO THE NEW TENAZ SHARES EXCEPT ON THE BASIS OF INFORMATION IN THE SCHEME DOCUMENT AND THE TENAZ CIRCULAR WHICH ARE PROPOSED TO BE PUBLISHED IN DUE COURSE.

THE INFORMATION CONTAINED WITHIN THIS ANNOUNCEMENT IS DEEMED BY THE COMPANY TO CONSTITUTE INSIDE INFORMATION AS STIPULATED UNDER THE MARKET ABUSE REGULATION (EU) NO. 596/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 AS AMENDED.

FOR IMMEDIATE RELEASE

25 May 2022

## RECOMMENDED ALL-SHARE COMBINATION

between

Tenaz Energy Corp. (“Tenaz”)

and

SDX Energy plc (“SDX”)

to be effected by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006

### Summary

- The boards of directors of Tenaz and SDX are pleased to announce that they have reached agreement on the terms of a recommended share-for-share combination between Tenaz and SDX (the “**Combination**” to form the “**Combined Group**”). The Combination is to be implemented by means of a court-sanctioned scheme of arrangement between SDX and the Scheme Shareholders under Part 26 of the Companies Act 2006, with the entire issued and to be issued ordinary share capital of SDX being acquired by Tenaz.
- Under the terms of the Combination, each Scheme Shareholder will be entitled to receive:  
  
**0.075 New Tenaz Shares for each 1 SDX Share**
- The Combination represents a value of approximately £0.10 per SDX Share based upon the Tenaz TSX Closing Price of C\$2.19 per Tenaz Share on 24 May 2022, being the latest practicable date prior to the date of this Announcement.
- The Combination values the entire issued and to be issued share capital of SDX at approximately £21.4 million, and the Combination represents a premium of 24 percent to the SDX Closing Price

on AIM of £0.0825 per SDX Share on 24 May 2022, being the latest practicable date prior to this Announcement. This also represents a premium of 38 percent to the SDX 3-month volume-weighted average price (“VWAP”) of £0.0816 per SDX Share assuming Tenaz’s 3-month VWAP of C\$2.41 per Tenaz Share.

- Immediately following Completion, existing SDX Shareholders will own approximately 36 percent and existing Tenaz Shareholders approximately 64 percent of the issued and outstanding shares of the Combined Group (based on the fully diluted ordinary issued share capital of SDX and the fully diluted share capital of Tenaz, in each case as at the date of this Announcement).
- The Combination requires approval by SDX Shareholders in connection with the Scheme and approval by Tenaz Shareholders in connection with the issuance of New Tenaz Shares. Further details are contained in the full text of this Announcement.

### **Strategic rationale for the Combination**

Tenaz is focused on the acquisition and sustainable development of energy assets capable of returning free cash flow to shareholders. Since the recapitalisation of a publicly-traded Canadian entity in late 2021, Tenaz has targeted the acquisition of conventional and semi-conventional oil and gas assets in international markets. Tenaz has an experienced management team that seeks to identify, evaluate and acquire producing properties in lower-competition international jurisdictions, where there is the potential for greater operational improvements and higher returns on capital.

SDX and its assets across Egypt and Morocco are well suited to Tenaz’s stated objectives and corporate M&A strategy. Both countries fall within Tenaz’s primary geographic focus and create a production base from which to build a regional presence of significant scale. Egypt is a resource rich country that recognises the importance of the oil and gas industry to both its energy security and economic development. Consequently, Egypt is supportive of its business community and the sustainable development of its natural resources. Morocco has a desirable fiscal environment and growing local natural gas demand that supports the exploration and production of hydrocarbons. Morocco is a material net importer of energy and is anticipated to maintain strong energy pricing for the existing and future development of SDX’s assets.

SDX Shareholders should benefit from joining forces with a management team that has a history of capital markets outperformance through executing a similar strategy as currently identified by Tenaz. In addition, SDX Shareholders should share in the growth and free cash generation of Tenaz’s existing asset in Canada.

### **Financial rationale for the Combination**

Tenaz recognises the importance of scale and has a clearly communicated objective of building a sustainable production base in excess of 100 mboe/d, with the aspiration of both capital growth and cash returns to its investors. In turn, SDX brings a portfolio of production, exploration and development assets, a healthy balance sheet and a strong technical team, to complement that of Tenaz. In addition to a track record of successful acquisitions, Tenaz’s management team has a history of effecting operational improvements following successful integration of acquired assets.

The Combination advances a number of objectives for the shareholders of both companies. The new entity will have substantially more capital markets scale than either of the two companies separately, and will be positioned for further acquisitive growth via Tenaz’s strategy. The Combined Group will have an even stronger balance sheet, and cash generation will be enhanced by the elimination of duplicative headquarters functions. The Combined Group will have diversified sources of cash flow, with both North American and MENA oil and gas present in the product mix. Finally, the combination of the technical teams from each company will promote the employment of appropriate technical methods to the new entity’s asset portfolio, including applying a broader range of experience in sustainable operations to SDX’s asset base.

SDX Shareholders will receive the New Tenaz Shares at a valuation implying a premium to the prevailing volume-weighted average price of a SDX Share, and a meaningful participation in Tenaz with its strong

asset base and management expertise, proven access to capital, and pipeline of organic growth opportunities and future acquisition targets.

## **The Combined Group**

Further details of Tenaz's strategic intentions for the Combined Group are set out in paragraph 10 below. Upon Completion, the Combined Group will be called Tenaz Energy, headquartered in Calgary, Alberta, Canada and listed on the TSX. Recognising the advantages that interlisting might offer to Tenaz and its current and future shareholders, Tenaz is exploring the possibility of a future admission to trading on a UK exchange of Tenaz Shares but there can be no certainty in this regard or as to potential timing.

The Combined Group will draw on the talent, assets and financial resources of both companies to seek to optimise the benefits of the Combination for customers, shareholders and other stakeholders. The Combination will benefit from the experienced Tenaz management team that has a history of capital markets outperformance through executing the same strategy as identified by Tenaz today. Both teams have strong records in the area of sustainability, and are dedicated to advancing the conditions of communities in their operating areas. With respect to employees, the Combined Group believes in equity incentivisation of employees, with expected attendant benefits in performance for all shareholders. For the benefit of all stakeholders, HSE (health, safety and environment) is a very high priority, and both companies have strong programmes of practical and effective HSE management.

Certain key members of the SDX management team will continue to have an ongoing, or in some cases, a temporary role in the Combined Group. Subject to Completion, Michael Doyle and Catherine Stalker will be appointed as non-executive directors of Tenaz. Two members of the SDX management team, Mark Reid and Nick Box will continue as consultants to Tenaz for a period of up to six months from Completion. Each will receive a fixed fee equal to 50% of their current annual base salaries in respect of their half-year of services. Rothschild and Co has confirmed that, in its opinion, the terms of the consultancy arrangements with Mark Reid and Nick Box are fair and reasonable so far as the other SDX shareholders are concerned. It is expected that the SDX Directors will step down from the SDX Board upon Completion. Otherwise, and as more fully described below, Tenaz does not envisage any immediate material changes in the day to day operations of SDX as a result of the Combination.

## **Recommendations**

### *SDX Board*

The SDX Directors, who have been so advised by Rothschild & Co as to the financial terms of the Combination, consider the terms of the Combination to be fair and reasonable. In providing its advice to the SDX Directors, Rothschild & Co has taken into account the commercial assessments of the SDX Directors. Rothschild & Co is providing independent financial advice to the SDX Directors for the purposes of Rule 3 of the Takeover Code.

**Accordingly, the SDX Directors intend to recommend unanimously that SDX Shareholders vote in favour of the Scheme at the SDX Court Meeting, and in favour of the SDX Resolutions to be proposed at the SDX General Meeting, as the SDX Directors who hold SDX Shares have irrevocably undertaken to do in respect of their own beneficial holdings (and the beneficial holdings which are under their control) of 5,040,636 SDX Shares, representing, in aggregate, approximately 2.45 percent of SDX's issued ordinary share capital as at the close of business on the Latest Practicable Date.**

### *Tenaz Board*

In order to effect the Combination, Tenaz will be required to seek the approval of the Tenaz Shareholders to issue the New Tenaz Shares at the Tenaz Special Meeting. The Combination is accordingly conditional on such approval being obtained.

**The Tenaz Directors consider the Combination to be in the best interests of Tenaz Shareholders as a whole and intend to recommend unanimously that Tenaz Shareholders vote in favour of the Tenaz Resolution to be proposed at the Tenaz Special Meeting, as those Tenaz Directors who are interested in Tenaz Shares, and certain Tenaz officers, have irrevocably undertaken to do in respect of their own beneficial holdings (and the beneficial holdings which are under their control) of 2,347,075 Tenaz Shares representing, in aggregate, approximately 8.25 percent of Tenaz's issued common shares as at the close of business on the Latest Practicable Date.**

Further details of the above irrevocable undertakings, including the circumstances in which they cease to be binding, are set out in Appendix II to this Announcement.

### **SDX irrevocable undertakings**

As noted above, the SDX Directors who hold SDX Shares have irrevocably undertaken to do in respect of their own beneficial holdings (and the beneficial holdings which are under their control) of 5,040,636 SDX Shares, representing, in aggregate, approximately 2.45 percent of SDX's issued ordinary share capital as at the close of business on the Latest Practicable Date. Further details of these irrevocable undertakings (and the circumstances in which the irrevocable undertakings will cease to be binding) are set out in Appendix II.

### **Information relating to SDX**

SDX is an AIM-listed international oil and gas exploration, production, and development company, headquartered in London, United Kingdom, with a focus on Morocco and Egypt. SDX was listed on the London Stock Exchange on 20 May 2016, following it being established by the combination of Sea Dragon Energy Inc. and Madison Petrogas Ltd in October 2015.

SDX's strategy is to leverage its existing organisational capabilities and competitive positions/relationships, supported by a strong ESG ethos, to access organic and inorganic, low-cost, high-margin opportunities which generate stable cash flows and self-funded upside. Its portfolio contains interests in seven concessions in Egypt and Morocco and has a strong weighting of fixed-price gas assets with low operating costs and attractive margins. Whilst this provides resilience in a low commodity price environment, SDX's portfolio also includes high impact exploration opportunities in both Egypt and Morocco.

SDX directly employs 61 employees as at 24 May 2022 and achieved revenues of US\$53.9 million in the financial year ended 31 December 2021. As at 31 December 2021, SDX had total assets exceeding US\$98.4 million and for the financial year ended 31 December 2021 incurred a net loss of US\$24.0 million. As at 31 December 2021, SDX held approximately US\$18.5 million of working capital (including US\$10.6 million of cash), no debt and US\$69.1 million of Canadian tax pools.

### **Information relating to Tenaz**

Tenaz is a public energy company, listed on TSX (symbol: TNZ), focused on the acquisition and sustainable development of international oil and gas assets capable of returning free cash flow to shareholders. In addition, Tenaz owns and operates a semi-conventional oil-weighted development project in Canada that is expected to be a source of both production growth and free cash in the current commodity price environment.

Tenaz's management has a long history of successfully employing an acquire-and-exploit strategy to build public E&P companies. With this strategy Tenaz emphasises technical excellence in the evaluation of M&A opportunities to effect value adding acquisitions and follow-on operational improvements to further enhance returns. Tenaz's management has experience running intermediate sized, globally diversified operations with production in excess of 100 mboe/d. Tenaz believes in returning cash to shareholders through a growth and income capital markets model.

As at 31 December 2021, Tenaz had total assets of C\$75.4 million, including cash and cash equivalents of C\$25.5 million, and shareholders' equity of C\$65.3 million. Tenaz had no outstanding third party debt (other than accounts payable in the ordinary course of business) with additional available liquidity from its C\$4.0 million revolving credit facility. Tenaz had positive net income of C\$8.3 million in 2021.

## **Timetable and Conditions**

The Combination is expected to be effected by means of a court-sanctioned scheme of arrangement between SDX and SDX Shareholders under Part 26 of the Companies Act, further details of which are contained in the full text of this Announcement (and will be included in the Scheme Document). Tenaz reserves the right to implement the Combination by way of a Takeover Offer, subject to the Panel's consent and the terms of the Co-operation Agreement.

The Combination will also be subject to the Conditions and further terms set out in Appendix I to this Announcement and to be set out in the Scheme Document. It is expected that the Scheme Document (including notices of the SDX Meetings) together with the relevant SDX Forms of Proxy will be sent to SDX Shareholders within 28 days of the date of this Announcement (or on such later date as may be agreed by Tenaz and SDX with the consent of the Panel).

Tenaz considers the regulatory clearances at Conditions 3(d) and (e) of Part A of Appendix I to be critical to the success of the Combination and, therefore, if such clearances are not obtained, Tenaz may (at its absolute discretion) seek to invoke the relevant Conditions, which, with the consent of the Panel, would result in the Combination being withdrawn.

It is expected that the Tenaz Circular, which will contain notice of the Tenaz Special Meeting, will be filed and mailed to Tenaz Shareholders on or around the same date as the Scheme Document is posted to SDX Shareholders.

The Scheme Document and the Tenaz Circular will each be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, by Tenaz on its website at <https://www.tenazenergy.com/investors> and will also be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, for review on SEDAR under Tenaz's profile at [www.sedar.com](http://www.sedar.com) and by SDX on its website at <https://www.sdxenergygroup.com/>. The Scheme Document will also be available under SDX's profile at [www.sedar.com](http://www.sedar.com).

It is expected that the SDX Meetings and the Tenaz Special Meeting will be held in July 2022. The Scheme is expected to be effective in April 2023, subject to satisfaction or (where applicable) waiver of the Conditions and certain further terms set out in Appendix I to this Announcement.

## **Comments on the Combination**

Commenting on the Combination, Anthony Marino, CEO of Tenaz, said:

"This Combination is an important step in the execution of our strategy for international growth. The Egyptian and Moroccan operations are within our primary regions for long-term focus, and we believe that these are high quality assets with numerous desirable organic investment opportunities. In addition, we believe that these areas offer opportunities for continued consolidation and resulting growth. Finally, we expect that the combination of our technical teams will enhance the operating, HSE and sustainability performance of these assets and future assets that we may acquire as we pursue our corporate strategy."

Commenting on the Combination, Michael Doyle, Non-Executive Chairman of SDX, said:

"The SDX Directors, after evaluating a number of strategic options, believe that the future of SDX would be best served by becoming part of a larger entity. We are therefore delighted to have found in Tenaz a company whose management team have a successful track-record of building an E&P company and creating value for shareholders.

The SDX Directors believe Tenaz's strong balance sheet and experienced management team will enable it to continue to source and fund exciting organic and inorganic opportunities. The existing cash flow from Tenaz will also assist the combined entity in pursuing further growth."

**This summary should be read in conjunction with, and is subject to, the full text of the following Announcement (including the Appendices). The Combination will be subject to the Conditions and further terms set out in Appendix I to this Announcement and to the full terms and conditions which will be set out in the Scheme Document. Appendix II to this Announcement contains the sources and bases of certain information used in this summary and in the following Announcement and contains details of the irrevocable undertakings received in relation to the Combination which are referred to in this Announcement. Appendix III to this Announcement contains definitions of certain terms used in this summary and the following Announcement.**

#### **Enquiries**

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Torys LLP and Watson Farley & Williams LLP are retained as Canadian/US and UK legal adviser for Tenaz, respectively.

Blake, Cassels & Graydon LLP and Bryan Cave Leighton Paisner LLP are retained as Canadian and UK legal adviser for SDX, respectively.

### **Important notices**

*finnCap Ltd ("finnCap"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Tenaz and no one else in connection with the matters described in this Announcement and will not be responsible to anyone other than Tenaz for providing the protections offered to clients of finnCap or for providing advice in connection with any matter referred to in this Announcement. Neither finnCap nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of finnCap in connection with this Announcement, any statement contained herein, the Combination or otherwise. No representation or warranty, express or implied, is made by finnCap as to the contents of this Announcement.*

*Rothschild & Co, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for SDX and for no one else in connection with the matters described in this Announcement and will not be responsible to anyone other than SDX for providing the protections afforded to clients of Rothschild & Co or for providing advice in connection with any matter referred to in this Announcement. Neither Rothschild & Co nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild & Co in connection with this Announcement, any statement contained herein, the Combination or otherwise. No representation or warranty, express or implied, is made by Rothschild & Co as to the contents of this Announcement.*

*Stifel Nicolaus Europe Limited ("Stifel"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for SDX and for no one else in connection with the matters described in this Announcement and will not be responsible to anyone other than SDX for providing the protections afforded to clients of Stifel or for providing advice in connection with any matter referred to in this Announcement. Neither Stifel nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Stifel in connection with this Announcement, any statement contained herein, the Combination or otherwise. No representation or warranty, express or implied, is made by Stifel as to the contents of this Announcement.*

### **Further Information**

*This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer or invitation to purchase, or otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Combination or otherwise, nor shall there be any sale, issuance or transfer of securities of SDX pursuant to the Combination or otherwise in any jurisdiction in contravention of applicable laws. The Combination will be implemented solely by means of the Scheme Document (or, in the event that the Combination is to be implemented by means of a Takeover Offer, the Takeover Offer document) or any document by which the Combination is made which will contain the full terms and conditions of the Combination, including details of how to vote in respect of the Combination.*

*SDX will prepare the Scheme Document to be distributed to SDX Shareholders and which will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on SDX's website at <https://www.sdxenergygroup.com/>, on SEDAR under SDX's profile at [www.sedar.com](http://www.sedar.com) and Tenaz's website*

at <https://www.tenazenergy.com/investors>. SDX and Tenaz urge SDX Shareholders to read the Scheme Document (and/or, in the event that the Combination is to be implemented by way of a Takeover Offer, the Takeover Offer document) carefully when it becomes available, as it will contain important information relating to the Combination, the New Tenaz Shares and the Combined Group. Any vote in respect of resolutions to be proposed at the SDX General Meetings to approve the Combination, the Scheme or related matters, should be made only on the basis of the information contained in the Scheme Document (or, in the event that the Combination is to be implemented by means of a Takeover Offer, the Takeover Offer document). Each SDX Shareholder is urged to consult its independent professional advisers immediately regarding the tax consequences of the Combination applicable to them.

It is expected that the Scheme Document (including notices of the SDX Meetings) together with the relevant Forms of Proxy will be sent to SDX Shareholders within 28 days of the date of this Announcement (or on such later date as may be agreed by Tenaz and SDX with the consent of the Panel).

Tenaz will prepare the Tenaz Circular to be mailed to Tenaz Shareholders and which will be available on Tenaz's website at <https://www.tenazenergy.com/investors> and will also be available for review on SEDAR under Tenaz's profile at [www.sedar.com](http://www.sedar.com) and SDX's website at <https://www.sdxenergygroup.com/>. Tenaz urges Tenaz Shareholders to read the Tenaz Circular when it becomes available, as it will contain important information relating to the Combination, the New Tenaz Shares and the Combined Group. Any vote in respect of the Tenaz Resolution should be made only on the basis of the information in the Tenaz Circular. It is expected that the Tenaz Circular (including the notice of the Tenaz Special Meeting) together with the Tenaz Form of Proxy, will be mailed to Tenaz Shareholders as soon as is reasonably practicable and in any event within 28 days of this Announcement, unless otherwise agreed with the Panel.

The statements contained in this Announcement are made as at the date of this Announcement unless some other time is specified in relation to them.

This Announcement does not constitute a prospectus or prospectus equivalent document. The New Tenaz Shares to be issued pursuant to the Combination are not being offered to the public by means of this Announcement. The Combination will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the FCA, Canadian securities laws and the TSX.

