

TENAZ ENERGY CORP.
FORM 51-102F4
BUSINESS ACQUISITION REPORT

Item 1 Identity of Company

1.1 Name and Address of Company

Tenaz Energy Corp. (“**Tenaz**” or the “**Company**”)
Suite 1100, 605 – 5th Avenue SW
Calgary, Alberta, Canada T2P 3H5

1.2 Executive Officer

The name and telephone number of an executive officer of the Company who is knowledgeable about the Acquisition (as defined below) and this Business Acquisition Report is:

Bradley Bennett
Chief Financial Officer
Telephone: 587-330-1714

Item 2 Details of Acquisition

2.1 Nature of Businesses Acquired

On July 3, 2023, the Company completed the acquisition of 100% of the issued and outstanding shares of XTO Netherlands Ltd., a private U.S. Delaware corporation (“**XTO**”), holding Netherlands upstream and midstream assets in the Dutch North Sea (“**DNS**”) from XH, LLC (the “**Vendor**”), a wholly owned subsidiary of ExxonMobil Corporation (the “**Acquisition**”). The Acquisition had an effective date of January 1, 2023 (the “**Effective Date**”).

Pursuant to the Acquisition, the Company acquired:

- (i) additional non-operated working interest in certain offshore natural gas licenses in the DNS (the “**Upstream Assets**”); and
- (ii) an additional ownership interest in Noordgastransport B.V. (“**NGT**”), a private limited company formed in the Netherlands which holds gas gathering and processing networks in the DNS (the “**Midstream Asset**”).

The acquisition of the Upstream Assets and the Midstream Asset by Tenaz constituted an acquisition of related businesses pursuant to National Instrument 51-102, *Continuous Disclosure Obligations* (“**NI 51-102**”). Prior to July 3, 2023, the acquired assets were held in a private U.S. Delaware corporation, that was converted into a private U.S. Delaware limited liability corporation, being XTO, immediately prior to the closing of the Acquisition.

Upstream Assets

The Acquisition increased Tenaz's working interest in each of the L10/L11a, K9, K12 and N7b license blocks as follows:

- L10/L11a: from 11.35% to 21.43%
- K9a and K9b: from 8.44% to 15.94%
- K9c: from 6.49% to 12.26%
- K12: from 5.67% to 10.71%
- N7b: from 9.45% to 17.86%

Tenaz's interest in the undeveloped F10, F11a, F17, and F18 licenses is unchanged as a result of the Acquisition.

Reserves data in respect of the Upstream Assets is attached as Appendix D to this Business Acquisition Report.

Midstream Asset

Tenaz acquired an additional 10.1% ownership interest in NGT bringing Tenaz's total interest to 21.4% and making the Company the second largest shareholder of NGT. Tenaz expects to receive distributions from its ownership in NGT through annual dividends. The most recent dividend declared to the NGT shareholder group attributable to 2022 results was €18.4 million, continuing a history of paying dividends to shareholders for over twenty consecutive years. Decommissioning costs for NGT are provisioned and held within NGT's working capital.

2.2 Acquisition Date

The Acquisition closed on July 3, 2023.

2.3 Consideration

Consideration for the Acquisition was in the form of: (i) the assumption of future decommissioning liabilities for the acquired assets (and part of the net assets acquired) and (ii) a payable to the Vendor for surplus working capital as at the Effective Date.

As part of the Acquisition, Tenaz acquired a further restricted cash position of \$15.1 million (€10.4 million) on July 3, 2023. The restricted cash is decommissioning security required pursuant to the decommissioning security agreements ("**DSAs**") for the Upstream Assets.

As at the closing of the Acquisition, \$0.2 million in consideration was payable to the Vendor for surplus working capital as at January 1, 2023. The payable to the Vendor was settled in September 2023 from cash on hand.

The Acquisition resulted in a \$22.8 million gain included in the gain on acquisition line item in the statement of net income and comprehensive income as the consideration was less than the value of the identifiable net assets acquired. The gain is primarily due to the fair value of the decommissioning liabilities recognized by Tenaz as compared to the remaining cash in XTO.

2.4 Effect on Financial Position

On July 3, 2023, XTO was renamed “Tenaz Energy (US) II LLC” concurrently with the aforementioned legal conversion and, on July 4, 2023, migrated and continued as a Luxembourg private limited liability company, renamed “Tenaz Energy Netherlands Offshore II S.A.R.L” (“**TENO II**”). TENO II is a wholly owned subsidiary of the Company.