Please be aware that addresses, electronic addresses and certain other information provided by SDX Shareholders, persons with information rights and other relevant persons for the receipt of communication by SDX may be provided to Tenaz during the Offer Period as required by Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

### **Overseas Shareholders**

This Announcement has been prepared for the purpose of complying with English law, the Takeover Code, the Market Abuse Regulation, the AIM Rules, the TSX Rules and the Disclosure Guidance and Transparency Rules and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside of the United Kingdom.

The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom may be restricted by law and/or regulation. Persons who are not resident in the United Kingdom, or who are subject to the laws of other jurisdictions should inform themselves of, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom or who are subject to the laws of another jurisdiction to participate in the Combination or to vote their SDX Shares in respect of the Scheme at the SDX Court Meeting, or to execute and deliver the SDX Forms of Proxy appointing another to vote at the SDX Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. Any failure to comply with

*the applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Combination disclaim any responsibility or liability for the violation of such restrictions by any person.*

*Unless otherwise determined by Tenaz or required by the Takeover Code and permitted by applicable law and regulation, participation in the Combination will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Combination by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement and all documentation relating to the Combination are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this Announcement and all documents relating to the Combination (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported vote in respect of the Combination.*

*If the Combination is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.*

*The availability of the New Tenaz Shares under the Combination to SDX Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident or to which they are subject. Persons who are not resident in the United Kingdom or who are subject to the laws of other jurisdictions should inform themselves of, and observe, any applicable legal or regulatory requirements.*

*Further details in relation to Overseas Shareholders will be contained in the Scheme Document.*

### **Notice to US holders of SDX Shares**

*Neither the United States Securities and Exchange Commission nor any other US federal or state securities commission or regulatory authority has reviewed, approved or disapproved this Announcement, or any of the proposals described in this Announcement or the New Tenaz Shares or passed an opinion on the accuracy or the adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States.*

### **Forward looking statements**

*This Announcement (including information incorporated by reference into this Announcement), any oral statements made by Tenaz or SDX in relation to the Combination and other information published by Tenaz or SDX may contain statements about Tenaz, SDX and the Combined Group that are or may be forward-looking statements. All statements other than statements of historical fact included in this Announcement may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "goals", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects", "hopes", "continues", "would", "could", "should" or words or terms of similar substance or the negative thereof, are forward looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) the completion of the Combination; and (iii) business and management strategies and the expansion and growth of Tenaz's or SDX's or the Combined Group's operations and potential synergies resulting from the Combination.*

*Such forward looking statements involve risks and uncertainties that could significantly affect expected results and/or the operations of Tenaz, SDX or the Combined Group and are based on certain assumptions and assessments made by Tenaz and SDX in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. Except as expressly provided in this Announcement, they have not been reviewed by the auditors of Tenaz or SDX. Although it is believed that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and you are therefore cautioned not to place reliance on these forward looking statements which speak only as at the date of this Announcement. Neither SDX nor Tenaz, nor any of their respective members, directors, officers, employees, advisers and any person acting on behalf of one or more of them assumes any obligation to update or correct the information contained in this Announcement (whether as a result of new information, future events or otherwise) except as required by applicable law (including as required by the Takeover Code, the AIM Rules, the TSX Rules and the Disclosure Guidance and Transparency Rules).*

*There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward looking statements are: the ability to complete the Combination, the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms, changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business acquisitions or disposals, the anticipated benefits from the Combination not being realised as a result of changes in general economic and market conditions in the countries in which Tenaz and SDX operate, weak, volatile or illiquid capital and/or credit markets, changes in the degree of competition in the geographic and business areas in which Tenaz and SDX operate, and changes in laws or in supervisory expectations or requirements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.*

*No member of the Tenaz Group or the SDX Group, nor any of their respective associates, directors, officers, employees or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur.*

### **Profit forecasts, quantified financial benefit statements or estimates**

*No statement in this Announcement is intended, or is to be construed, as a profit forecast, profit estimate or quantified financial benefit statement for any period. No statement in this Announcement should be interpreted to mean that earnings or earnings per share of Tenaz, SDX or the Combined Group, as appropriate for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share of Tenaz, SDX or the Combined Group, as appropriate.*

### **Rounding**

*Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.*

### **Disclosure requirements of the Takeover Code**

*Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the Announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3:30 p.m. (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later*

than 3:30 p.m. (London time) on the 10th Business Day following the Announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3:30 pm (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

### **Rule 2.9 disclosure**

In accordance with Rule 2.9 of the Takeover Code, Tenaz confirms that, as at 24 May 2022 being the latest practicable Business Day prior to the date of this Announcement, it has 28,458,074 Tenaz Shares in issue. The International Securities Identification Number for Tenaz Shares is CA88034V3048.

In accordance with Rule 2.9 of the Takeover Code, SDX confirms that, as at 24 May 2022 being the latest practicable Business Day prior to the date of this Announcement, it has 205,378,069 SDX Shares in issue. The International Securities Identification Number for SDX Shares is GB00BJ5JNL69.

### **Publication on websites and availability of hard copies**

Pursuant to Rule 26.1 of the Takeover Code, a copy of this Announcement and other documents in connection with the Combination will be available free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, at Tenaz's and SDX's websites at [www.tenazenergy.com/investors](http://www.tenazenergy.com/investors) and <https://www.sdxenergygroup.com/> respectively promptly following the publication of this Announcement and in any event by no later than 12 noon on the Business Day following this Announcement until the end of the Offer Period (or, if later, the end of any competition reference period).

For the avoidance of doubt, the content of the websites referred to above is not incorporated into and does not form part of this Announcement.

Pursuant to Rule 30.3 of the Takeover Code, copies of this Announcement and all future documents, Announcements and information required to be sent to persons in relation to the Combination may be requested to be received by such persons in hard copy form by contacting Link Group between 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except public holidays in England and Wales) on 0371 664 0321 (or if calling from outside the UK +44 (0) 371 664 0321 ) or by submitting a request in writing to the

Registrar of Companies at Link Group, Corporate Actions Team, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL or by email to [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk).

### **Important information**

*In accordance with the guidelines of the AIM Market of the London Stock Exchange, the technical information contained in the announcement has been reviewed and approved by Dr Rob Cook, VP Subsurface of SDX. Dr. Cook has 30 years of oil and gas industry experience and is the qualified person as defined in the London Stock Exchange's Guidance Note for Mining and Oil and Gas companies. Dr. Cook holds a BSc in Geochemistry and a PhD in Sedimentology from the University of Reading, UK. He is a Chartered Geologist with the Geological Society of London (Geol Soc) and a Certified Professional Geologist (CPG-11983) with the American Institute of Professional Geologists (AIPG).*

*If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.*

### **Use of a Standard**

*Reserve and resource estimates disclosed or referenced herein have been prepared and evaluated by independent reserves evaluators in accordance with the SPE's Canadian Oil and Gas Evaluation Handbook and in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities of the Canadian Securities Administrators. This Announcement also contains references to "boe" (barrels of oil equivalent), "mboe" (one thousand barrels of oil equivalent), and "mmboe" (one million barrels of oil equivalent). Each of Tenaz and SDX has adopted the standard of six thousand cubic feet of gas to one barrel of oil (6 mcf: 1 bbl) when converting natural gas to boes. boe, mboe and mmboe may be misleading, particularly if used in isolation. The foregoing conversion ratios are based on an energy equivalency conversion method primarily applicable at the burner tip and do not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of 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.*

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM THE UNITED STATES, AUSTRALIA OR JAPAN OR ANY OTHER JURISDICTION WHERE TO DO SO WOULD BE UNLAWFUL OR CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION.

THIS ANNOUNCEMENT IS AN ADVERTISEMENT AND NOT A PROSPECTUS OR PROSPECTUS EQUIVALENT DOCUMENT AND INVESTORS SHOULD NOT MAKE ANY INVESTMENT DECISION IN RELATION TO THE NEW TENAZ SHARES EXCEPT ON THE BASIS OF INFORMATION IN THE SCHEME DOCUMENT AND THE TENAZ CIRCULAR WHICH ARE PROPOSED TO BE PUBLISHED IN DUE COURSE.

THE INFORMATION CONTAINED WITHIN THIS ANNOUNCEMENT IS DEEMED BY THE COMPANY TO CONSTITUTE INSIDE INFORMATION AS STIPULATED UNDER THE MARKET ABUSE REGULATION (EU) NO. 596/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 AS AMENDED.

FOR IMMEDIATE RELEASE

25 May 2022

**RECOMMENDED ALL-SHARE COMBINATION**

between

**Tenaz Energy Corp. (“Tenaz”)**

and

**SDX Energy plc (“SDX”)**

to be effected by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006

**1. Introduction**

The boards of directors of Tenaz and SDX are pleased to announce that they have reached agreement on the terms of a recommended share-for-share combination between Tenaz and SDX (the “**Combination**” to form the “**Combined Group**”). The Combination is to be implemented by means of a court-sanctioned scheme of arrangement between SDX and the Scheme Shareholders under Part 26 of the Companies Act 2006 (the “**Scheme**”), with the entire issued and to be issued ordinary share capital of SDX being acquired by Tenaz.

**2. The Combination**

Under the terms of the Combination, each Scheme Shareholder will be entitled to receive:

**0.075 New Tenaz Shares for each 1 SDX Share**

The Combination represents a value of approximately £0.10 per SDX Share based upon the Tenaz TSX Closing Price of C\$2.19 per Tenaz Share on 24 May 2022, being the latest practicable date prior to the date of this Announcement, being a premium of 24 percent to the SDX Closing Price on AIM on 24 May 2022, being the latest practicable date prior to this Announcement.

The Combination values the entire issued and to be issued share capital of SDX at approximately £21.4 million, and the Combination represents a premium of 24 percent to the SDX Closing Price on AIM of £0.0825 per share on 24 May 2022, being the latest practicable date prior to this Announcement. This also represents a premium of 38% percent to the SDX 3-month volume-weighted average price (“VWAP”) of £0.0816 per SDX Share assuming Tenaz’s 3-month VWAP of CAD\$2.41 per Tenaz Share.

Immediately following Completion, existing SDX Shareholders will own approximately 36 percent and existing Tenaz Shareholders approximately 64 percent of the issued and outstanding shares of the Combined Group (based on the fully diluted ordinary issued share capital of SDX and the fully diluted share capital of Tenaz, in each case as at the date of this Announcement).

The New Tenaz Shares will be issued as fully paid and will rank *pari passu* in all respects with the existing Tenaz Shares outstanding at the time the New Tenaz Shares are issued pursuant to the Combination, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date. An application will need to be made for the New Tenaz Shares to be listed for trading on the TSX.

In the event that the Combination is to be implemented by way of a Takeover Offer, the SDX Shares will be acquired pursuant to such offer fully paid and free from all liens, charges, equitable interests, encumbrances and rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto.

### **3. Background to and reasons for the Combination**

The boards of Tenaz and SDX believe that the Combination will create a stronger, international oil and gas exploration and production company focused on organic and acquisitive growth in Europe, MENA and South America, with commensurate benefits to the shareholders of the Combined Group. SDX brings a portfolio of production, exploration and development assets, a debt-free balance sheet with substantial cash and a strong technical team complementing Tenaz’s assets and strategy of driving free cash flow generation.

#### *Strong production base*

Tenaz believes that the Combined Group should upon Completion produce at rates in excess of 4,500 boe/d on a working interest basis. The Combined Group will have a diversified production base with contributions coming from each of four operating areas.

#### *Development pipeline*

The Combined Group will have a significant and diversified pipeline of development and exploration projects, with capital spending planned in each of the four producing assets. A drilling campaign in Canada is planned to commence in mid-June where there are over 40 booked 2P drilling locations. In Egypt, development of the West Gharib oil fields will continue through the remainder of 2022 and through much of 2023. At South Disouq, a three-well drilling program is expected to be completed in summer 2022. In Morocco, development and exploration programs are expected to continue throughout the remainder of 2022, supported by strong realised pricing associated with current gas sales agreements. Looking beyond 2022, the Combined Group will have significant inventory to pursue and optionality to deploy capital to the areas capable of providing the highest return to shareholders.

#### *Financial strength and future growth*

SDX has a balance sheet with non-cash working capital of approximately US\$7.9 million and cash and cash equivalents of approximately US\$10.6 million as of 31 December 2021. In addition, SDX has a US\$10.0 million undrawn credit facility, with current availability of US\$5.7 million, and asset retirement obligations of US\$5.8 million. Subject to receipt of required consents, SDX’s credit facility, along with the future cash flow generated from operations, is intended to be used along with Tenaz’s cash balance, credit capacity and

access to equity markets to fund the future development of the combined assets of the company, along with subsequent acquisitions.

As at 31 December 2021, Tenaz had total assets of C\$75.4 million, including cash and cash equivalents of C\$25.5 million, and shareholders' equity of C\$65.3 million. Tenaz had no outstanding third party debt (other than accounts payable in the ordinary course of business) with additional available liquidity from its C\$4.0 million revolving credit facility.

The Combined Group should therefore benefit from enhanced financial resilience and, an expectation of more ready access to capital markets, than either company on a standalone basis, together with the efficiencies that come from the removal of duplicated public company costs.

#### *Other benefits*

The Combination presents SDX Shareholders with the opportunity to participate fully in the potential value creation of the Combined Group and its financial and operational benefits. The Combination is expected to lead to a Combined Group with a greater market capitalisation, appeal to a broader range of investors, as compared to that of the existing SDX Shares. The Combination also presents SDX Shareholders with flexibility; they may choose to participate in the Combined Group as it pursues its growth opportunities over the coming years or, should they so wish, to realise their investment by selling their shares in the market.

## **4. Recommendations**

#### *SDX Board*

The SDX Directors, who have been so advised by Rothschild & Co as to the financial terms of the Combination, consider the terms of the Combination to be fair and reasonable. In providing its advice to the SDX Directors, Rothschild & Co has taken into account the commercial assessments of the SDX Directors. Rothschild & Co is providing independent financial advice to the SDX Directors for the purposes of Rule 3 of the Takeover Code.

**Accordingly, the SDX Directors intend to recommend unanimously that SDX Shareholders vote in favour of the Scheme at the SDX Court Meeting, and in favour of the SDX Resolution to be proposed at the SDX General Meeting, as the SDX Directors who hold SDX Shares have irrevocably undertaken to do in respect of their own beneficial holdings (and the beneficial holdings which are under their control) of 5,040,636 SDX Shares, representing, in aggregate, approximately 2.45 percent of SDX's issued ordinary share capital as at the close of business on the Latest Practicable Date.**

#### *Tenaz Board*

In order to effect the Combination, Tenaz will be required to seek the approval of the Tenaz Shareholders to issue the New Tenaz Shares at the Tenaz Special Meeting. The Combination is accordingly conditional on such approval being obtained. The Tenaz Resolution is an ordinary resolution seeking authority to issue the New Tenaz Shares. The Tenaz Circular will be delivered and filed as soon as practicable and, in any event, on or around the same date as publication of the Scheme Document.

The Tenaz Directors consider the Combination to be in the best interests of Tenaz Shareholders as a whole and intend to recommend unanimously that Tenaz Shareholders vote in favour of the Tenaz Resolution to be proposed at the Tenaz Special Meeting, as those Tenaz Directors who are interested in Tenaz Shares, and certain Tenaz officers, have irrevocably undertaken to do in respect of their own beneficial holdings (and the beneficial holdings which are under their control) of 2,347,075 Tenaz Shares representing, in aggregate, approximately 8.25 percent of Tenaz's issued common shares as at the close of business on the Latest Practicable Date.

## 5. Background to and reasons for the SDX recommendation

SDX has built-up a resilient, gas-weighted portfolio in North Africa, with average operating costs of less than \$5/boe, that generates stable cashflows. However, production has been in decline, and SDX lacks the capital to pursue some of the material upside opportunities that exist in its portfolio in both Egypt and Morocco respectively.

A core part of SDX's strategy in recent years has been to grow the scale and value of the company via inorganic opportunities. However, despite participating in several processes in the MENA region, SDX has not been able to acquire any assets since the acquisition of the Moroccan and Egyptian assets of Circle Oil in 2017.

In August 2021, SDX's largest shareholder, Waha Capital, reduced its shareholding in SDX from 19.48% to 18.65%. A consequence of this was that it became more challenging to demonstrate that SDX had the backing of its key shareholders when contemplating inorganic transactions.

In Q4 2021, the SDX Board began to review its strategic options, including but not limited to a potential farm-out or sale of one or more of SDX's assets and a potential sale of the company. After a thorough evaluation of the options available to SDX, SDX were able to sell down a 33% interest in its South Disouq assets, but ultimately the SDX Directors believe that being part of a larger market participant represents the best course of action for SDX Shareholders.

The SDX Directors believe that the combination with Tenaz is an attractive solution for SDX shareholders as the combination will benefit from the experienced Tenaz management team that has a history of capital markets outperformance through executing a similar strategy as identified by Tenaz today. With Tenaz's strong balance sheet, and greater access to new sources of funding, significant progress is expected in terms of creating value from SDX's existing portfolio, as well as being able to credibly pursue further business opportunities.

As such, the SDX Directors believe the Combination with Tenaz represents a compelling opportunity for SDX Shareholders, its employees and wider stakeholders to participate in the Tenaz growth story while advancing its current endeavours. The SDX Directors have also taken into account Tenaz's intentions for the business, management, employees and locations of business of SDX. The SDX Directors note the importance attached by Tenaz to the skills, knowledge and expertise of SDX's staff.

**Accordingly, following careful consideration of the above factors, the SDX Directors intend to unanimously recommend the Combination to SDX Shareholders.**

## 6. Background to and reasons for the Tenaz recommendation

After considering, among other things, the anticipated benefits of the Combination, the Tenaz Board has unanimously determined that the Combination is in the best interests of Tenaz and the Tenaz Shareholders, and unanimously recommended that Tenaz Shareholders vote in favour of the resolutions relating to the Combination. The financial and strategic benefits of the Combination are set out above in paragraph 3 "*Background to and reasons for the Combination*". In particular, Tenaz envisages the following financial benefits of the Combination:

The Combination is 141% accretive to Tenaz on a production per share based on the mid-points of 2022 production guidance for each of Tenaz and SDX. To remain compliant with the Code, Tenaz cannot provide a forward-looking estimate of cash flow or profitability accretion. Using historic reported financial data for Q4 2021, the Combination would have been 212% accretive to Tenaz for operating income per share.

The detailed basis of calculation are set out in paragraph 2 of Appendix II.

## 7. Irrevocable undertakings

The SDX Directors who are interested in SDX Shares have irrevocably undertaken to vote in favour of the Scheme at the SDX Court Meeting, and in favour of the SDX Resolutions to be proposed at the SDX General Meeting, in respect of their own beneficial holdings (and the beneficial holdings which are under their control) of 5,040,636 SDX Shares representing, in aggregate, approximately 2.45 percent of SDX's issued ordinary share capital as at the close of business on the Latest Practicable Date.

Those Tenaz Directors that hold Tenaz Shares, and certain Tenaz officers, have irrevocably undertaken to vote in favour of the Tenaz Resolution at the Tenaz Special Meeting in respect of 2,347,075 Tenaz Shares in aggregate, representing approximately 8.25 percent of the issued ordinary share capital of Tenaz on the Latest Practicable Date.

Further details of these irrevocable undertakings (and the circumstances in which the irrevocable undertakings will cease to be binding) are set out in Appendix II.

## 8. Information relating to Tenaz

### *Introduction*

Tenaz Energy Corp. is a public energy company, listed on TSX (symbol: TNZ), focused on the acquisition and sustainable development of international oil and gas assets capable of generating significant free cash flow.

As at 31 December 2021, Tenaz had total assets of C\$75.4 million, including cash and cash equivalents of C\$25.5 million, and shareholders' equity of C\$65.3 million. Tenaz had no outstanding third party debt (other than accounts payable in the ordinary course of business) with additional available liquidity from its C\$4.0 million revolving credit facility.

### *Financial Highlights*

Key financial highlights from Tenaz's most recently disclosed annual results\* as of December 31, 2021 are summarised below.

- Proved Developed Producing ("PDP") reserves increased 23%, reflecting a reserve replacement ratio of 187%. PDP reserves at year-end totalled 1,724 Mboe.
- Total Proved ("1P") reserves increased 19%, reflecting a reserve replacement ratio of 393%. 1P reserves at year-end totalled 6,762 Mboe.
- Total Proved + Probable ("2P") reserves increased 7%, reflecting a reserve replacement ratio of 288%. 2P reserves at year end totalled 11,324 Mboe.
- PDP Finding, Developing and Acquisition Costs ("FD&A") were C\$12.40/boe, resulting in a 2.8x recycle ratio\*\* based on the Q4 2021 operating netback of C\$34.67/boe. Recycle ratios at the 1P and 2P levels were 2.3x and 1.7x, respectively.
- Reserve life indices were 4.4 years, 17.3 years and 29.0 years, respectively for PDP, 1P and 2P reserves.

\*Tenaz's reserve estimates were prepared by an independent qualified reserves evaluator

\*\*The terms "FD&A", "recycle ratios" and "reserve life indices" are considered oil and gas metrics under applicable Canadian securities laws. These terms do not have standardized meanings or standardized methods of calculation and therefore may not be comparable to similar measures presented by other

companies, and therefore should not be used to make such comparisons. Such metrics have been included to provide readers with additional information to evaluate the Tenaz's performance however, such metrics should not be unduly relied upon for investment or other purposes. Tenaz's management uses these metrics for its own performance measurements and to provide readers with measures to compare Tenaz's performance over time.

### *Track Record of Shareholder Returns*

Tenaz's management has a history of successfully employing an acquire-and-exploit strategy to build public E&P companies. With this strategy Tenaz emphasises technical excellence in the evaluation of M&A opportunities to effect value adding acquisitions and follow-on operational improvements to further enhance returns. Tenaz's management has experience running intermediate sized, globally diversified operations with production in excess of 100 mboe/d. Tenaz believes in returning cash to shareholders through a growth and income capital markets model.

### *Outlook*

Tenaz has a vision of building an intermediate-sized E&P company by executing an acquire-and-exploit strategy targeting international assets. This vision will be underpinned by the management team's strong technical and commercial capabilities in executing international M&A, and by an acquisition pipeline that is expected to result in significant growth, increased operating economies of scale and a meaningful capital markets presence.

In addition to pursuing the international acquire-and-exploit strategy, Tenaz has an 87.5 percent operated interest in a semi-conventional development project in the Leduc-Woodbend area of Alberta, Canada. The project targets the Rex zone within the Mannville formation across a contiguous asset base with Tenaz-owned infrastructure. This oil-weighted play offers significant advantages, including robust drilling economics, a large operated land position, self-sufficient infrastructure with excess capacity, ease of surface access, and low abandonment obligations. Tenaz's Leduc-Woodbend project has a significant drilling inventory capable of providing production growth for a number of years. Tenaz will continue to develop this project to generate moderate growth and free cash flow that can be deployed in support of its overall corporate strategy.

Capital investment for 2022 is budgeted to be C\$5.8 million, with annual production guidance of 1200-1300 boe/d representing 25% growth over 2021 levels. Based on current commodity prices, capital investment will be significantly less than 2022 funds flow from operations. The Leduc-Woodbend asset base offers optionality to increase the size of the 2022 capital program, and Tenaz may elect to drill more wells in the current program.

## **9. Information relating to SDX**

SDX is an AIM-listed international oil and gas exploration, production, and development company, headquartered in London, United Kingdom, with a focus on Morocco and Egypt. SDX was listed on the London Stock Exchange on 20 May 2016, following it being established by the Combination of Sea Dragon Energy Inc. and Madison Petrogas Ltd in October 2015.

SDX's strategy is to leverage its existing organisational capabilities and competitive positions/relationships, supported by a strong ESG ethos, to access organic and inorganic, low-cost, high-margin opportunities which generate stable cash flows and self-funded upside. Its portfolio contains interests in seven concessions in Egypt and Morocco and has a strong weighting of fixed-price gas assets with average operating costs of less than \$5/boe and attractive margins. Whilst this provides resilience in a low commodity price environment, SDX's portfolio also includes high impact exploration opportunities in both Egypt and Morocco.

### **a) Egypt**

In Egypt, SDX has working interests in two producing assets:

- (i) a 36.9 percent operated interest in the South Disouq and Ibn Yunus gas fields, and a 67.0 percent operated interest in the Ibn Yunus North gas field, each of which are in the Nile Delta. At the South Disouq field gas is produced from wells SD-1X, SD-3X, SD-4X and SD-5X, while at the Ibn Yunus field gas is currently produced from discovery well IY-1X and development well IY-2. At the Ibn Yunus field gas is produced from the SD-12X well, with the SD-12\_East appraisal well expected to be brought on production by July 2022. These gas fields are serviced by a central processing facility, a ten kilometer export pipeline, and its accompanying pipeline tie-ins; and
- (ii) a 50 percent non-operated production services interest in the Meseda and Rabul fields, located onshore in the Eastern Desert, situated in the G and H blocks of the West Gharib concession. At present, SDX and its partner are undertaking a 13-well drilling campaign that commenced in Q4 2021 and is expected to continue into 2023, with the goal of increasing gross field production to 3,500 – 4,000 bbl/d by early 2023.

**b) Morocco**

In Morocco, SDX has a 75 percent working interest in four exploration permits, all of which are situated in the Gharib Basin and are characterized by attractive gas prices and low operating costs, as follows:

- (i) Sebou Central and Gharb Occidental (development/production) – these permits include SDX's core production area as well as further development prospectivity. Gas produced is delivered to seven industrial customers via an 8" 55km pipeline and distribution network to the industrial city of Kenitra that has a capacity of 20 mmscf/d. A significant portion of these permits is covered by high-quality 3D seismic which has historically yielded a circa 80% exploration development success rate;
- (ii) Lalla Mimouna Sud (exploration) – this permit is adjacent to the producing Sebou/Gharb Occidental permits. Future discoveries will be tied into the existing gas distribution network; and
- (iii) Moulay Bouchta Quest (exploration) – an exploration license that was awarded to SDX in 2019 for a period of eight years and has committed SDX to reprocess 150 km of 2D seismic data, acquire 100 km<sup>2</sup> of new 3D seismic, and drill one exploration well within the first three-and-a-half-year period.

As of 31 December 2021, SDX has net proved and probable (2P) reserves of 7.00 mmboe and 0.18 mmboe of contingent (2C) resources\*.

SDX directly employs 61 employees as at 24 May 2022 and achieved revenues of US\$53.9 million in the financial year ended 31 December 2021. As at 31 December 2021, SDX had total assets exceeding US\$98.4 million and for the financial year ended 31 December 2021 incurred a net loss of US\$24.0 million. As at 31 December 2021, SDX held approximately US\$18.5 million of working capital (including US\$10.6 million of cash), no debt and US\$69.1 million of Canadian tax pools.

\*SDX's 2P reserve estimates were prepared by an independent qualified reserves auditor.

**10. Tenaz's strategic intentions regarding SDX and its stakeholders**

No statements in this paragraph 10 are "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover Code.

### *Employees and management*

The SDX Board and the Tenaz Board believe the Combination is a highly compelling strategic proposition, with significant value creation and wider advantages for both sets of shareholders and stakeholders, including the employees of the Combined Group. Tenaz attaches great importance to the skills and experience of the existing operational management and employees of SDX and intends, so far as is possible, to retain this talent within the Combined Group. For that reason, Tenaz envisages that only those functions which have historically been related to SDX's status as a standalone listed company in the UK will be redundant reflecting SDX ceasing to be a standalone listed company in the UK. Beyond these redundant functions, Tenaz does not expect any immediate material change in the balance of skills and functions of SDX employees. Tenaz does not intend to make any material changes to the conditions of employment of SDX employees.

The Combined Group will also benefit from the retention of the extensive experience and expertise of two of SDX's directors, with Michael Doyle and Catherine Stalker joining the board of Tenaz as non-executive directors from Completion, and it is also expected that Mark Reid and Nick Box will continue as consultants to SDX for a period of up to six months from Completion. Each will receive a fixed fee equal to 50% of their current annual base salaries in respect of their half-year of services. Rothschild and Co has confirmed that, in its opinion, the terms of the consultancy arrangements with Mark Reid and Nick Box are fair and reasonable so far as the other SDX shareholders are concerned. It is expected that the SDX Directors will step down from the SDX Board upon Completion.

The Tenaz Board has given assurances to the SDX Directors that, following the Combination becoming or being declared unconditional in all respects, the existing employment rights, including pension rights, of all employees of the SDX Group will be fully safeguarded.

### *Share plans*

In respect of the existing awards granted under the SDX Share Option Schemes, it is the intention of SDX's remuneration committee that, in aggregate, options over 3,626,605 SDX Shares will be determined as fully vested on the date of the Scheme Court Order (being those vested awards and 50% of all unvested awards outstanding as at the Latest Practicable Date). Vested SDX Options granted under the SDX Share Option Schemes will be exercisable until six months (or, in the case of the SDX CSOP, twenty days) after the Effective Date (unless they lapse earlier under the terms of the SDX Share Option Schemes).

Further details of the terms of such proposals will be set out in separate letters to be sent to participants of each of the SDX Share Option Schemes. Details of the impact of the Combination on the outstanding options will be set out in the Scheme Document.

SDX has indicated that it does not intend to grant any additional employee share incentive options prior to the Long Stop Date.

### *Headquarters*

Tenaz intends that the Combined Group will be headquartered at the offices of Tenaz in Calgary. In practice, however, Tenaz does not intend or envisage that this will necessitate the reassignment or relocation of SDX's headquarters and headquarters functions based at SDX's current London headquarters (other than as set out above with regard to roles relating to SDX's status as a public company).

### *Listing Locations*

Upon Completion, the Combined Group will be called Tenaz Energy Corp. and be listed on the TSX. Recognising the advantages that being listed on a UK exchange might offer to Tenaz and its current and

future shareholders, Tenaz is exploring the possibility of a future admission to trading of the Tenaz Shares on a UK exchange, but there can be no certainty that this will occur or as to its potential timing.

#### *Settlement*

Unlike SDX Shares, Tenaz Shares are not capable of being directly held, transferred or settled through the usual UK settlement systems, such as CREST. For this reason, it is intended that Scheme Shareholders who hold their SDX Shares in uncertificated form through CREST will not be issued with New Tenaz Shares directly but will instead (subject to the position of persons in Restricted Jurisdictions) be issued with depositary interests to be delivered, held and settled in CREST. Such depositary interest arrangements will reflect the economic rights attached to the New Tenaz Shares. However, while holders of depositary interests will have an entitlement to the underlying New Tenaz Shares, they will not be the registered holders of the New Tenaz Shares.

Where a Scheme Shareholder holds Scheme Shares in certificated form, any New Tenaz Shares to which such Scheme Shareholder is entitled pursuant to the Scheme are expected to be issued shortly after the Effective Date. Tenaz's constitutional documents allow for Tenaz to participate in the Canadian Direct Registration System, whereby securities are held in "book-entry" (registered) form without having a physical security certificate issued as evidence of ownership. Instead, Tenaz Shares are held in each shareholder's name and registered electronically on Tenaz's records, which are maintained by its transfer agent. Holders of securities in DRS (book-entry form) have all the traditional rights and privileges as holders of securities in certificated form.

Further details of these arrangements are expected to be set out in the Scheme Document.

#### *Other*

The SDX Shares are currently admitted to trading on AIM. It is intended that dealings in the SDX Shares will be suspended at 5.00 p.m. London Time on the Business Day prior to the Effective Date. As set out in paragraph 15, an application will be made to the London Stock Exchange for the cancellation of the admission of the SDX Shares to trading on AIM, with effect shortly following the Effective Date. It is also intended that, following the Effective Date, SDX will be re-registered as a private company under the relevant provisions of the Companies Act.

Tenaz has no plans to redeploy SDX's fixed assets, and SDX has no material research and development function.

The financial year end of the Combined Group will be 31 December.

#### *Intentions in relation to Tenaz*

Tenaz does not plan to make any material changes to its business, to the terms and conditions of employment of its staff or in the balance of skills and functions of its employees and management in consequence of the Combination. Tenaz intends to retain its group-wide head office in Calgary, Alberta, Canada.

#### *Response of SDX Board*

The SDX Board has given due consideration to Tenaz's stated intention and assurances noted above in deciding to recommend the Combination.

## 11. SDX Share Option Schemes

The Combination will extend to any SDX Shares which are issued or unconditionally allotted and fully paid (or credited as fully paid) before the date on which the Combination closes (or, subject to the Takeover Code, by such earlier date as Tenaz may decide), including SDX Shares issued pursuant to the exercise of vested options granted under the SDX Share Option Schemes or otherwise. The anticipated position in respect of the vesting of options under the SDX Share Option Schemes is as set out in paragraph 10 above.

Participants in the SDX Share Option Schemes shall be contacted regarding the effect of the Combination on their rights under the SDX Share Option Schemes and appropriate proposals shall be made to such participants in due course in accordance with Rule 15 of the Takeover Code.

The Scheme will extend to any SDX Shares which are unconditionally allotted or issued at or before the record time for the Scheme, including those allotted or issued to satisfy the exercise of options or vesting of awards under the SDX Share Option Schemes.

The Scheme will not extend to SDX Shares issued after the record time for the Scheme. However, it is proposed to amend SDX's articles of association at the SDX General Meeting to provide that, if the Combination becomes Effective, any SDX Shares issued to any person other than Tenaz or its nominee after the record time for the Scheme (including in satisfaction of an option exercised or award vesting under the SDX Share Option Schemes) will be automatically transferred to Tenaz or its nominee in consideration for the payment by Tenaz to such persons of an amount equal to the consideration payable under the terms of the Combination for each SDX Share so transferred.

## 12. Offer-related arrangements

### *Confidentiality Agreements*

On 6 April 2022 SDX and Tenaz entered into an agreement relating to the Combination, pursuant to which Tenaz agreed to keep confidential certain information supplied by SDX for the purposes of considering the proposed Combination. In consideration of the confidential information being supplied, Tenaz has agreed that, save with the prior written consent of SDX, it will not, for a period of 12 months, directly or indirectly, alone or with others acquire, announce an intention to acquire, offer or propose to acquire, solicit an offer to sell or agree to acquire, or enter into any agreement, arrangement or undertaking to acquire, any direct or indirect interest in any SDX Shares, in any shares of a member of SDX Group or in the business, assets or undertaking of SDX or any other member of SDX Group.

This agreement also contains undertakings from Tenaz to SDX that for a period of 12 months Tenaz will not solicit for employment or endeavour to entice away certain officers or employees of SDX Group without prior written consent of SDX. Further, for a period of 12 months Tenaz will not approach any of SDX's customers or suppliers without prior written consent of SDX.

On 13 May 2022 SDX and Tenaz entered into a further agreement relating to the Combination, pursuant to which SDX agreed to keep confidential certain information supplied by Tenaz for the purposes of considering the proposed Combination.

### *Co-operation Agreement*

Tenaz and SDX have entered into a Co-operation Agreement dated 24 May 2022 with respect to the conduct of the Combination, pursuant to which they have agreed, among other things:

- that they intend to implement the Combination by way of the Scheme, subject to the ability of Tenaz, with the consent of the Panel and SDX or, in certain circumstances, without the consent of SDX, to proceed by way of a Takeover Offer;

- to work together, in good faith cooperation, to provide information and assistance to one another, as needed, for the purposes of obtaining any requisite authorisations or regulatory clearances or approvals; and
- to co-operate to write to participants in the SDX Share Option Schemes and to inform them of the impact of the Scheme on their awards; and
- Tenaz considers the regulatory clearances at Conditions 3(d) and (e) of Part A of Appendix I to be critical to the success of the Combination and, therefore, if such clearances are not obtained, Tenaz may (at its absolute discretion) seek to invoke the relevant Conditions, which, with the consent of the Panel, would result in the Combination being withdrawn.

### 13. **Dividends**

If, after the date of this Announcement, any Non-Permitted SDX Dividend is declared, made or paid or becomes payable in respect of the SDX Shares (other than, or in excess of, any SDX Equalisation Dividend), Tenaz reserves the right to reduce the Exchange Ratio accordingly so as to reflect the aggregate value attributable to any such Non-Permitted SDX Dividend.

If, after the date of this Announcement, any Non-Permitted Tenaz Dividend is declared, made or paid or becomes payable in respect of the Tenaz Shares, then SDX will be entitled to declare and pay, and the SDX Shareholders will be entitled to receive and retain in Sterling, the SDX Equalisation Dividend.

### 14. **Disclosure requirements of the Takeover Code**

Except for the irrevocable undertakings referred to above, as at the close of business on 24 May 2022 (being the last Business Day prior to the publication of this Announcement), neither Tenaz, nor any of the Tenaz Directors, nor, any person acting in concert (within the meaning of the Takeover Code) with Tenaz:

- (a) has an interest in, or right to subscribe for, any relevant securities of SDX;
- (b) has any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of relevant securities of SDX;
- (c) has borrowed or lent (including, for these purposes, entering into any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code) any relevant securities of SDX save for any borrowed relevant securities of SDX which have been either on-lent or sold; or
- (d) has any outstanding irrevocable commitment or letter of intent with respect to relevant securities of SDX.

Furthermore, save as Disclosed in this Announcement, no dealing arrangement exists with Tenaz or SDX or, so far as each company is aware, any person acting in concert with Tenaz or SDX in relation to relevant securities of SDX. For these purposes, a "dealing arrangement" includes any indemnity or option arrangement, any agreement or any understanding, formal or informal, of whatever nature, relating to relevant securities of SDX which may be an inducement to deal or refrain from dealing in such securities.

In this paragraph 14, "relevant securities of SDX" means SDX Shares and securities convertible into, or rights to subscribe for, options (including traded options) in respect thereof and derivatives referenced thereto.

## 15. Further details of the Combination

### *Terms and conditions*

Appendix I to this Announcement sets out the Conditions and further terms to which the Combination will be subject, including details of requisite regulatory approvals.

### *Scheme of Arrangement*

It is intended that the Combination will be implemented by way of a court-approved scheme of arrangement between SDX and Scheme Shareholders under Part 26 of the Companies Act, further details of which are contained in this Announcement and full details of which will be set out in the Scheme Document to be published by SDX in due course. Tenaz reserves the right to effect the Combination by way of a Takeover Offer, subject to the consent of the Panel and the Co-operation Agreement.

The procedure involves, among other things, an application by SDX to the Court to sanction the Scheme, in consideration for which SDX Shareholders who are on the register of members at the Scheme Record Time will receive consideration on the basis set out in paragraph 2 above. The purpose of the Scheme is to provide for Tenaz to become the holder of the entire issued and to be issued ordinary share capital of SDX.