The effect of the Acquisition on the Company’s financial position is outlined in the unaudited pro forma consolidated financial statements attached as Appendix C to this Business Acquisition Report. Except as described herein, the Company does not have any current plans or proposals for material changes in the Company’s business affairs or the affairs of TENO II which may have a significant effect on the financial performance and financial position of the Company. Tenaz has sufficient capital resources available for the 2023 exploration and development program.

2.5 Prior Valuations

No valuation opinion was obtained by the Company or the Vendor or in respect of the acquired assets within the last 12 months required by securities legislation or a Canadian securities exchange or market to support the consideration paid by the Company for the acquired assets.

2.6 Parties to Transaction

The Acquisition did not involve an “informed person” (as defined in Section 1.1 of NI 51-102) or an associate or affiliate of the Company.

2.7 Date of Report

December 5, 2023.

Item 3 Financial Statements and Other Information

The following statements and other information are attached to this Business Acquisition Report:

- Appendix A – operating statements in respect of the Upstream Assets for the six months ended June 30, 2023 and 2022 (unaudited) and for the years ended December 31, 2022 (audited) and 2021 (unaudited);
- Appendix B – financial statements in respect of the Midstream Asset as at June 30, 2023 (unaudited), December 31, 2022 (audited), December 31, 2021 (unaudited) and January 1, 2021 (unaudited) and for the six months ended June 30, 2023 and 2022 (unaudited) and for the years ended December 31, 2022 (audited) and 2021 (unaudited);
- Appendix C – pro forma consolidated financial statements of the Company as at June 30, 2023 (unaudited) and for the six months ended June 30, 2023 (unaudited) and for the year ended December 31, 2022 (unaudited) giving effect to the Acquisition and consisting of the Company's unaudited pro forma consolidated balance sheet as at June 30, 2023, the Company's unaudited pro forma consolidated operating statements for the six months ended June 30, 2023 and the year ended December 31, 2022 and the Company's unaudited pro forma consolidated statements of net income and comprehensive income for the six months ended June 30, 2023 and for the year ended December 31, 2022 and the unaudited notes thereto.
- Appendix D - reserves data and other oil and gas information in respect of the Upstream Assets.

The Company's 2023 interim filings are filed and available on SEDAR+ under the Company's profile at www.sedarplus.ca. Such financial statements and interim filings do not form part of, and are not incorporated by reference in, this Business Acquisition Report.

Advisories

All amounts in this Business Acquisition Report are stated in Canadian dollars unless otherwise specified.

Barrels of Oil Equivalent

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

Forward-looking Information and Statements

This Business Acquisition Report contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words “expect”, “anticipate”, “budget”, “forecast”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends”, “strategy” and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this Business Acquisition Report contains forward-looking information and statements pertaining to the expectation of distributions from Tenaz’s ownership in NGT through annual dividends, development and exploration opportunities, and reserves associated with the upstream assets, including anticipated benefits thereof and the Acquisition advantages.

Statements relating to “reserves” are forward-looking information and 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.

The forward-looking information and statements reflect several material factors and expectations and assumptions of Tenaz including, without limitation: 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 the Company’s reserves and resource volumes; certain commodity price and other cost assumptions; the continued availability of oilfield services; and the continued availability of adequate debt and equity financing and cash flow from operations to fund its planned expenditures. The Company believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable, but no assurance can be given that these factors, expectations, and assumptions will prove to be correct.

The forward-looking information and statements included in this Business Acquisition Report are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: the ability of management to execute its

business plan or realise anticipated benefits from the Acquisition; changes in commodity prices; changes in the demand for or supply of the Company'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 the Company or by third party operators of the Company's properties, increased debt levels or debt service requirements; inaccurate estimation of the Company'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; and certain other risks detailed from time to time in the Company's public documents.

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

TENO II Upstream Assets

Operating Statements

For the six months ended June 30, 2023 and 2022 (unaudited)

and

**for the years ended December 31, 2022 (audited)
and December 31, 2021 (unaudited)**



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Tenaz Energy Netherlands Offshore II S.A.R.L.,

Opinion

We have audited the operating statement of the Upstream Assets of Tenaz Energy Netherlands Offshore II S.A.R.L. (the "Property") for the year ended December 31, 2022 containing:

- petroleum and natural gas sales
- royalties
- operating expenses
- transportation expenses
- operating income
- and notes to the operating statement, including a summary of significant accounting policies.

(Hereinafter referred to as the "operating statement").

In our opinion, the accompanying operating statement for the year ended December 31, 2022 of the Property is prepared, in all material respects, in accordance with the financial reporting framework specified in subsection 3.11(5) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for operating statements of an acquired oil and gas property.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Operating Statement" section of our auditor's report.