The Combination will be subject to the Conditions and the further terms referred to in Appendix I to this Announcement and the full terms and conditions to be set out in the Scheme Document, and will only become Effective if, among other things, the following events occur on or before the Longstop Date (or such later date as Tenaz and SDX may, with the consent of the Panel, agree and, if required, the Court may allow):

- a resolution to approve the Scheme is passed by a majority in number of the Scheme Shareholders present and voting (and entitled to vote) at the SDX Court Meeting, whether in person or by proxy, representing 75 percent or more in value of each class of the Scheme Shares held by those Scheme Shareholders;
- the SDX Resolutions are passed at the SDX General Meeting by the requisite majorities of votes validly cast on the SDX Resolutions, whether in person or by proxy;
- the Tenaz Resolution is passed at the Tenaz Special Meeting by the requisite majority;
- the required clearances in Egypt and Morocco are received, as set out in Conditions 3(d) and 3(e) of Part of Appendix I;
- following the SDX Meetings and receipt of such clearances, the Scheme is sanctioned by the Court (without modification, or with modification on terms agreed by Tenaz and SDX;
- conditional approval being granted by TSX for the New Tenaz Shares to be listed for trading on TSX, subject only to customary conditions; and
- following such sanction, a copy of the Scheme Court Order is delivered to the Registrar of Companies in England and Wales.

**Tenaz considers the regulatory clearances at Conditions 3(d) and (e) of Part A of Appendix I to be critical to the success of the Combination and, therefore, if such clearances are not obtained, Tenaz may (at its absolute discretion) seek to invoke the relevant Conditions, which, with the consent of the Panel, would result in the Combination being withdrawn.**

Upon the Scheme becoming Effective, it will be binding on all SDX Shareholders, irrespective of whether or not they attended or voted at the SDX Meetings (and if they attended and voted, whether or not they voted

in favour) and share certificates in respect of SDX Shares will cease to be valid and entitlements to SDX Shares held within the CREST system will be cancelled.

Subject as stated below, the New Tenaz Shares will be issued in registered form and will be capable of being held in both certificated and uncertificated form. Subject as stated below, the New Tenaz Shares will be issued by Tenaz to SDX Shareholders on or shortly following the Effective Date.

Unlike SDX Shares, Tenaz Shares are not capable of being directly held, transferred or settled through the usual UK settlement systems, such as CREST. For this reason, it is intended that Scheme Shareholders who hold their SDX Shares in uncertificated form through CREST will not be issued with New Tenaz Shares directly but will instead (subject to the position of persons in Restricted Jurisdictions) be issued with depositary interests to be delivered, held and settled in CREST. Such depositary interest arrangements will reflect the economic rights attached to the New Tenaz Shares. However, while holders of depositary interests will have an entitlement to the underlying New Tenaz Shares, they will not be the registered holders of the New Tenaz Shares.

Where a Scheme Shareholder holds Scheme Shares in certificated form, any New Tenaz Shares to which such Scheme Shareholder is entitled pursuant to the Scheme are expected to be issued shortly after the Effective Date. Tenaz's constitutional documents allow for Tenaz to participate in the Canadian Direct Registration System, whereby securities are held in "book-entry" (registered) form without having a physical security certificate issued as evidence of ownership. Instead, Tenaz Shares are held in each shareholder's name and registered electronically on Tenaz's records, which are maintained by its transfer agent. Holders of securities in DRS (book-entry form) have all the traditional rights and privileges as holders of securities in certificated form.

Further details of these arrangements are expected to be set out in the Scheme Document.

Fractions of the New Tenaz Shares will not be allotted or issued pursuant to the Combination, but entitlements of SDX Shareholders will be rounded down to the nearest whole number of New Tenaz Shares and all fractions of New Tenaz Shares will be aggregated and sold in the market as soon as practicable after the Effective Date. The net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with the sale) will be distributed in due proportions to SDX Shareholders who would otherwise have been entitled to such fractions (rounded down to the nearest penny), save that individual entitlements to amounts of less than £5.00 will be retained for the benefit of the Combined Group.

Any SDX Shares issued before the Scheme Record Time will be subject to the terms of the Scheme. The SDX Resolutions to be proposed at the SDX General Meeting will, amongst other matters, provide that the Articles be amended to incorporate provisions requiring any SDX Shares issued after the Scheme Record Time (other than to Tenaz and/or its nominees) to be automatically transferred to Tenaz on the same terms as the Combination (other than terms as to timings and formalities). The provisions of the Articles (as amended) will avoid any person (other than Tenaz and its nominees) holding SDX Shares after the Effective Date.

The Scheme will lapse if:

- the SDX Court Meeting and the SDX General Meeting are not held on or before the 22<sup>nd</sup> day after the expected date of such SDX Meetings, to be set out in the Scheme Document in due course (or such later date as may be agreed between Tenaz and SDX with the consent of the Panel (and that the Court may allow if required));
- the Scheme Sanction Hearing is not held on or before the 22<sup>nd</sup> day after the expected date of the Scheme Sanction Hearing, to be set out in the Scheme Document in due course (or such later date as may be agreed between Tenaz and SDX with the consent of the Panel (and that the Court may allow if required)); or

- the Scheme does not become Effective on or before the Longstop Date,

provided, however, that the deadlines for the timing of the SDX Court Meeting, the SDX General Meeting and the Scheme Sanction Hearing, to be set out in the Scheme Document in due course, may be waived by Tenaz, and the Longstop Date may be extended by agreement in writing between Tenaz and SDX (with the Panel's consent and as the Court may allow, if such consent and/or approval is/are required). If any of the dates and/or times in the Scheme Document change, the revised dates and/or times will be notified to SDX Shareholders by Announcement through a Regulatory Information Service, with such Announcement being made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on SDX's website at <https://www.sdxenergygroup.com/>.

The Scheme Document will include full details of the Scheme, together with notices of the SDX Court Meeting and the SDX General Meeting and the expected timetable, and will specify the action to be taken by Scheme Shareholders. It is expected that the Scheme Document, together with the SDX Forms of Proxy, will be published as soon as practicable and in any event within 28 days of the date of this Announcement (or such later date as may be agreed by Tenaz and SDX with the consent of the Panel).

Subject, amongst other things, to the satisfaction or waiver of the Conditions, it is expected that the Scheme will become Effective in April 2023.

#### *Delisting and Cancellation of Trading*

It is expected that the last day of dealings in SDX Shares on the London Stock Exchange's AIM market will be the Business Day immediately prior to the Effective Date and no transfers will be registered after 5:00 p.m. (London time) on that date.

SDX intends to seek the cancellation of the trading of SDX Shares on AIM shortly following the Effective Date. An application will be made to the London Stock Exchange prior to the Effective Date to cancel the admission of the SDX Shares to trading on AIM on the first AIM trading day following the Effective Date in accordance with the terms of the Scheme.

On the Effective Date, SDX will become a wholly owned subsidiary of Tenaz (and consequently together with Tenaz, the Combined Group). Tenaz intends that SDX be re-registered as a private limited company shortly following the Effective Date. Recognising the advantages that interlisting might offer to Tenaz and its current and future shareholders, Tenaz is exploring the possibility of a future admission to trading on a UK exchange of the Tenaz Shares but there can be no certainty in this regard or as to its potential timing.

It is also expected that SDX will make an application to certain Canadian securities commissions after the Effective Date to cease to be a reporting issuer in Canada.

#### *Listing*

The existing Tenaz Shares are listed for trading on the TSX.

An application will be made to the TSX for the New Tenaz Shares to be listed for trading. The decision on such listing is at the sole discretion of the TSX. As the number of Tenaz Shares issued or issuable in payment of the purchase price for SDX exceeds 25% of the number of Tenaz Shares which are outstanding, on a non-diluted basis, the TSX Rules require that Tenaz obtain shareholder approval for the issue of the New Tenaz Shares.

It is expected that such listing will become effective and that dealings for normal settlement in the New Tenaz Shares will commence shortly after the Scheme becomes Effective.

Information as to how SDX Shareholders are anticipated to be able to hold, access and trade in Tenaz Shares are set out at paragraphs 10 under "*Settlement*" and further details are anticipated to be set out in the Scheme Document.

### *Timing of Tenaz Shareholder Circular*

It is expected that the Tenaz Circular, containing further information about the Combination and notices of the Tenaz Special Meeting, together with the Tenaz Form of Proxy, will be delivered and filed as soon as practicable and, in any event, on or around the same date as publication of the Scheme Document. The Tenaz Special Meeting will occur as soon as practicable and, in any event, no more than 50 days after the record date.

### **16. Overseas Shareholders**

The availability of New Tenaz Shares under the Combination, and the distribution of this Announcement to persons who are not resident in the UK may be affected by the laws of the relevant jurisdiction in which they are located. Such persons should inform themselves of, and observe any applicable legal or regulatory requirements of, their jurisdiction. SDX Shareholders who are in doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

None of the securities to be issued pursuant to the Scheme have been or will be registered under the US Securities Act or the securities laws of any state, district or other jurisdiction of the United States, and it is currently intended that the New Tenaz Shares will be issued to US Holders pursuant to the exemption from registration under the US Securities Act of 1933, as amended, provided by Section 3(a)(10) under such Act.

**This Announcement does not constitute an offer for sale of any securities or an offer or an invitation to purchase any securities. SDX Shareholders are advised to read carefully the Scheme Document and related SDX Forms of Proxy once these have been dispatched.**

### **17. Publication on websites**

In accordance with Rule 26.2 of the Takeover Code, copies of the following documents will be available free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, at Tenaz's and SDX's websites at <https://www.tenazenergy.com/investors> and <https://www.sdxenergygroup.com/> respectively promptly following the publication of this Announcement and in any event by no later than 12 noon on the Business Day following this Announcement until the end of the Offer Period (or, if later, the end of any competition reference period):

- (a) this Announcement;
- (b) the irrevocable undertakings to accept (or procure the acceptance of) the Combination referred to in paragraph 7 above;
- (c) the Confidentiality Agreements referred to in paragraph 12 above;
- (d) the Co-operation Agreement referred to in paragraph 12 above; and
- (e) the consent letters referred to in paragraph 18 below.

For the avoidance of doubt, the content of the websites referred to above is not incorporated into and does not form part of this Announcement.

### **18. General**

Your attention is drawn to the further information contained in the Appendices which form part of, and should be read in conjunction with, this Announcement.

Each of finnCap, Rothschild & Co and Stifel has given and has not withdrawn its written consent to the issue of this Announcement with the inclusion of the references to their names in the form and context in which they appear.

The Combination will be subject to the Conditions and certain further terms set out in Appendix I and the further terms and conditions set out in the Scheme Document when issued. Appendix II contains the sources and bases of certain information contained in this Announcement and the details of the irrevocable undertakings. Appendix III contains the definitions of certain terms used in this Announcement.

The formal Scheme Document containing further information about the Combination and notices of the SDX Meetings, together with the Forms of Proxy, will be sent to SDX Shareholders as soon as practicable and in any event within 28 days of this Announcement (or on such later date as may be agreed between Tenaz and SDX with the consent of the Panel).

## **Enquiries**

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Torys LLP and Watson Farley & Williams LLP are retained as Canadian/US and UK legal adviser for Tenaz, respectively.

Blake, Cassels & Graydon LLP and Bryan Cave Leighton Paisner LLP are retained as Canadian and UK legal adviser for SDX, respectively.

### **Important notices**

*finnCap Ltd ("**finnCap**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Tenaz and no one else in connection with the matters described in this Announcement and will not be responsible to anyone other than Tenaz for providing the protections offered to clients of finnCap or for providing advice in connection with any matter referred to in this Announcement. Neither finnCap nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of finnCap in connection with this Announcement, any statement contained herein, the Combination or otherwise. No representation or warranty, express or implied, is made by finnCap as to the contents of this Announcement.*

*Rothschild & Co, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for SDX and for no one else in connection with the matters described in this Announcement and will not be responsible to anyone other than SDX for providing the protections afforded to clients of Rothschild & Co or for providing advice in connection with any matter referred to in this Announcement. Neither Rothschild & Co nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild & Co in connection with this Announcement, any statement contained herein, the Combination or otherwise. No representation or warranty, express or implied, is made by Rothschild & Co as to the contents of this Announcement.*

*Stifel Nicolaus Europe Limited ("**Stifel**"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for SDX and for no one else in connection with the matters described in this Announcement and will not be responsible to anyone other than SDX for providing the protections afforded to clients of Stifel or for providing advice in connection with any matter referred to in this Announcement. Neither Stifel nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Stifel in connection with this Announcement, any statement contained herein, the Combination or otherwise. No representation or warranty, express or implied, is made by Stifel as to the contents of this Announcement.*

## **Further Information**

*This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer or invitation to purchase, or otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Combination or otherwise, nor shall there be any sale, issuance or transfer of securities of SDX pursuant to the Combination or otherwise in any jurisdiction in contravention of applicable laws. The Combination will be implemented solely by means of the Scheme Document (or, in the event that the Combination is to be implemented by means of a Takeover Offer, the Takeover Offer document) or any document by which the Combination is made which will contain the full terms and conditions of the Combination, including details of how to vote in respect of the Combination.*

*SDX will prepare the Scheme Document to be distributed to SDX Shareholders and which will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on SDX's website at <https://www.sdxenergygroup.com/>, on SEDAR under SDX's profile at [www.sedar.com](http://www.sedar.com) and Tenaz's website at <https://www.tenazenergy.com/investors/>. SDX and Tenaz urge SDX Shareholders to read the Scheme Document (and/or, in the event that the Combination is to be implemented by way of a Takeover Offer, the Takeover Offer document) carefully when it becomes available, as it will contain important information relating to the Combination, the New Tenaz Shares and the Combined Group. Any vote in respect of resolutions to be proposed at the SDX General Meetings to approve the Combination, the Scheme or related matters, should be made only on the basis of the information contained in the Scheme Document (or, in the event that the Combination is to be implemented by means of a Takeover Offer, the Takeover Offer document). Each SDX Shareholder is urged to consult its independent professional advisers immediately regarding the tax consequences of the Combination applicable to them.*

*It is expected that the Scheme Document (including notices of the SDX Meetings) together with the relevant Forms of Proxy will be sent to SDX Shareholders within 28 days of the date of this Announcement (or on such later date as may be agreed by Tenaz and SDX with the consent of the Panel).*

*Tenaz will prepare the Tenaz Circular to be mailed to Tenaz Shareholders and which will be available on Tenaz's website at <https://www.tenazenergy.com/investors/> and will also be available for review on SEDAR under Tenaz's profile at [www.sedar.com](http://www.sedar.com) and SDX's website at <https://www.sdxenergygroup.com/>. Tenaz urges Tenaz Shareholders to read the Tenaz Circular when it becomes available, as it will contain important information relating to the Combination, the New Tenaz Shares and the Combined Group. Any vote in respect of the Tenaz Resolution should be made only on the basis of the information in the Tenaz Circular. It is expected that the Tenaz Circular (including the notice of the Tenaz Special Meeting) together with the Tenaz Form of Proxy, will be mailed to Tenaz Shareholders as soon as is reasonably practicable and in any event within 28 days of this Announcement, unless otherwise agreed with the Panel.*

*The statements contained in this Announcement are made as at the date of this Announcement unless some other time is specified in relation to them.*

*This Announcement does not constitute a prospectus or prospectus equivalent document. The New Tenaz Shares to be issued pursuant to the Combination are not being offered to the public by means of this Announcement. The Combination will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the FCA and the TSX.*

*Please be aware that addresses, electronic addresses and certain other information provided by SDX Shareholders, persons with information rights and other relevant persons for the receipt of communication by SDX may be provided to Tenaz during the Offer Period as required by Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.*

## **Overseas Shareholders**

*This Announcement has been prepared for the purpose of complying with English law, the Takeover Code, the Market Abuse Regulation, the AIM Rules, the TSX Rules and the Disclosure Guidance and Transparency Rules and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside of the United Kingdom.*

*The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom may be restricted by law and/or regulation. Persons who are not resident in the United Kingdom, or who are subject to the laws of other jurisdictions should inform themselves of, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom or who are subject to the laws of another jurisdiction to participate in the Combination or to vote their SDX Shares in respect of the Scheme at the SDX Court Meeting, or to execute and deliver the SDX Forms of Proxy appointing another to vote at the SDX Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. Any failure to comply with the applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Combination disclaim any responsibility or liability for the violation of such restrictions by any person.*

*Unless otherwise determined by Tenaz or required by the Takeover Code and permitted by applicable law and regulation, participation in the Combination will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Combination by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement and all documentation relating to the Combination are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this Announcement and all documents relating to the Combination (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported vote in respect of the Combination.*

*If the Combination is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.*

*The availability of the New Tenaz Shares under the Combination to SDX Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident or to which they are subject. Persons who are not resident in the United Kingdom or who are subject to the laws of other jurisdictions should inform themselves of, and observe, any applicable legal or regulatory requirements.*

*Further details in relation to Overseas Shareholders will be contained in the Scheme Document.*

## **Notice to US holders of SDX Shares**

*Neither the United States Securities and Exchange Commission nor any other US federal or state securities commission or regulatory authority has reviewed, approved or disapproved this Announcement, or any of the proposals described in this Announcement or the New Tenaz Shares or passed an opinion on the accuracy or the adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States.*

## **Forward looking statements**

*This Announcement (including information incorporated by reference into this Announcement), any oral statements made by Tenaz or SDX in relation to the Combination and other information published by Tenaz or SDX may contain statements about Tenaz, SDX and the Combined Group that are or may be forward-looking statements. All statements other than statements of historical fact included in this Announcement may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "goals", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects", "hopes", "continues", "would", "could", "should" or words or terms of similar substance or the negative thereof, are forward looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) the completion of the Combination; and (iii) business and management strategies and the expansion and growth of Tenaz's or SDX's or the Combined Group's operations and potential synergies resulting from the Combination.*

*Such forward looking statements involve risks and uncertainties that could significantly affect expected results and/or the operations of Tenaz, SDX or the Combined Group and are based on certain assumptions and assessments made by Tenaz and SDX in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. Except as expressly provided in this Announcement, they have not been reviewed by the auditors of Tenaz or SDX. Although it is believed that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and you are therefore cautioned not to place reliance on these forward looking statements which speak only as at the date of this Announcement. Neither SDX nor Tenaz, nor any of their respective members, directors, officers, employees, advisers and any person acting on behalf of one or more of them assumes any obligation to update or correct the information contained in this Announcement (whether as a result of new information, future events or otherwise) except as required by applicable law (including as required by the Takeover Code, the AIM Rules, the TSX Rules and the Disclosure Guidance and Transparency Rules).*

*There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward looking statements are: the ability to complete the Combination, the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms, changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business acquisitions or disposals, the anticipated benefits from the Combination not being realised as a result of changes in general economic and market conditions in the countries in which Tenaz and SDX operate, weak, volatile or illiquid capital and/or credit markets, changes in the degree of competition in the geographic and business areas in which Tenaz and SDX operate, and changes in laws or in supervisory expectations or requirements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.*

*No member of the Tenaz Group or the SDX Group, nor any of their respective associates, directors, officers, employees or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur.*

## **Profit forecasts, quantified financial benefit statements or estimates**

*No statement in this Announcement is intended, or is to be construed, as a profit forecast, profit estimate or quantified financial benefit statement for any period. No statement in this Announcement should be interpreted to mean that earnings or earnings per share of Tenaz, SDX or the Combined Group, as appropriate for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share of Tenaz, SDX or the Combined Group, as appropriate.*

## **Rounding**

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

### **Disclosure requirements of the Takeover Code**

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the Announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3:30 p.m. (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3:30 p.m. (London time) on the 10th Business Day following the Announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3:30 pm (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

### **Rule 2.9 disclosure**

In accordance with Rule 2.9 of the Takeover Code, Tenaz confirms that, as at 24 May 2022 being the latest practicable Business Day prior to the date of this Announcement, it has 28,458,074 Tenaz Shares in issue. The International Securities Identification Number for Tenaz Shares is CA88034V3048.

In accordance with Rule 2.9 of the Takeover Code, SDX confirms that, as at 24 May 2022 being the latest practicable Business Day prior to the date of this Announcement, it has 205,378,069 SDX Shares in issue. The International Securities Identification Number for SDX Shares is GB00BJ5JNL69.

### **Publication on websites and availability of hard copies**

*Pursuant to Rule 26.1 of the Takeover Code, a copy of this Announcement and other documents in connection with the Combination will be available free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, at Tenaz's and SDX's websites at <https://www.tenazenergy.com/investors> and <https://www.sdxenergygroup.com/> respectively promptly following the publication of this Announcement and in any event by no later than 12 noon on the Business Day following this Announcement until the end of the Offer Period (or, if later, the end of any competition reference period).*

*For the avoidance of doubt, the content of the websites referred to above is not incorporated into and does not form part of this Announcement.*

*Pursuant to Rule 30.3 of the Takeover Code, copies of this Announcement and all future documents, Announcements and information required to be sent to persons in relation to the Combination may be requested to be received by such persons in hard copy form by contacting Link Group between 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except public holidays in England and Wales) on 0371 664 0321 (or if calling from outside the UK +44 (0) 371 664 0321 ) or by submitting a request in writing to the Registrar of Companies at Link Group, Corporate Actions Team, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL or by email to [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk).*

### **Important information**

*If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.*

### **Use of a Standard**

*Reserve and resource estimates disclosed or referenced herein have been prepared and evaluated by independent reserves evaluators in accordance with the SPE's Canadian Oil and Gas Evaluation Handbook and in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities of the Canadian Securities Administrators. This Announcement also contains references to "boe" (barrels of oil equivalent), "mboe" (one thousand barrels of oil equivalent), and "mmboe" (one million barrels of oil equivalent). Each of Tenaz and SDX has adopted the standard of six thousand cubic feet of gas to one barrel of oil (6 mcf: 1 bbl) when converting natural gas to boes. boe, mboe and mmboe may be misleading, particularly if used in isolation. The foregoing conversion ratios are based on an energy equivalency conversion method primarily applicable at the burner tip and do not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of 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.*

**Appendix I**  
**Conditions and Certain Further Terms of the Scheme and the Combination**

**Part A**

**Conditions of the Combination and the Scheme**

- 1 The Combination will be conditional upon the Scheme becoming unconditional and becoming Effective, subject to the provisions of the Takeover Code, by no later than 11:59 p.m. on the Longstop Date.

**Conditions of the Scheme**

- 2 The Scheme will be conditional upon:

(a)

- (i) approval of the Scheme by a majority in number representing not less than 75 percent in value of the Scheme Shareholders (or the relevant class or classes thereof, if applicable) present and voting (and who are entitled to vote), either in person or by proxy, at the SDX Court Meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting; and
- (ii) the SDX Court Meeting being held on or before the 22nd day after the expected date for the SDX Court Meeting to be set out in the Scheme Document in due course (or such later date, if any, as Tenaz and SDX may agree (with the consent of the Panel) and the Court may allow, if required);

(b)

- (i) the SDX Resolutions being duly passed by the requisite majority or majorities at the SDX General Meeting or at any adjournment of that meeting; and
- (ii) the SDX General Meeting being held on or before the 22nd day after the expected date for the SDX General Meeting to be set out in the Scheme Document in due course (or such later date, if any, as Tenaz and SDX may agree (with the consent of the Panel) and the Court may allow, if required); and

(c)

- (i) the sanction of the Scheme with or without modification (but subject to any such modification being acceptable to Tenaz and SDX) by the Court and the delivery of the Scheme Court Order to the Registrar of Companies in England and Wales for registration; and
- (ii) the Scheme Sanction Hearing being held on or before the 22nd day after the expected date of the Scheme Sanction Hearing to be set out in the Scheme Document in due course (or such later date as Tenaz and SDX may agree (with the consent of the Panel) and the Court may allow).

**General Conditions**

- 3 In addition, Tenaz and SDX have agreed that, subject as stated in Part B below and subject to the requirements of the Panel in accordance with the Takeover Code, the Combination will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective

will not be taken unless such Conditions (as amended, if appropriate) have been satisfied or, where relevant, waived:

### ***Issue and Listing of New Tenaz Shares***

- (a) the Tenaz Resolution in connection with the issue of the New Tenaz Shares to the Scheme Shareholders being duly passed in accordance with the constating documents of Tenaz and applicable law by Tenaz Shareholders representing the requisite majority of votes cast at the Tenaz Special Meeting at which the Tenaz Resolution is proposed for approval (or at any adjournment thereof, provided that the Tenaz Special Meeting may not be adjourned beyond the 22nd day after the expected date of the Tenaz Special Meeting to be set out in the Tenaz Circular in due course or such later date (if any) as Tenaz and SDX may agree);
- (b) the conditional approval of the TSX will have been obtained in respect of the listing and posting for trading of the New Tenaz Shares thereon, subject only to the satisfaction of customary conditions;
- (c) the New Tenaz Shares issued pursuant to the Combination shall not be subject to resale restrictions under applicable securities laws (other than as applicable to control persons or pursuant to section 2.8 of National Instrument 45-102 – *Resale of Securities* of the Canadian Securities Administrators);

### ***Regulatory clearances***

- (d) (i) in respect of Sea Dragon (Nile) B.V; either (A) a non-objection letter issued by Egyptian Natural Gas Holding Company (EGAS) confirming that they are aware of the Combination taking place and/or that the name of the relevant SDX Group company will be changed following Completion; or (B) an deed of assignment reflecting the change of control of the relevant SDX Group company being entered into by the relevant parties, including EGAS and the Egyptian Ministry of Petroleum; or (C) any other form of such consent from EGAS that has a similar effect to the items in (A) or (B); and (ii) in respect of SDX Energy (Meseda) Limited, a notification being made to General Petroleum Company informing it of the Combination.
- (e) the Competition Council of the Kingdom of Morocco granting relevant anti-trust clearance (or having been deemed to give such clearance) for the indirect change of control of SDX's subsidiaries and branches in Morocco under Article 15 or Article 17 or Law No. 104-12 of 30 June 2014 either unconditionally or subject, as the case may be, to the effective fulfilment of commitments agreed on by the notifying party(ies).

### ***General third party clearances***

- (f) Excluding any filings required for the purposes of the confirmation or consent referred to in Conditions 3(d) and 3(e) (to which only Conditions 3(d) and 3(e) shall apply), all material filings or applications, including stock exchange applications, having been made, all appropriate waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory or regulatory obligations in any relevant jurisdiction deemed required having been complied with, in each case in connection with the Combination or the acquisition by any member of the Wider Tenaz Group of any shares or other securities in, or control of, any member of the Wider SDX Group, where the direct consequence of a failure to make such a notification or filing or to wait for the expiry, lapse, or termination of any such waiting or time period would be material in the context of the Wider Tenaz Group, the Wider SDX Group or the Combination;
- (g) Excluding any filings required for the purposes of the confirmation or consent referred to in Conditions 3(d) and 3(e) (to which only Conditions 3(d) and 3(e) shall apply), all authorisations, grants, consents, licences, confirmations, clearances, permissions and approvals for the proposed acquisition of any shares or other securities in, or control of, SDX by any member of the Wider Tenaz Group having

been obtained in terms and in a form reasonably satisfactory to Tenaz from all necessary Third Parties or persons with whom any member of the Wider SDX Group has entered into contractual arrangements or other material business relationships, and all such authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals together with all authorisations, orders, recognitions, grants, licences, confirmations, clearances, permissions and approvals necessary or appropriate to carry on the business of any member of the Wider SDX Group, remaining in full force and effect and all filings necessary for such purpose have been made and there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same at the time at which the Combination becomes otherwise unconditional and all necessary statutory or regulatory obligations in any jurisdiction having been complied with, in each case which is or could be material in the context of the Combined Group taken as a whole or material in the context of the Combination;

- (h) Excluding any filings required for the purposes of the confirmation or consent referred to in Conditions 3(d) and 3(e) (to which only Conditions 3(d) and 3(e) shall apply), no Third Party having intervened (as defined below) and there not continuing to be outstanding any statute, regulation or order of any Third Party, in each case which is material in the context of the Combination and which would or would reasonably be expected to:
- (i) make the Scheme or the Combination or, in each case, its implementation or the acquisition or proposed acquisition by Tenaz or any member of the Wider Tenaz Group of any shares or other securities in, or control or management of, SDX or any member of the Wider SDX Group void, illegal or unenforceable in any relevant jurisdiction, or otherwise directly or indirectly materially restrain, prevent, prohibit, restrict or materially delay the same or impose additional material conditions or obligations with respect to the Scheme or the Combination or such acquisition, or otherwise materially impede, challenge or interfere with the Scheme or Combination or such acquisition, or require material amendment to the terms of the Scheme or Combination or the acquisition or proposed acquisition of any SDX Shares or the acquisition of control or management of SDX or the Wider SDX Group by Tenaz or any member of the Wider Tenaz Group;
  - (ii) materially limit or delay, or impose any material limitations on, the ability of any member of the Wider Tenaz Group or any member of the Wider SDX Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities in, or to exercise voting or management control over, any member of the Wider SDX Group or any member of the Wider Tenaz Group, to an extent which is material in the context of the Combined Group taken as a whole or material in the context of the Combination;
  - (iii) except pursuant to sections 974 to 991 of the Companies Act 2006, require any member of the Wider Tenaz Group or of the Wider SDX Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) in any member of the Wider SDX Group;
  - (iv) materially limit the ability of any member of the Wider Tenaz Group or of the Wider SDX Group to conduct or integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider Tenaz Group or of the Wider SDX Group, to an extent which is material in the context of the Wider Tenaz Group taken as a whole or of the Wider SDX Group taken as a whole (as the case may be); or
  - (v) otherwise materially adversely affect any or all of the business, assets, profits, financial or trading position of any member of the Wider SDX Group or of the Wider Tenaz Group.

***Certain matters arising as a result of any arrangement, agreement, etc.***

- (i) Except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise or other instrument to which any member of the Wider SDX Group is a party, or by or to which any such member or any of its assets is or are or may be bound, entitled or subject or any

circumstance, which, in each case as a consequence of the Scheme or Combination or the acquisition or proposed acquisition of any shares or other securities in, SDX or any other member of the Wider SDX Group by any member of the Wider Tenaz Group or otherwise, would be reasonably expected to result in (in any case to an extent which would reasonably be expected to be material in the context of the SDX Group taken as a whole):

- (i) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Wider SDX Group being or becoming repayable or capable of being declared repayable immediately or prior to its stated maturity date or repayment date or the ability of any member of the Wider SDX Group to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn or inhibited;
- (ii) the creation (save in the ordinary course of business) or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the Wider SDX Group or any such mortgage, charge or other security interest (wherever created, arising or having arisen) becoming enforceable;
- (iii) any such arrangement, agreement, licence, permit, franchise or instrument, or the rights, liabilities, obligations or interests of any member of the Wider SDX Group thereunder, being terminated or adversely modified or affected or any adverse action being taken or any obligation or liability arising thereunder;
- (iv) any asset or interest of any member of the Wider SDX Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or could cease to be available to any member of the Wider SDX Group otherwise than in the ordinary course of business;
- (v) the creation of any material liabilities (actual or contingent) by any member of the Wider SDX Group other than trade creditors or other liabilities incurred in the ordinary course of business;
- (vi) the rights, liabilities, obligations or interests of any member of the Wider SDX Group under any such arrangement, agreement, licence, permit, franchise or other instrument or the interests or business of any such member in or with any other person, firm, company or body (or any arrangement or arrangements relating to any such interests or business) being terminated or adversely modified or affected; or
- (vii) the financial or trading position or the value of any member of the Wider SDX Group being prejudiced or adversely affected,

which, in each case of the foregoing cases is material and adverse in the context of the Wider SDX Group (taken as a whole) and no event having occurred which, under any provision of any such arrangement, agreement, licence, permit or other instrument, would reasonably be expected to result in any of the events or circumstances which are referred to in paragraphs (i) to (vii) of this Condition 3(i) in any case to an extent which is material in the context of the SDX Group taken as a whole;

***Certain events occurring since 31 December 2021***

- (j) Except as Disclosed, since 31 December 2021:
  - (i) no member of the Wider SDX Group nor any member of the Wider Tenaz Group, having issued or agreed to issue, or authorised the issue of, additional shares of any class, or securities convertible into or exercisable or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold any shares out of treasury, other than as between SDX and wholly-owned subsidiaries of SDX or any shares

issued or shares transferred from treasury upon the exercise of any SDX Options or Tenaz and wholly-owned subsidiaries of Tenaz or any shares issued or shares transferred from treasury upon the exercise of any options or warrants to subscribe for Tenaz Shares which have been Disclosed or any options or awards issued or granted to employees in the ordinary course of business pursuant to the Tenaz Share Plans;

- (ii) no member of the Wider SDX Group nor any member of the Wider Tenaz Group, having purchased, redeemed or repaid any of its own shares or other securities or reduced or, except in respect of the matters mentioned in sub-paragraph (a) above, made any other change to any part of its share capital;
- (iii) no member of the Wider SDX Group having, recommended, declared, paid or made any dividend or other distribution whether payable in cash or otherwise or made any bonus issue (other than to SDX or a wholly-owned subsidiary of SDX or any SDX Equalisation Dividend);
- (iv) save as between SDX and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of SDX, no member of the Wider SDX Group having made or authorised any change in its loan capital;
- (v) (other than pursuant to the Combination (and except for transactions between SDX and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of SDX or transactions between Tenaz and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Tenaz or transactions in the ordinary course of business)), no member of the Wider SDX Group nor any member of the Wider Tenaz Group, having disposed of or transferred, mortgaged, charged or created any security interest over any material assets or any right, title or interest in any material assets (including shares in any undertaking and trade investments) or authorised the same (in each case to an extent which is material in the context of the SDX Group taken as a whole or the Tenaz Group taken as a whole);
- (vi) (except for transactions between SDX and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of SDX, transactions between Tenaz and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Tenaz or otherwise in the ordinary course of business), no member of the Wider SDX Group nor any member of the Wider Tenaz Group, having issued or authorised the issue of, or made any change in or to the terms of, any debentures or incurred or increased any indebtedness or liability (actual or contingent) which is material in the context of the SDX Group taken as a whole or the Tenaz Group taken as a whole;
- (vii) no member of the Wider SDX Group nor any member of the Wider Tenaz Group, having entered into, materially varied, or authorised any material agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) except in the ordinary course of business, which:
  - (A) is of a long term, onerous or unusual nature or magnitude or which is reasonably likely to involve an obligation of such nature or magnitude; or
  - (B) could materially restrict the business of any member of the Wider SDX Group or the Wider Tenaz Group,

and which is material in the context of the SDX Group taken as a whole or the Tenaz Group taken as a whole;

- (vi) no member of the Wider SDX Group nor any member of the Wider Tenaz Group, having implemented, or authorised, any reconstruction, merger, demerger, amalgamation, scheme, commitment or other transaction or arrangement other than the Scheme or in the ordinary course of business;

- (vii) (other than in respect of a member of the Wider SDX Group which is dormant and was solvent at the time or in respect of a member of the Wider Tenaz Group which is dormant and was solvent at the time) no member of the Wider SDX Group nor any member of the Wider Tenaz Group, having taken any corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made for its winding-up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets and revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction in each case as would or might reasonably be expected to have a material adverse effect on the financial position of the Wider SDX Group taken as a whole or the Wider Tenaz Group taken as a whole;
- (viii) no member of the Wider SDX Group nor any member of the Wider Tenaz Group, having been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business in each case as would or might reasonably be expected to have a material adverse effect on the financial position of the Wider SDX Group taken as a whole or the Wider Tenaz Group taken as a whole;
- (ix) no member of the Wider SDX Group nor any member of the Wider Tenaz Group having waived or compromised any claim otherwise than in the ordinary course of business which is material in the context of the SDX Group taken as a whole or the Tenaz Group taken as a whole;
- (x) except as Disclosed or envisaged in accordance with the terms of the Scheme, no member of the Wider SDX Group nor any member of the Wider Tenaz Group having made any alteration to its memorandum or articles of incorporation, constitution or by-laws (as applicable) which is material in the context of the Combination;
- (xi) no member of the Wider SDX Group having entered into, or materially varied the terms of any contract, agreement or binding arrangement with any directors or senior executives of any member of the Wider SDX Group except for salary increases, bonuses or variations of terms in the ordinary course or as a result of genuine promotion;
- (xii) no member of the Wider SDX Group having proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider SDX Group, which is in any such case material in the context of the Wider SDX Group taken as a whole;
- (xiii) no member of the Wider SDX Group having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of SDX Shareholders at a general meeting of SDX in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code; or
- (xiv) no member of the Wider Tenaz Group having taken (or agreed or proposed to take) any action which Tenaz would not be permitted to undertake under Rule 21.1 of the Takeover Code if it were the offeree for the purposes of that rule;

***No adverse change, litigation or regulatory enquiry***

- (k) Except as Disclosed, since 31 December 2021:
  - (i) there having been no adverse change or deterioration in the business, assets, financial or trading positions or profit or prospects of any member of the Wider SDX Group taken as a whole or the Wider Tenaz Group taken as a whole (in each case to an extent which is or could

be material in the context of the Wider SDX Group taken as a whole or the Wider Tenaz Group taken as a whole, as applicable);

- (ii) no contingent or other liability of any member of the Wider SDX Group or of any member of the Wider Tenaz Group having arisen or become apparent or increased other than in the ordinary course of business, which has had or might reasonably be expected to have an adverse effect on the Wider SDX Group taken as a whole or the Wider Tenaz Group taken as a whole and is material to the Wider SDX Group taken as a whole or to the Wider Tenaz Group taken as a whole;
- (iii) (other than as a result of, or in connection with, the Combination) no litigation, arbitration proceedings, prosecution or other legal or regulatory proceedings to which any member of the Wider SDX Group or any member of the Wider Tenaz Group is or may become a party (whether as plaintiff, defendant or otherwise) and no investigation by any Third Party against or in respect of any member of the Wider SDX Group or the Wider Tenaz Group having been threatened in writing, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Wider SDX Group or any member of the Wider Tenaz Group which in any such case would reasonably be expected to have a material adverse effect on the Wider SDX Group taken as a whole or the Wider Tenaz Group;
- (iv) no steps having been taken which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider SDX Group or any member of the Wider Tenaz Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which would reasonably be expected to have a material adverse effect on the Wider SDX Group taken as a whole or the Wider Tenaz Group taken as a whole; and
- (v) no member of the Wider SDX Group nor any member of the Wider Tenaz Group having conducted its business in material breach of any applicable laws and regulations which in any case is material in the context of the Wider SDX Group taken as a whole or of the Wider Tenaz Group.