We are independent of the Tenaz Energy Netherlands Offshore II S.A.R.L. (the "Entity") in accordance with the ethical requirements that are relevant to our audit of the operating statement in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Matter

The comparative information for the year ended December 31, 2021 and for the six months ended June 30, 2023 and June 30, 2022 are unaudited. Accordingly, we do not express an opinion on it.

Responsibilities of Management and Those Charged with Governance for the Operating Statement

Management of the Entity is responsible for the preparation of the operating statement in accordance with the financial reporting framework specified in subsection 3.11(5) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for operating statements of an acquired oil and gas property, and for such internal control as management determines is necessary to enable the preparation of an operating statement that is free from material misstatement, whether due to fraud or error.

Those charged with governance of the Entity are responsible for overseeing the Entity's financial reporting process of the operating statement of the Property.

Auditor's Responsibilities for the Audit of the Operating Statement

Our objectives are to obtain reasonable assurance about whether the operating statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the operating statement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the operating statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
December 4, 2023

TENO II Upstream Assets

OPERATING STATEMENTS

(Canadian \$000)	Six Months Ended June 30		Year Ended December 31	
	2023 (unaudited)	2022 (unaudited)	2022 (audited)	2021 (unaudited)
Revenue				
Petroleum and natural gas sales	10,041	16,970	48,391	18,920
Royalties	-	-	-	-
Petroleum and natural gas revenue	10,041	16,969	48,391	18,920
Expenses				
Transportation	(164)	(131)	(210)	(116)
Operating	(4,554)	(3,721)	(7,509)	(7,244)
Operating income	5,323	13,118	40,672	11,560

See accompanying notes to the operating statements.

TENO II Upstream Assets

NOTES TO OPERATING STATEMENTS

For the six months ended June 30, 2023 and 2022 (unaudited) and for the years ended December 31, 2022 (audited) and December 31, 2021 (unaudited)

(All amounts in Canadian dollars, except as indicated)

1. BACKGROUND AND BASIS OF PRESENTATION

The Acquisition

On July 3, 2023, Tenaz Energy Corp. (“Tenaz” or the “Company”) completed the acquisition of 100% of the issued and outstanding shares of XTO Netherlands Ltd., a private U.S. Delaware corporation (“XTO”), holding Netherlands upstream and midstream assets in the Dutch North Sea (“DNS”) from XH, LLC, a wholly owned subsidiary of ExxonMobil Corporation (the “Acquisition”).

Prior to July 3, 2023, the acquired assets were held in a private U.S. Delaware corporation, that was converted into a private U.S. Delaware limited liability corporation, being XTO, immediately prior to the closing of the Acquisition. On July 3, 2023, XTO was renamed “Tenaz Energy (US) II LLC” and on July 4, 2023 migrated and continued as a Luxembourg private limited liability company, renamed “Tenaz Energy Netherlands Offshore II S.A.R.L” (“TENO II”). TENO II is a wholly owned subsidiary of the Company.

Pursuant to the Acquisition, the Company acquired:

- (i) additional non-operated working interest in certain offshore natural gas licenses in the DNS (the “Upstream Assets”); and
- (ii) an additional ownership interest in Noordgastransport B.V. (“NGT”), a private limited company formed in the Netherlands which holds gas gathering and processing networks in the DNS (the “Midstream Asset”).

Upstream Asset

The Acquisition increased Tenaz’s working interest in each of the L10/L11a, K9, K12 and N7b license blocks in the DNS.

Tenaz’s interest in the undeveloped F10, F11a, F17, and F18 licenses is unchanged as a result of the Acquisition.

Basis of presentation

These operating statements have been prepared by management of TENO II in connection with the acquired Upstream Assets (“TENO II Upstream Assets”). The operating statements have been prepared in accordance with the financial reporting framework specified in subsection 3.11(5) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for an operating statement.

The line items in the operating statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), with such accounting policies applying to those line items as if such line items were presented as part of a complete set of financial statements. All financial information is reported in Canadian dollars, unless otherwise noted.

The operating statements include the following line items: petroleum and natural gas sales, royalties, transportation expenses and operating expenses of the TENO II Upstream Assets. There were no royalties associated with the TENO II Upstream Assets in the periods presented in the operating statements.

The operating statements do not include provisions for depletion, depreciation and amortization, accretion of decommissioning liability, impairments (or impairment reversals), general and administrative expenses, interest and financing costs, foreign exchange gains or losses and income taxes.

These operating statements are not indicative of the results of operations for the TENO II Upstream Assets on a go forward basis.