***No discovery of certain matters***

- (l) Except as Disclosed, Tenaz not having discovered (in each case to an extent which is or could be material in the context of the Wider SDX Group taken as a whole or material in the context of the Combination):
  - (i) that any financial or business or other information concerning the Wider SDX Group as contained in the information publicly disclosed at any time by or on behalf of any member of the Wider SDX Group is materially misleading or contains a material misrepresentation of fact or omits to state a fact necessary to make that information misleading and which was not subsequently corrected before the date of this Announcement by disclosure either publicly or otherwise to Tenaz or its professional advisers;
  - (ii) (other than in the ordinary course of business) that any member of the Wider SDX Group is subject to any liability (actual or contingent) which is material in the context of the Wider SDX Group taken as a whole;
  - (iii) any past or present member of the Wider SDX Group has not complied in all material respects with all applicable legislation or regulations of any jurisdiction with regard to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health or otherwise relating to environmental matters or the health and safety of any person, or that there has otherwise been any such use, treatment, handling, storage, transport, release,

disposal, discharge, spillage, leak or emission (whether or not this constituted a non-compliance by any person with any legislation or regulations and wherever the same may have taken place), which in each case, non-compliance would be likely to give rise to any material liability (whether actual or contingent) or cost on the part of any member of the Wider SDX Group; or

- (iv) there is any material liability (actual or contingent) to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the Wider SDX Group under any environmental legislation, regulation, notice, circular or order of any government, governmental, quasi-governmental, state or local government, supranational, statutory or other regulatory body, agency, court, association or any other person or body in any jurisdiction.

***Anti-corruption, sanctions and criminal property***

(m) Except as Disclosed, Tenaz not having discovered that:

- (i) any:
  - (A) past or present member, director, officer or employee of the Wider SDX Group has at any time engaged in an activity, practice or conduct which would constitute an offence under the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, The Corruption of Foreign Public Officials Act (Canada) 1998 or any other applicable anti-corruption legislation applicable to the Wider SDX Group; or
  - (B) person that performs or has performed services on behalf of the Wider SDX Group has at any time engaged in an activity, practice or conduct in connection with the performance of such services which would constitute an offence under the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, The Corruption of Foreign Public Officials Act (Canada) 1998 or any other applicable anti-corruption legislation applicable to the Wider SDX Group;
- (ii) any material asset of any member of the Wider SDX Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition);
- (iii) any past or present member, director, officer or employee of the Wider SDX Group has engaged in any business or made any investments in, or made any payments or assets available to or received any funds or asset from:
  - (A) any government, entity, or individual with which UK, US or Canadian or European Union persons (or persons operating in those territories) are prohibited from engaging in activities, doing business or from receiving or making available funds or economic resources, by UK, US, Canadian or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, HM Treasury & Customs or Global Affairs Canada;
  - (B) any government, entity or individual targeted by any of the economic sanctions of the UK, United Nations, United States or the European Union or any of its member states; or
- (iv) a member of the SDX Group has engaged in a transaction which would cause the Tenaz Group to be in breach of any law or regulation on Completion of the Combination, including the economic sanctions administered by the United States Office of Foreign Assets Control, HM Treasury & Customs, Global Affairs Canada or any government, entity or individual targeted

by any of the economic sanctions of the United Nations, United States or the European Union or any of its member states.

For the purpose of these Conditions:

- (a) **Authorisations** means authorisations, orders, grants, recognitions, determinations, certificates, confirmations, consents, licences, clearances, provisions and approvals, in each case, of a Third Party;
- (b) **Third Party** means any central bank, government, government department or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, authority (including any national or supranational anti-trust or Combination control authority), court, trade agency, stock exchange, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction, including, for the avoidance of doubt, the Panel; and
- (c) a Third Party shall be regarded as having "intervened" if it has decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or made, proposed or enacted any statute, regulation, decision or order or taken any measures or other steps or required any action to be taken or information to be provided or otherwise having done anything (and in each case, not having withdrawn the same) and "intervene" shall be construed accordingly.

## **Part B**

### **Certain further terms of the Scheme and the Combination**

- 1 Conditions 3(a) to (m) (inclusive) of Part A of this Appendix I must each be fulfilled or, (if capable of waiver) be waived by 11:59 p.m. on the date immediately preceding the date of the Scheme Sanction Hearing, failing which the Scheme will lapse.
- 2 Notwithstanding the paragraph above and subject to the requirements of the Panel and the Takeover Code, Tenaz reserves the right in its sole discretion to waive: (i) any of the deadlines set out in Condition 2 of Part A of this Appendix I for the timing of the SDX Court Meeting, SDX General Meeting and the Scheme Sanction Hearing. If any such deadline is not met, Tenaz shall make an announcement by 8:00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with SDX to extend the deadline in relation to the relevant Condition; and (ii) save for Condition 3(j)(xiv), any of Conditions 3(a) to (m) inclusive of Part A of this Appendix I, in whole or in part, and to proceed with the Scheme Court Hearing prior to the fulfilment, satisfaction or waiver of any of the Conditions 3(a) to (m) inclusive (save for Condition 3(j)(xiv) and, in relation to Conditions 3(j)(i), 3(j)(ii), 3(j)(v) to 3(j)(x), and 3(k), only in so far as it relates to SDX, the Wider SDX Group or any part thereof).
- 3 Notwithstanding the paragraph above and subject to the requirements of the Panel and the Takeover Code, SDX reserves the right in its sole discretion to waive: (i) that part of Condition 3(a) of Part A of this Appendix I relating to the deadline for the Tenaz General Meeting. If such deadline is not met, SDX shall make an Announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked the relevant Condition, waived the deadline or agreed with Tenaz to extend the deadline; and (ii) in whole or in part (only so far as it relates to Tenaz, the Wider Tenaz Group or any part thereof) Conditions 3(j)(i), 3(j)(ii), 3(j)(v) to 3(j)(x), 3(j)(xiv) and 3(k) in Part A of this Appendix I.
- 4 Save as set out in paragraphs 2 and 3 of this Part B of this Appendix I, Conditions 1, 2 and 3(a) of Part A of this Appendix I may not be waived.
- 5 Neither Tenaz nor SDX shall be under any obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of Conditions 3(a) to (l) inclusive of Part A of this

Appendix I by a date earlier than the latest date specified above for the fulfilment of that condition, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are, at such earlier date, no circumstances indicating that any Condition may not be capable of fulfilment.

- 6 Fractions of New Tenaz Shares will not be allotted or issued to holders of SDX Shares. Fractional entitlements will be rounded down to the nearest whole number of New Tenaz Shares.
- 7 Tenaz reserves the right to elect to implement the Combination by way of a takeover offer in compliance with the Takeover Code, subject to the Panel's consent and NI 62-104 and the terms of the Co-operation Agreement. In such event, such Takeover Offer will be implemented by Tenaz or a wholly-owned subsidiary of Tenaz on the same terms and conditions (subject to appropriate amendments, including (without limitation) an acceptance condition set at 75 percent (or such other percentage (being more than 50 percent) as Tenaz may decide (subject to the Panel's consent) of the shares to which such Takeover Offer relates) so far as applicable, as those which would apply to the Scheme.
- 8 If the Panel requires Tenaz to make an offer for SDX Shares under the provisions of Rule 9 of the Takeover Code, Tenaz may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.
- 9 The Combination will be subject, inter alia, to the Conditions and certain further terms which are set out in this Appendix I and those terms which will be set out in the Scheme Document and such further terms as may be required to comply with the provisions of the AIM Rules and the provisions of the Takeover Code.
- 10 SDX Shares will be acquired by Tenaz fully paid and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and distributions (if any) declared, made or payable after the date of this Announcement.
- 11 This Announcement and any rights or liabilities arising hereunder are, and the Combination, the Scheme, any Forms of Proxy and any Form of Election will be governed by the laws of England and be subject to the jurisdiction of the English Courts and to the conditions and further terms set out in this Announcement and in the Scheme Document. The Combination will be subject to the applicable requirements of the Takeover Code, the Panel, the AIM Rules, the London Stock Exchange and Canadian securities laws.
- 12 Any persons who are subject to the laws of any jurisdiction other than the England should inform themselves about and observe any applicable requirements. Further information in relation to Overseas Shareholders will be contained in the Scheme Document.
- 13 Under Rule 13.5(a) of the Takeover Code, Tenaz may not invoke a Condition so as to cause the Combination not to proceed, to lapse or to be withdrawn except with the consent of the Panel. The Panel will normally only give its consent if the circumstances which give rise to the right to invoke the Condition are of material significance to Tenaz in the context of the Combination. This will be judged by reference to the facts of each case at the time that the relevant circumstances arise. The Conditions contained in paragraph 1, 2(a)(i), 2(b)(i) and 2(c)(i) of Part A of this Appendix I and, if applicable, any acceptance condition if the Combination is implemented by means of an Takeover Offer, are not subject to Rule 13.5(a) of the Takeover Code.
- 14 Under Rule 13.6 of the Takeover Code, SDX may only invoke a Condition so as to cause the Combination not to proceed, to lapse or to be withdrawn if the circumstances which give rise to the right to invoke the Condition are of material significance to SDX Shareholders in the context of the Combination.

- 15 If, after the date of this Announcement, any Non-Permitted SDX Dividend is declared, made or paid or becomes payable in respect of the SDX Shares, Tenaz reserves the right to reduce the Exchange Ratio accordingly so as to reflect the aggregate value attributable to any such Non-Permitted SDX Dividend.
- 16 If, after the date of this Announcement, any Non-Permitted Tenaz Dividend is declared, made or paid or becomes payable in respect of the Tenaz Shares, then SDX will be entitled to declare and pay, and the SDX Shareholders will be entitled to receive and retain in Sterling, the SDX Equalisation Dividend.
- 17 Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

## APPENDIX II

### BASES AND SOURCES

1. Unless otherwise stated in this Announcement:
  - (a) financial information relating to Tenaz has been extracted from the audited accounts of Tenaz for the financial year ended 31 December 2021;
  - (b) financial information relating to SDX has been extracted from the audited accounts of SDX for the financial year ended 31 December 2021;
  - (c) the value of the fully diluted share capital of SDX is based upon 205,378,069 SDX Shares in issue on 24 May 2022 (being the last Business Day prior to the publication of this Announcement), together with 3,626,605 SDX Shares falling to be issued upon the exercise of options under the SDX Share Option Schemes and which have an exercise price which is lower than the Offer Price and would therefore be expected to be exercised in connection with the Combination;
  - (d) the number of New Tenaz Shares to be issued in respect of the Combination is calculated based upon the number of SDX Shares in issue (as described in sub-paragraph 1(c) above) resulting in the issue of approximately 15,675,351 New Tenaz Shares;
  - (e) the market capitalisation of the Combined Group is calculated on the basis of 28,458,074 Tenaz Shares in issue as at 24 May 2022 (being the last Business Day prior to the publication of this Announcement) and 15,675,351 New Tenaz Shares to be issued pursuant to the Combination;
  - (f) all share prices for SDX and Tenaz Shares are derived from Bloomberg as at the relevant date;
  - (g) all share prices quoted for SDX Shares and Tenaz Shares are the Closing Prices on AIM and TSX respectively, unless otherwise stated; and
  - (h) all exchange rates are derived from [www.bankofcanada.ca](http://www.bankofcanada.ca) and unless otherwise stated is assumed to be: 0.8016 with regard to GBP:USD, 0.6248 with regard to GBP:CAD and 0.7794 with regard to USD:CAD
2. **Financial benefits of the Combination**
  - (a) all relevant metrics extracted from the audited financial information of each company as at and for the year or quarter ended 31 December 2021 (as appropriate) and the formal announcement of such: in the case of SDX, "Full year 2021 Financial and Operating Results, 18 March 2022; in the case of Tenaz, "2021 Year-end results and reserves", 24 March 2022;
  - (b) combined production per share calculated as SDX stated production guidance of 3,300 - 3,550 boe/d including the disposal of South Disouq plus Tenaz stated production guidance of 1,200-1,300 boe/d, with a resultant combined midpoint of these ranges of 4,650 mboe;
  - (c) proforma operating income is a non-IFRS measure and represents a measurement of the combined operational scale of the proforma entity. Combined "operating income per share" on a proforma combined basis for the three months ended 31 December 2021 of C\$16.1m has been calculated as the operating netback of Tenaz of C\$3.4m plus that of SDX of

US\$11.5m (C\$14.5m), less 33% of the US\$4.4m (C\$5.5m) attributable to South Disouq, at the above exchange rates;

- (d) accretion has been calculated as the percentage increase in these metrics as compared to those of Tenaz on a standalone basis as at and for the same time period; and
- (e) The denominator in each proforma case is the fully diluted issued share capital of the Combined Group which is expected to be 44,133,425 following Completion.

3. Irrevocable undertakings in respect of SDX Shares

Irrevocable undertakings to accept, or to procure the acceptance of, the Combination have been received by Tenaz from the following persons in respect of the following interests in SDX Shares:

<i>Name</i>	<i>Number of SDX Shares committed</i>	<i>Percentage of entire existing issued share capital of SDX</i>
Michael Doyle	2,169,669	1.06%
David Mitchell	1,809,450	0.88%
Mark Reid	692,897	0.34%
Tim Linacre	160,000	0.08%
Catherine Stalker	111,359	0.05%
Nick Box	97,261	0.04%
<b>Total</b>	<b>5,040,636</b>	<b>2.45%</b>

*Notes:*

*These irrevocable undertakings to accept the Offer remain binding, even if a higher competing offer is announced by a third party, unless the Offer lapses or is withdrawn. These irrevocable undertakings also cover options over SDX Shares granted under the SDX Option Schemes. The number of SDX Shares stated as being irrevocably committed excludes any SDX Shares arising from the exercise of SDX Options. The irrevocable undertakings given by Mark Reid and Nick Box include irrevocable undertakings not to dispose of the New Tenaz Shares that they will receive in relation to the Combination for a period of six months from the Effective Date, save in certain limited circumstances.*

4. Irrevocable undertakings in respect of Tenaz Shares

Irrevocable undertakings to vote in favour of the Tenaz Resolution have been received by Tenaz from the following persons in respect of the following interests in Tenaz Shares:

<i>Name</i>	<i>Number of Tenaz Shares committed</i>	<i>Percentage of entire existing issued share capital of Tenaz</i>
-------------	-----------------------------------------	--------------------------------------------------------------------

Anthony Marino	920,000	3.23%
Michael Kaluza	222,300	0.78%
Bradley Bennett	178,000	0.63%
David Burghardt	322,592	1.13%
Jon Balkwill	119,000	0.42%
Jen Russel-Houston	111,200	0.39%
Marty Proctor	111,200	0.39%
Travis Stephenson	106,333	0.37%
Anna Alderson	19,500	0.07%
John Chambers	167,450	0.59%
Mark Rollins	69,500	0.24%
<b>Total</b>	<b>2,347,075</b>	<b>8.25%</b>

*Notes:*

*These irrevocable undertakings also cover options over Tenaz Shares granted under Tenaz's option and incentive schemes. The number of Tenaz Shares stated as being irrevocably committed excludes any Tenaz Shares arising from such schemes.*

## APPENDIX III

### DEFINITIONS

The following definitions apply throughout this Announcement unless the context otherwise requires:

<b>"1P"</b>	Total Proved
<b>"2C"</b>	Best Estimate of Contingent Resources
<b>"2P"</b>	Total Proved + Probable
<b>"AIM"</b>	the AIM market of the London Stock Exchange
<b>"AIM Rules"</b>	the rules governing the admission to, and operation of, AIM as set out in the AIM Rules for Companies published by the London Stock Exchange from time to time
<b>"Announcement"</b>	this announcement
<b>"Australia"</b>	the commonwealth of Australia, its states, possessions and territories and all areas subject to its jurisdiction or any political subdivision thereof
<b>"boe"</b>	barrels of oil equivalent  the term 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
<b>"boe/d"</b>	barrels of oil equivalent per day
<b>"Business Day"</b>	a day (excluding Saturdays, Sundays and public holidays) on which banks are generally open for business in the City of London
<b>"C\$" or "CAD" or "Canadian Dollars"</b>	the lawful currency of Canada
<b>"Canada"</b>	Canada, its possessions, provinces and territories and all areas subject to its jurisdiction or any political subdivision thereof
<b>"certificated" or "in certificated form"</b>	in relation to a share or other security, not in uncertificated form (that is, not in CREST)
<b>"Closing Price"</b>	the last trading price of a SDX Share or a Tenaz Share (as the case may be) as derived from the websites of the London Stock Exchange and TSX, respectively

<b>"Combination"</b>	the proposed acquisition of the entire issued ordinary share capital of SDX by Tenaz (other than the Excluded Shares) to be implemented by way of the Scheme or, should Tenaz so elect (with the consent of the Panel) by way of the Takeover Offer, and, where the context admits, any subsequent revision, variation, extension or renewal thereof
<b>"Combined Group"</b>	the combined businesses of the Tenaz Group and the SDX Group following the Combination becoming or being declared unconditional in all respects
<b>"Companies Act 2006"</b>	the UK Companies Act 2006, as amended from time to time
<b>"Completion"</b>	completion of the Combination
<b>"Conditions"</b>	the conditions to the Combination which are set out in Appendix I to this Announcement
<b>"Contingent"</b>	in relation to oil & gas reserves, according to the Canadian Oil and Gas Evaluation Handbook, means those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies
<b>"Co-operation Agreement"</b>	the agreement dated 25 May 2022 between SDX and Tenaz as described in paragraph 12
<b>"Court"</b>	the High Court of Justice in England and Wales
<b>"CREST"</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & International Limited is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
<b>"CREST Regulations"</b>	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (including as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018)
<b>"Daily Official List"</b>	the daily official list of the London Stock Exchange
<b>"Dealing Disclosure"</b>	the Announcement concerning dealings in relevant securities of any party to an offer required for the purposes of Rule 8 of the Takeover Code
<b>"Developed Producing"</b>	in relation to oil & gas reserves, according to the Canadian Oil and Gas Evaluation Handbook, means those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty
<b>"Disclosed"</b>	in respect of SDX: (i) information disclosed by, or on behalf of, SDX (i) in SDX's annual report and accounts for the financial year ended

	<p>31 December 2021; (ii) as publicly announced by SDX (by the delivery of an Announcement to an authorised Regulatory Information Service prior to 24 May 2022; (iii) as disclosed in this Announcement; or (iv) as otherwise disclosed in writing, or in the documentation or written information provided (including in the virtual data room operated on behalf of SDX and which Tenaz and its advisers are able to access in respect of the Combination), to Tenaz or its advisers by or on behalf of SDX prior to 24 May 2022 in the context of the Combination;</p> <p>in respect of Tenaz: (i) information disclosed by, or on behalf of, Tenaz (i) in Tenaz's annual report for the financial year ended 31 December 2021; (ii) as publicly announced by Tenaz (by the delivery of an Announcement to an authorised Regulatory Information Service prior to 24 May 2022; (iii) as disclosed in this Announcement; or (iv) as otherwise disclosed in writing, or in the documentation or written information provided, to SDX or its advisers by or on behalf of Tenaz prior to 24 May 2022 in the context of the Combination</p>
<b>"Disclosure Guidance and Transparency Rules"</b>	the Disclosure Guidance and the Transparency Rules of the FCA made pursuant to section 73A of the FSMA
<b>"E&amp;P"</b>	exploration and production
<b>"Effective"</b>	(i) if the Combination is implemented by way of the Scheme, the date on which the order of the Court sanctioning the Scheme under Part 26 of the Companies Act 2006 becomes effective in accordance with its terms; or (ii) if the Combination is implemented by way of a Takeover Offer, such Takeover Offer having been declared or become unconditional in all respects in accordance with the Takeover Code
<b>"Effective Date"</b>	the date upon which the Scheme becomes Effective
<b>"ESG"</b>	environmental, social and governance
<b>"Exchange Ratio"</b>	means the ratio of 0.075 New Tenaz Shares for each 1 SDX Share
<b>"Excluded Shares"</b>	any SDX Shares: (i) registered in the name of, or beneficially owned by, Tenaz or any member of the Wider Tenaz Group or their respective nominees; or (ii) registered in the name of, or beneficially owned by, funds managed by Tenaz or a member of the Wider Tenaz Group or any of their subsidiary undertakings or their respective nominees
<b>"existing Tenaz Shares"</b>	the issued and outstanding Tenaz Shares at the date of this Announcement
<b>"FCA"</b>	the UK Financial Conduct Authority
<b>"FD&amp;A"</b>	Finding, Developing and Acquisition
<b>"FSMA"</b>	the Financial Services and Markets Act 2000 (as amended)

"HSE"	health, safety and environment
"Japan"	Japan, its cities, prefectures, territories and possessions and all areas subject to its jurisdiction or any political subdivision thereof
"km"	Kilometres
"km <sup>2</sup> "	square kilometres
"Latest Practicable Date"	means 24 May 2022, being the latest practicable date before the date of this Announcement
"Listing Rules"	the listing rules, made by the FCA under Part 6 of the FSMA, as amended from time to time
"London Stock Exchange"	London Stock Exchange plc
"Longstop Date"	24 May 2023
"M&A"	mergers and acquisitions
"Market Abuse Regulation"	Regulation (EU) No. 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse (and/or, as applicable, such regulation as it forms part of the domestic UK law by virtue of section 3 of the European Union (Withdrawal) Act 2018, as amended from time to time)
"mboe"	thousand barrels of oil equivalent
"mboe/d"	thousand barrels of oil equivalent per day
"MENA"	Middle East/North Africa
"mmboe"	million barrels of oil equivalent
"mmscf/d"	million standard cubic feet per day
"New Tenaz Shares"	the new Tenaz Shares proposed to be issued to the Scheme Shareholders pursuant to the Scheme
"NI 62-104"	National Instrument 62-104 – <i>Take-Over Bids and Issuer Bids</i> of the Canadian Securities Administrators
"Non-Permitted SDX Dividend"	any dividend, distribution or return of capital that is declared, made or paid or becomes payable in respect of the SDX Shares after the date of the Announcement with a record date on or before the Effective Date (other than, or in excess of, any SDX Equalisation Dividend)
"Non-Permitted Tenaz Dividend"	any dividend, distribution or return of capital that is declared, made or paid or becomes payable in respect of the Tenaz Shares after the date of the Announcement with a record date on or before the Effective Date

<b>"Offer Period"</b>	the period commencing on 25 May 2022 and ending in accordance with the rules of the Takeover Code
<b>"Opening Position Disclosure"</b>	the announcement required for the purposes of Rule 8 of the Takeover Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to an offer if the person concerned has such a position
<b>"Overseas Shareholders"</b>	Scheme Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
<b>"Panel"</b>	the Panel on Takeovers and Mergers
<b>"PDP"</b>	Proved Developed Producing
<b>"pounds", "£", "pence", "p" or "Sterling"</b>	the lawful currency of the United Kingdom
<b>"prospectus"</b>	a prospectus under the Prospectus Rules
<b>"Prospectus Rules"</b>	the prospectus rules of the FCA made pursuant to section 73A of the FSMA
<b>"Probable"</b>	in relation to oil & gas reserves, according to the Canadian Oil and Gas Evaluation Handbook, are those additional reserves that are less certain to be recovered than Proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated Proved + Probable reserves.
<b>"Proved"</b>	in relation to oil & gas reserves, according to the Canadian Oil and Gas Evaluation Handbook, are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely the actual remaining quantities recovered will exceed the estimated proved reserves.
<b>"Regulatory Information Service"</b>	any channel recognised as a channel for the dissemination of regulatory information by listed companies as defined in the Listing Rules
<b>"Restricted Jurisdiction"</b>	the United States, Australia or Japan or any other jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Combination is sent or made available to SDX Shareholders in that jurisdiction
<b>"Rothschild &amp; Co"</b>	N.M. Rothschild & Sons Limited
<b>"Scheme"</b>	the proposed scheme of arrangement under Part 26 of the Companies Act between SDX and the Scheme Shareholders to implement the Combination, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by SDX and Tenaz;

<b>"Scheme Court Order"</b>	the order of the Court sanctioning the Scheme under section 899 of the Companies Act 2006.
<b>"Scheme Record Time"</b>	the time and date specified as such in the Scheme Document, expected to be 6:00 p.m. on the Business Day immediately after the date of the Scheme Sanction Hearing, or such later time as the parties may agree
<b>"Scheme Sanction Hearing"</b>	the hearing of the Court to sanction the Scheme under section 899 of the Companies Act 2006, including any adjournment thereof
<b>"Scheme Shareholders"</b>	holders of the Scheme Shares
<b>"Scheme Shares"</b>	<p>all SDX Shares:</p> <ul style="list-style-type: none"> <li>(a) in issue at the date of the Scheme Document and which remain in issue at the Scheme Record Time;</li> <li>(b) (if any) issued after the date of the Scheme Document and prior to the Voting Record Time and which remain in issue at the Scheme Record Time; and</li> <li>(c) (if any) issued at or after the Voting Record Time and prior to the Scheme Record Time in respect of which the original or any subsequent holder thereof is bound by the Scheme, or shall by such time have agreed in writing to be bound by the Scheme and which remain in issue at the Scheme Record Time,</li> </ul> <p>but excluding any Excluded Shares.</p>
<b>"SDX"</b>	SDX Energy plc (incorporated in England and Wales under the Companies Act 2006 with registered number 11894102), whose registered office is at 38 Welbeck Street, London, United Kingdom, W1G 8DP
<b>"SDX Court Meeting"</b>	the meeting of the Scheme Shareholders convened by order of the Court pursuant to section 896 of the Companies Act 2006 for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) and any adjournment thereof
<b>"SDX CSOP"</b>	SDX Company Share Option Plan
<b>"SDX Directors" or "SDX Board"</b>	the board of directors of SDX and <b>"SDX Director"</b> means any member of the SDX Board
<b>"SDX Equalisation Dividend"</b>	a dividend declared or paid by SDX in respect of the SDX Shares following any Non-Permitted Tenaz Dividend of an amount per SDX Share equal to the amount of the Non-Permitted Tenaz Dividend per Tenaz Share multiplied by the Exchange Ratio (taking into account any reduction to the Exchange Ratio arising as a result of any Non-Permitted SDX Dividends)
<b>"SDX Forms of Proxy"</b>	the forms of proxy which will accompany the Scheme Document
<b>"SDX General Meeting"</b>	the SDX General Meeting of the SDX Shareholders to be convened in connection with the Scheme to consider and, if thought fit, to

	approve the SDX Resolutions (with or without amendment), including any adjournment, postponement or reconvening thereof
"SDX Group"	SDX, its subsidiaries, its holding companies, and the subsidiaries of its holding companies and, where the context so permits, each of them
"SDX LTIP"	SDX Long-Term Incentive Plan
"SDX Meetings"	the SDX Court Meeting and the SDX General Meeting
"SDX Option holders"	holders of SDX Options
"SDX Options"	options or other rights to acquire SDX Shares granted pursuant to the SDX Share Option Schemes or otherwise
"SDX Resolution(s)"	the resolutions to be proposed at the SDX General Meeting necessary to approve and implement the Scheme, including (i) a resolution approving the alteration of SDX's articles of association and authorising the SDX board of directors to take all actions as they may consider necessary or appropriate to give effect to the Scheme and the delisting of the SDX Shares and (ii) a resolution to re-register SDX as a private company
"SDX Share Option Schemes"	the SDX LTIP, the SDX CSOP and the SDX SOP
"SDX Shareholders"	holders of SDX Shares
"SDX Shares"	the existing issued fully paid ordinary shares of 1 pence each in the capital of SDX and any further such shares which are unconditionally allotted or issued and fully paid or credited as fully paid before the date on which the Offer closes (or such earlier date, not being earlier than the date on which the Offer becomes or is declared unconditional as to acceptances as Tenaz may, subject to the Takeover Code, decide)
"SDX SOP"	the SDX Stock Option Plan
"Takeover Code"	the City Code on Takeovers and Combinations, issued by the Panel
"Takeover Offer"	if (with the consent of the Panel as applicable) Tenaz elects to implement the Combination by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act 2006, and take-over bid, as defined in NI 62-104 the offer to be made by or on behalf of Tenaz to acquire the entire issued ordinary share capital of SDX and, where the context admits, any subsequent revision, variation, extension or renewal of such offer
"Tenaz"	Tenaz Energy Corp. (incorporated in Canada under <i>Business Corporations Act</i> (Alberta) with a corporate access number 2016495042), whose head office is at Suite 2500 – 605 Fifth Ave SW, Calgary, Alberta, Canada, T2N 2Y9

<b>"Tenaz Circular"</b>	the circular to be mailed to Tenaz Shareholders containing information relating to the Tenaz Special Meeting
<b>"Tenaz Directors" or "Tenaz Board"</b>	the board of directors of Tenaz and <b>"Tenaz Director"</b> means any member of the Tenaz Board
<b>"Tenaz Form of Proxy"</b>	the form of proxy which will accompany the Tenaz Circular
<b>"Tenaz Group"</b>	Tenaz, its subsidiaries, its holding companies, and the subsidiaries of its holding companies and, where the context so permits, each of them
<b>"Tenaz Resolution"</b>	the resolution approving the issuance of up to 15,675,351 New Tenaz Shares in connection with the Combination to be approved by a simple majority of the votes cast by Tenaz Shareholders present in person (virtually) or represented by proxy at the Tenaz Special Meeting
<b>"Tenaz Shareholders"</b>	holders of existing Tenaz Shares
<b>"Tenaz Shares"</b>	common shares in the capital of Tenaz
<b>"Tenaz Share Plans"</b>	all long term incentive plans and stock option plans of Tenaz as described or defined in the notice of meeting and accompanying information circular (including all schedules, appendices and exhibits thereto) mailed by Tenaz to Tenaz Shareholders in connection with Tenaz's annual general meeting to be held on 31 May 2022, including any amendments or supplements thereto.
<b>"Tenaz Special Meeting"</b>	the special meeting of Tenaz Shareholders (and any adjournment thereof) for the purposes of considering and, if thought fit, approving the Tenaz Resolution
<b>"TSX"</b>	the Toronto Stock Exchange
<b>"TSX Rules"</b>	the TSX Company Manual
<b>"uncertificated" or "in uncertificated form"</b>	in relation to a share or other security, recorded on the relevant register in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>"United Kingdom" or "UK"</b>	the United Kingdom of Great Britain and Northern Ireland
<b>"UKLA"</b>	the FCA acting for the purposes of Part VI of the FSMA
<b>"UKLA Rules"</b>	together, the Disclosure and Transparency Rules, the Listing Rules and the Prospectus Rules
<b>"US" or "United States"</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
<b>"US\$" or "USD" or "US Dollar"</b>	the lawful currency of the United States of America

<b>"US Securities Act"</b>	the United States Securities Act 1933, as amended
<b>"Voting Record Time"</b>	the time and date specified as such in the Scheme Document by reference to which entitlement to vote at the SDX Court Meeting will be determined
<b>"Wider SDX Group"</b>	SDX, its subsidiary undertakings and associated undertakings and any other body corporate, partnership, joint venture or person in which SDX and such undertakings (aggregating their interests) have a direct or indirect interest in 20% or more of the voting or equity capital (or the equivalent)
<b>"Wider Tenaz Group"</b>	Tenaz, its subsidiary undertakings and associated undertakings and any other body corporate, partnership, joint venture or person in which Tenaz and such undertakings (aggregating their interests) have a direct or indirect interest in 20% or more of the voting or equity capital (or the equivalent)

For the purposes of this Announcement, the expressions "subsidiary", "subsidiary undertaking", "associated undertaking" and "undertaking" have the respective meanings given by the Companies Act 2006.

In this Announcement, references to the singular include the plural and vice versa, unless the context otherwise requires.

All references to time in this Announcement are to London time, unless otherwise stated.

(signed) "*Anthony Marino*"

**SIGNED** by Anthony Marino, CEO

for and on behalf of

**Tenaz Energy Corp.**

(signed) "*Michael Doyle*"

**SIGNED** by Michael Doyle

for and on behalf of

**SDX Energy Plc**

**Dated**

**30 June**

**2022**

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**TENAZ ENERGY CORP.**

**and**

**SDX ENERGY PLC**

**AMENDMENT AGREEMENT**

**RELATING TO**

**CO-OPERATION AGREEMENT**

**THIS AMENDMENT AGREEMENT is made on** 30 June **2022 between:**

- (1) Tenaz Energy Corp., a company incorporated under the laws of Canada whose registered office is at Suite 2500, 605 5th Ave SW, Calgary, Alberta, T2P 3H5, Canada ("**Tenaz**"); and
- (2) SDX Energy Plc, a public limited company incorporated in England and Wales with registered number 11894102 and whose registered office is at 38 Welbeck Street, London, United Kingdom, W1G 8DP ("**SDX**").

**WHEREAS:**

The parties entered into a co-operation agreement dated 25 May 2022 (the "**Original Agreement**") and now wish to amend the same on the terms of this Agreement.

**NOW IT IS HEREBY AGREED** as follows:

**1 General Provisions**

- 1.1 Unless expressly stated to the contrary, words and expressions defined in the Original Agreement shall have the same meanings attributed to them in this Agreement. Any rules of interpretation set out in the Original Agreement shall apply to this Agreement.
- 1.2 In this Agreement, **Enhancement Announcement** means the joint announcement in (or substantially in) the form set out in Schedule 1.
- 1.3 The provisions of clauses 12 to 27 of the Original Agreement shall apply to this Agreement in so far as they are relevant to it and subject to any necessary changes.

**2 Condition**

- 2.1 The provisions of Clause 3 of this Agreement shall be conditional on the release of the Enhancement Announcement via a Regulatory Information Service at or before 07.00 a.m. (London) time on the date of this Agreement (or such other date and time as may be agreed by the parties and, where required by the Takeover Code, approved by the Panel), failing which Clause 3 shall automatically cease to have effect. The other provisions of this Agreement shall take effect upon execution of this Agreement.
- 2.2 The parties shall each use reasonable efforts to ensure that the Enhancement Announcement is released by no later than 7.00 a.m. (London time) on the date of this Agreement.

**3 Amendments to the Original Agreement**

- 3.1 Subject to Clause 2, each party hereby agrees that the Original Agreement shall be varied as follows:
  - (a) the definition of the Long Stop Date in the Original Agreement shall be deleted and replaced by the following:

*"**Long Stop Date** means 31 December 2022 or such later date as may be agreed in writing by Tenaz and SDX (with the Panel's consent and as the Court may approve (if such approval(s) are required))."*

- (b) in the first paragraph of paragraph 13 (*Dividends*) in Schedule 2 and paragraph 13 of Appendix I of the Original Agreement, the phrase "*and Cash Alternative*" shall be added between the words "*Exchange Ratio*" and "*accordingly*".
- 3.2 All references in the Original Agreement to the Rule 2.7 Announcement shall, upon the same being released as provided in Clause 2, and save where the context otherwise requires, be treated as references to the Rule 2.7 Announcement as amended, supplemented and updated by the Enhancement Announcement.
- 3.3 Save as amended by this Agreement, the terms of the Original Agreement shall continue in full force and effect and all references in the Original Agreement to "this Agreement", "hereby", "herein", "hereof", "hereunder" or similar expressions shall mean the Original Agreement as amended by this Agreement.

**IN WITNESS WHEREOF** this Agreement has been entered into on the date stated on page 1.

**SCHEDULE 1**  
**Form of Enhancement Announcement**

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM THE UNITED STATES, AUSTRALIA OR JAPAN OR ANY OTHER JURISDICTION WHERE TO DO SO WOULD BE UNLAWFUL OR CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION.

THIS ANNOUNCEMENT IS AN ADVERTISEMENT AND NOT A PROSPECTUS OR PROSPECTUS EQUIVALENT DOCUMENT AND INVESTORS SHOULD NOT MAKE ANY INVESTMENT DECISION IN RELATION TO THE NEW TENAZ SHARES EXCEPT ON THE BASIS OF INFORMATION IN THE SCHEME DOCUMENT AND THE TENAZ CIRCULAR WHICH ARE PROPOSED TO BE PUBLISHED IN DUE COURSE.

THE INFORMATION CONTAINED WITHIN THIS ANNOUNCEMENT IS DEEMED BY THE COMPANY TO CONSTITUTE INSIDE INFORMATION AS STIPULATED UNDER THE MARKET ABUSE REGULATION (EU) NO. 596/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 AS AMENDED.

FOR IMMEDIATE RELEASE

30 June 2022

**RECOMMENDED ALL-SHARE COMBINATION WITH CASH ALTERNATIVE**

between

**Tenaz Energy Corp. ("Tenaz")**

and

**SDX Energy plc ("SDX")**

**to be effected by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006**

**1. Introduction**

On 25 May 2022, the boards of directors of Tenaz and SDX announced (the "**Announcement**") that they had reached agreement on the terms of a recommended share-for-share combination between Tenaz and SDX (the "**Combination**" to form the "**Combined Group**") whereby each Scheme Shareholder will be entitled to receive 0.075 New Tenaz Shares for each 1 SDX Share (the "**Share Offer**"). The Combination is to be implemented by means of a court-sanctioned scheme of arrangement between SDX and the Scheme Shareholders under Part 26 of the Companies Act 2006 (the "**Scheme**"), with the entire issued and to be issued ordinary share capital of SDX being acquired by Tenaz.

Tenaz is today pleased to announce the introduction of a Cash Alternative that is to be made available under the terms of the Combination, through which SDX Shareholders can elect to receive cash instead of some or all of the New Tenaz Shares to which they would otherwise be entitled under the Combination (the "**Cash Alternative**").

Unless otherwise defined or unless context so requires, capitalised terms used but not defined in this announcement have the meanings given to them in the Announcement.

**2. The Cash Alternative**

SDX Shareholders may elect to receive cash instead of some or all of the New Tenaz Shares to which they would otherwise be entitled to under the Combination.

Any SDX Shareholder who validly elects to only receive cash for all of their SDX Shares will receive 11 pence in cash for each SDX Share for which a valid election has been made and no New Tenaz Shares. However, SDX Shareholders may also elect to receive New Tenaz Shares in lieu of part or all of the cash consideration which they would otherwise be entitled to receive pursuant to the Cash Alternative using the following exchange ratio:

**for each SDX Share                      0.075 New Tenaz Shares**

The following table shows, for illustrative purposes only, and on the bases and assumptions set out in the notes below, the financial effects of the Combination on capital value for a holder of 1,000 SDX Shares if the Scheme becomes Effective. The table shows the financial effects for both a holder who receives New Tenaz Shares in accordance with the Exchange Ratio, and a holder who makes an election for the Cash Alternative (i.e. is entitled to receive 11 pence in cash for each SDX Share held).

Column (A) compares the market value of SDX Shares on 24 May 2022 (being the last Business Day prior to the commencement of the Offer Period) with the market value of Tenaz Shares as at the same date. Column (B) compares the market value of SDX Shares on the last practicable date prior to the date of this announcement with the market value of Tenaz Shares as at the same date.

	<b>(A)</b>	<b>(B)</b>
	As at 24-May-22	As at 29 June 22
<b>New Tenaz Shares<sup>(1)</sup></b>		
<i>Increase in capital value</i>		
Consideration received on sale of 1,000 SDX Shares:		
Value of 75 New Tenaz Shares received based on the Exchange Ratio <sup>(2)</sup>	£102.21	£115.57
Market value of 1,000 SDX Shares <sup>(3)</sup>	£82.50	£92.50
<i>Increase in capital value</i>	£19.71	£23.07
<i>Representing an increase of <sup>(4)</sup></i>	23.9%	25.0%
<b>Cash Alternative<sup>(1)</sup></b>		
<i>Increase in capital value</i>		
Consideration received on sale of 1,000 SDX Shares:		
Cash	£110.00	£110.00
Market value of 1,000 SDX Shares <sup>(3)</sup>	£82.50	£92.50
<i>Increase in capital value</i>	£27.50	£17.50
<i>Representing an increase of <sup>(4)</sup></i>	33.3%	18.9%

**Notes:**

- (1) No account has been taken of any potential liability to taxation.
- (2) The market values of £102.21 (in column A) and £115.57 (in column B) for 75 New Tenaz Shares implied by the terms of the Combination are calculated based on the Closing Prices per Tenaz Share of:
  - (a) C\$2.19 per Tenaz Share, and a GBP:CAD exchange rate of 1.607, on 24 May 2022 (being the last Business Day prior to the commencement of the Offer Period); and
  - (b) C\$2.41 per Tenaz Share, and a GBP:CAD exchange rate of 1.564, on 29 June 2022 (being the last practicable date prior to the date of this announcement), respectively, multiplied by 0.075 New Tenaz Shares to every SDX Share.
- (3) The market values of £82.50 (in column A) and £92.50 (in column B) are calculated based on the Closing Prices per SDX

Share of:

- (a) 8.25 pence per SDX Share on 24 May 2022 (being the last Business Day prior to the commencement of the Offer Period); and
  - (b) 9.25 pence per SDX Share on 29 June 2022 (being the last practicable date prior to the date of this announcement).
- (4) Calculated as the increase in capital value as a proportion of the market value of one SDX Share in percentage terms.

Appendix I to this announcement sets out updates to previously disclosed operational accretion to Tenaz (on a historic proforma basis) on an indicative basis, dependent on the level of uptake of the Cash Alternative.

The Cash Alternative is conditional upon the Scheme becoming Effective. All valid elections under the Cash Alternative will be satisfied in full by Tenaz. If no elections are made for the Cash Alternative, Tenaz would issue approximately 15,638,224 New Tenaz Shares pursuant to the Combination. As a result of the Combination, Tenaz would, in those circumstances, have approximately 44,096,298 Tenaz Shares in issue and SDX Shareholders would together hold approximately 36 per cent. of the Tenaz Shares in issue upon the Scheme becoming Effective.

The detailed terms of the Cash Alternative will be set out in the Scheme Document.

### 3. **Financing of the Cash Alternative**

The cash consideration payable by Tenaz to SDX Shareholders pursuant to the Cash Alternative will be funded from a combination of the existing cash resources of Tenaz and funding provided to Tenaz under a reserve-based credit facility (the “**Facility**”).

The Facility facilitates the cash confirmation in relation to the Cash Alternative. Further details of the Facility will be provided in the Scheme Document. finnCap, in its capacity as financial adviser to Tenaz, is satisfied that sufficient cash resources are available to Tenaz to enable it to satisfy in full the cash consideration payable to SDX Shareholders under the terms of the Cash Alternative element of the Combination.

### 4. **Recommendation by SDX directors**

The SDX Directors, who have been so advised by Rothschild & Co as to the financial terms of the Share Offer and the Cash Alternative, consider the terms of each of the Share Offer and the Cash Alternative to be fair and reasonable. In providing its advice to the SDX Directors, Rothschild & Co has taken into account the commercial assessments of the SDX Directors. Rothschild & Co is providing independent financial advice to the SDX Directors for the purposes of Rule 3 of the Takeover Code.

Accordingly, the SDX Directors intend to recommend unanimously that SDX Shareholders vote in favour of the Scheme at the SDX Court Meeting, and in favour of the SDX Resolutions to be proposed at the SDX General Meeting, as the SDX Directors (and a former director) who hold SDX Shares have irrevocably undertaken to do in respect of their own beneficial holdings (and the beneficial holdings which are under their control) of 5,040,636 SDX Shares, representing, in aggregate, approximately 2.46 percent of SDX’s issued ordinary share capital as at the close of business on the last practicable date prior to the date of this announcement.

The SDX Directors who hold SDX Shares intend to set out in the Scheme Document whether they plan to receive the Share Offer or to elect, in full or in part, for the Cash Alternative.

SDX Shareholders should consider their own personal circumstances when deciding whether to receive the Share Offer or to elect, in full or in part, for the Cash Alternative and are, therefore, strongly recommended to seek their own independent financial, tax and legal advice in light of their own particular circumstances

and investment objectives before deciding whether to receive the Share Offer or elect, in full or in part, for the Cash Alternative. Any decision should also be based on a full consideration of this document, the Announcement and other relevant information.

## 5. **Amendment to the Longstop Date and Timing of Scheme Document**

In order to allow the Cash Alternative to be made available, Tenaz and SDX have, with the consent of the Panel, agreed to amend the Longstop Date described in the Announcement to be 31 December 2022 (and not 24 May 2023, as previously stated). Accordingly, Tenaz and SDX have today agreed to amend the Co-operation Agreement dated 25 May 2022 to reflect the change to the Longstop Date and a copy of the amendment agreement relating to the Co-operation Agreement will be available free of charge, subject to certain restrictions relating to persons in Restricted Jurisdictions, at Tenaz's and SDX's websites at <https://www.tenazenergy.com/investors> and <https://www.sdxenergygroup.com/> respectively promptly following the publication of this announcement. It will also be available under the profiles of each of SDX and Tenaz on [www.sedar.com](http://www.sedar.com).

As announced on 22 June 2022, the Scheme Document containing further information about the Combination and notices of the SDX Meetings, together with the Forms of Proxy and a Form of Election for the Cash Alternative, will be sent to SDX Shareholders no later than 5.00 p.m. (London time) on Tuesday 5 July 2022 (or on such later date as may be agreed between Tenaz and SDX with the consent of the Panel). It is still expected that the Tenaz Circular, which will contain notice of the Tenaz Special Meeting, will be filed and mailed to Tenaz Shareholders on or around the same date as the Scheme Document is posted to SDX Shareholders.

## 6. **Dividend**

If, after the date of this Announcement, any Non-Permitted SDX Dividend is declared, made or paid or becomes payable in respect of the SDX Shares (other than, or in excess of, any SDX Equalisation Dividend), Tenaz reserves the right to reduce the Exchange Ratio and Cash Alternative accordingly so as to reflect the aggregate value attributable to any such Non-Permitted SDX Dividend.

If, after the date of this Announcement, any Non-Permitted Tenaz Dividend is declared, made or paid or becomes payable in respect of the Tenaz Shares, then SDX will be entitled to declare and pay, and the SDX Shareholders will be entitled to receive and retain in Sterling, the SDX Equalisation Dividend.

## 7. **General**

Your attention is drawn to the further information contained in the Announcement which form part of, and should be read in conjunction with, this announcement.

Each of finnCap, Rothschild & Co and Stifel has given and has not withdrawn its written consent to the issue of this announcement with the inclusion of the references to their names in the form and context in which they appear.

The Combination will be subject to the Conditions and certain further terms set out in the Announcement and the further terms and conditions set out in the Scheme Document when issued. Appendix II of the Announcement contains the sources and bases of certain information contained in this announcement.

## **Enquiries**

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Torys LLP and Watson Farley & Williams LLP are retained as Canadian/US and UK legal adviser for Tenaz, respectively.

Blake, Cassels & Graydon LLP and Bryan Cave Leighton Paisner LLP are retained as Canadian and UK legal adviser for SDX, respectively.

***Important notices***

*finnCap Ltd ("finnCap"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Tenaz and no one else in connection with the matters described in this announcement and will not be responsible to anyone other than Tenaz for providing the protections offered to clients of finnCap or for providing advice in connection with any matter referred to in this announcement. Neither finnCap nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of finnCap in connection with this announcement, any statement contained herein, the Combination or otherwise. No representation or warranty, express or implied, is made by finnCap as to the contents of this announcement.*

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or otherwise. No representation or warranty, express or implied, is made by Rothschild & Co as to the contents of this announcement.

Stifel Nicolaus Europe Limited ("**Stifel**"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for SDX and for no one else in connection with the matters described in this announcement and will not be responsible to anyone other than SDX for providing the protections afforded to clients of Stifel or for providing advice in connection with any matter referred to in this announcement. Neither Stifel nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Stifel in connection with this announcement, any statement contained herein, the Combination or otherwise. No representation or warranty, express or implied, is made by Stifel as to the contents of this announcement.

### **Further Information**

*This announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer or invitation to purchase, or otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Combination or otherwise, nor shall there be any sale, issuance or transfer of securities of SDX pursuant to the Combination or otherwise in any jurisdiction in contravention of applicable laws. The Combination will be implemented solely by means of the Scheme Document (or, in the event that the Combination is to be implemented by means of a Takeover Offer, the Takeover Offer document) or any document by which the Combination is made which will contain the full terms and conditions of the Combination, including details of how to vote in respect of the Combination.*

*SDX will prepare the Scheme Document to be distributed to SDX Shareholders and which will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on SDX's website at <https://www.sdxenergygroup.com/>, on SEDAR under SDX's profile at [www.sedar.com](http://www.sedar.com) and Tenaz's website at <https://www.tenazenergy.com/investors/>. SDX and Tenaz urge SDX Shareholders to read the Scheme Document (and/or, in the event that the Combination is to be implemented by way of a Takeover Offer, the Takeover Offer document) carefully when it becomes available, as it will contain important information relating to the Combination, the New Tenaz Shares and the Combined Group. Any vote in respect of resolutions to be proposed at the SDX General Meetings to approve the Combination, the Scheme or related matters, should be made only on the basis of the information contained in the Scheme Document (or, in the event that the Combination is to be implemented by means of a Takeover Offer, the Takeover Offer document). Each SDX Shareholder is urged to consult its independent professional advisers immediately regarding the tax consequences of the Combination applicable to them.*

*Tenaz will prepare the Tenaz Circular to be mailed to Tenaz Shareholders and which will be available on Tenaz's website at <https://www.tenazenergy.com/investors/> and will also be available for review on SEDAR under Tenaz's profile at [www.sedar.com](http://www.sedar.com) and SDX's website at <https://www.sdxenergygroup.com/>. Tenaz urges Tenaz Shareholders to read the Tenaz Circular when it becomes available, as it will contain important information relating to the Combination, the New Tenaz Shares and the Combined Group. Any vote in respect of the Tenaz Resolution should be made only on the basis of the information in the Tenaz Circular.*

*The statements contained in this announcement are made as at the date of this announcement unless some other time is specified in relation to them.*

*This announcement does not constitute a prospectus or prospectus equivalent document. The New Tenaz Shares to be issued pursuant to the Combination are not being offered to the public by means of this announcement. The Combination will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the FCA, Canadian securities laws and the TSX.*

Please be aware that addresses, electronic addresses and certain other information provided by SDX Shareholders, persons with information rights and other relevant persons for the receipt of communication by SDX may be provided to Tenaz during the Offer Period as required by Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

### **Overseas Shareholders**

*This announcement has been prepared for the purpose of complying with English law, the Takeover Code, the Market Abuse Regulation, the AIM Rules, the TSX Rules, Canadian securities laws and the Disclosure Guidance and Transparency Rules and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside of the United Kingdom.*

*The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom and Canada may be restricted by law and/or regulation. Persons who are not resident in the United Kingdom or Canada, or who are subject to the laws of other jurisdictions should inform themselves of, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom or Canada or who are subject to the laws of another jurisdiction to participate in the Combination or to vote their SDX Shares in respect of the Scheme at the SDX Court Meeting, or to execute and deliver the SDX Forms of Proxy appointing another to vote at the SDX Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. Any failure to comply with the applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Combination disclaim any responsibility or liability for the violation of such restrictions by any person.*

*Unless otherwise determined by Tenaz or required by the Takeover Code and permitted by applicable law and regulation, participation in the Combination will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Combination by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this announcement and all documentation relating to the Combination are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this announcement and all documents relating to the Combination (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported vote in respect of the Combination.*

*If the Combination is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.*

*The availability of the New Tenaz Shares under the Combination to SDX Shareholders who are not resident in the United Kingdom or Canada may be affected by the laws of the relevant jurisdictions in which they are resident or to which they are subject. Persons who are not resident in the United Kingdom or Canada or who are subject to the laws of other jurisdictions should inform themselves of, and observe, any applicable legal or regulatory requirements.*

*Further details in relation to Overseas Shareholders will be contained in the Scheme Document.*

## **Notice to US holders of SDX Shares**

*Neither the United States Securities and Exchange Commission nor any other US federal or state securities commission or regulatory authority has reviewed, approved or disapproved this announcement, or any of the proposals described in this announcement or the New Tenaz Shares or passed an opinion on the accuracy or the adequacy of this announcement. Any representation to the contrary is a criminal offence in the United States.*

### **Forward looking statements**

*This announcement (including information incorporated by reference into this announcement), any oral statements made by Tenaz or SDX in relation to the Combination and other information published by Tenaz or SDX may contain statements about Tenaz, SDX and the Combined Group that are or may be forward-looking statements. All statements other than statements of historical fact included in this announcement may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "goals", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects", "hopes", "continues", "would", "could", "should" or words or terms of similar substance or the negative thereof, are forward looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) the completion of the Combination; and (iii) business and management strategies and the expansion and growth of Tenaz's or SDX's or the Combined Group's operations and potential synergies resulting from the Combination.*

*Such forward looking statements involve risks and uncertainties that could significantly affect expected results and/or the operations of Tenaz, SDX or the Combined Group and are based on certain assumptions and assessments made by Tenaz and SDX in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. Except as expressly provided in this announcement, they have not been reviewed by the auditors of Tenaz or SDX. Although it is believed that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and you are therefore cautioned not to place reliance on these forward looking statements which speak only as at the date of this announcement. Neither SDX nor Tenaz, nor any of their respective members, directors, officers, employees, advisers and any person acting on behalf of one or more of them assumes any obligation to update or correct the information contained in this announcement (whether as a result of new information, future events or otherwise) except as required by applicable law (including as required by the Takeover Code, the AIM Rules, the TSX Rules, Canadian securities laws, and the Disclosure Guidance and Transparency Rules).*

*There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward looking statements are: the ability to complete the Combination, the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms, changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business acquisitions or disposals, the anticipated benefits from the Combination not being realised as a result of changes in general economic and market conditions in the countries in which Tenaz and SDX operate, weak, volatile or illiquid capital and/or credit markets, changes in the degree of competition in the geographic and business areas in which Tenaz and SDX operate, and changes in laws or in supervisory expectations or requirements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.*

*No member of the Tenaz Group or the SDX Group, nor any of their respective associates, directors, officers, employees or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur.*

### **Profit forecasts, quantified financial benefit statements or estimates**

No statement in this announcement is intended, or is to be construed, as a profit forecast, profit estimate or quantified financial benefit statement for any period. No statement in this announcement should be interpreted to mean that earnings or earnings per share of Tenaz, SDX or the Combined Group, as appropriate for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share of Tenaz, SDX or the Combined Group, as appropriate.

### **Rounding**

Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

### **Disclosure requirements of the Takeover Code**

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the Announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3:30 p.m. (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3:30 p.m. (London time) on the 10th Business Day following the Announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3:30 pm (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the

Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

### **Rule 2.9 disclosure**

In accordance with Rule 2.9 of the Takeover Code, Tenaz confirms that, as at 29 June 2022 being the latest practicable Business Day prior to the date of this announcement, it has 28,458,074 Tenaz Shares in issue. The International Securities Identification Number for Tenaz Shares is CA88034V3048.

### **Publication on websites and availability of hard copies**

Pursuant to Rule 26.1 of the Takeover Code, a copy of this announcement and other documents in connection with the Combination will be available free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, at Tenaz's and SDX's websites at <https://www.tenazenergy.com/investors> and <https://www.sdxenergygroup.com/> respectively promptly following the publication of this announcement and in any event by no later than 12 noon on the Business Day following this announcement until the end of the Offer Period (or, if later, the end of any competition reference period).

For the avoidance of doubt, the content of the websites referred to above is not incorporated into and does not form part of this announcement.

Pursuant to Rule 30.3 of the Takeover Code, copies of this announcement and all future documents, announcements and information required to be sent to persons in relation to the Combination may be requested to be received by such persons in hard copy form by contacting Link Group between 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except public holidays in England and Wales) on 0371 664 0321 (or if calling from outside the UK +44 (0) 371 664 0321 ) or by submitting a request in writing to the Registrar of Companies at Link Group, Corporate Actions Team, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL or by email to [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk).

### **Important information**

If you are in any doubt about the contents of this announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

### **Use of a Standard**

Reserve and resource estimates disclosed or referenced herein have been prepared and evaluated by independent reserves evaluators in accordance with the SPE's Canadian Oil and Gas Evaluation Handbook and in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities of the Canadian Securities Administrators. This announcement also contains references to "boe" (barrels of oil equivalent), "mboe" (one thousand barrels of oil equivalent), and "mmboe" (one million barrels of oil equivalent). Each of Tenaz and SDX has adopted the standard of six thousand cubic feet of gas to one barrel of oil (6 mcf: 1 bbl) when converting natural gas to boes. boe, mboe and mmboe may be misleading, particularly if used in isolation. The foregoing conversion ratios are based on an energy equivalency conversion method primarily applicable at the burner tip and do not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of 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.

## Appendix I

### Information Relating to Tenaz

#### Per Share Accretion to Existing Tenaz Shareholders

Aggregate Election Level	Production Per Share <sup>1</sup>	Operating Income Per Share <sup>2</sup>
100% cash (maximum cash uptake)	274%	418%
50% cash (mid-point cash uptake)	193%	280%
0% cash (no cash uptake / original all equity transaction)	141%	212%

<sup>1</sup> combined production per share calculated as SDX stated production guidance of 3,300 - 3,550 boe/d including the disposal of South Disouq plus Tenaz stated production guidance of 1,200-1,300 boe/d, with a resultant combined midpoint of these ranges of 4,650 mboe

<sup>2</sup> proforma operating income is a non-IFRS measure and represents a measurement of the combined operational scale of the proforma entity. Combined "operating income per share" on a proforma combined basis for the three months ended 31 December 2021 of C\$16.1m has been calculated as the operating netback of Tenaz of C\$3.4m plus that of SDX of US\$11.5m (C\$14.5m), less 33% of the US\$4.4m (C\$5.5m) attributable to South Disouq at an exchange rate of USD:CAD 0.77

#### Tenaz Working Capital

As at March 31, 2022, Tenaz held a cash balance of approximately C\$21.8 million and adjusted positive working capital of C\$21.0 million. As at March 31, 2022, SDX held approximately C\$15.2 million in cash, and an additional C\$16.5 million in non-cash net working capital.

(signed) "*Anthony Marino*"

.....

**SIGNED** by Anthony Marino, CEO

for and on behalf of

**Tenaz Energy Corp.**

(signed) "*Michael Doyle* "

.....

**SIGNED** by Michael Doyle

for and on behalf of

**SDX Energy Plc**