TENO II Upstream Assets

NOTES TO OPERATING STATEMENTS

For the six months ended June 30, 2023 and 2022 (unaudited) and for the years ended December 31, 2022 (audited) and December 31, 2021 (unaudited)

(All amounts in Canadian dollars, except as indicated)

2. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The production costs are derived from the historical accounting records of TENO II. IFRS requires management to make estimates and assumptions that affect such line items. Actual results could be different from those estimates.

Joint Arrangements

The operation of the TENO II Upstream Assets is conducted jointly with others. In relation to its interests in joint operations, these operating statements reflect TENO II's share of petroleum and natural gas sales, transportation expenses and operating expenses of the joint arrangement.

Revenue recognition

TENO II Upstream Assets principally generates revenue from the sale of petroleum and natural gas commodities, which include natural gas, condensate, and natural gas liquids ("NGLs"). Revenue associated with the sale of commodities is recognized when control is transferred from TENO II to its customers. TENO II's commodity sales contracts represent a series of distinct transactions. TENO II considers its performance obligations to be satisfied and control to be transferred when all of the following conditions are satisfied:

- TENO II has transferred title and physical possession of the commodity to the buyer;
- TENO II has transferred the significant risks and rewards of ownership of the commodity to the buyer; and
- TENO II has the present right to payment.

Revenue represents TENO II's share of petroleum and natural gas sales. TENO II sells its production pursuant to variable-priced contracts. The transaction price for variable-priced contracts is based on the commodity prices, adjusted for quality, location, or other factors. Revenue is recognized when a unit of production is delivered to the contract counterparty.

Foreign currency translation

TENO II's functional currency is the Euro and its presentation currency is the Canadian dollar.

The petroleum and natural gas sales and expenses presented in these operating statements are translated at the period average rates of exchange.

TENO II Midstream Asset

Financial Statements

**As at June 30, 2023 (unaudited), December 31, 2022 (audited),
December 31, 2021 (unaudited) and January 1, 2021 (unaudited)**

and

**for the six months ended June 30, 2023 and 2023 2022 (unaudited) and
for the years ended December 31, 2022 (audited) and December 31,
2021 (unaudited)**



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Tenaz Energy Netherlands Offshore II S.A.R.L.

Opinion

We have audited the financial statements of the Midstream Asset of Tenaz Energy Netherlands Offshore II S.A.R.L. (the "Entity"):

- the balance sheet as at December 31, 2022
- the statements of net income and comprehensive income for the year then ended
- the statement of cashflows for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter – Basis of Preparation

We draw attention to Note 1 to the financial statements which describes the basis of preparation used in these financial statements and the purpose of the financial statements. Our opinion is not modified in respect of this matter.

Other Matter

The comparative information as at and for the year ended December 31, 2021, as at June 30, 2023 and for the six months ended June 30, 2023 and June 30, 2022 and as at January 1, 2021 is unaudited. Accordingly, we do not express an opinion on it.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.



The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
December 4, 2023

TENO II Midstream Asset

BALANCE SHEETS

As at

(Canadian \$000)	Note	June 30 2023	December 31 2022	December 31 2021	IFRS Transition January 1 2021 (Note 4)
		(unaudited)	(audited)	(unaudited)	(unaudited)
ASSETS					
Non-current assets					
Investment in associate	5	3,994	5,159	5,813	4,391
Total assets		3,994	5,159	5,813	4,391
NET INVESTMENT					
Net investment in TENO II Midstream Asset	6, 7	3,994	5,159	5,813	4,391
Total net investment		3,994	5,159	5,813	4,391

Subsequent events 1

See accompanying notes to the financial statements.

TENO II Midstream Asset

STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME

(Canadian \$000)	Note	Six months ended		Year ended	
		2023	June 30 2022	2022	December 31 2021
		(unaudited)	(unaudited)	(audited)	(unaudited)
Income from associate	5	1,528	1,499	2,537	3,445
General and administrative expenses	7	(11)	(11)	(24)	(24)
Net income		1,517	1,488	2,513	3,421
Other comprehensive income					
Currency translation adjustments		(12)	(420)	(62)	(444)
Net comprehensive income		1,505	1,068	2,451	2,977

See accompanying notes to the financial statements.

TENO II Midstream Asset

STATEMENTS OF CASH FLOWS

(Canadian \$000)	Note	Six months ended June 30 2023	2022	2022	Year ended December 31 2021
		(unaudited)	(unaudited)	(audited)	(unaudited)
OPERATING ACTIVITIES					
Net income		1,517	1,488	2,513	3,421
Items not involving cash:					
Income from associate	5	(1,528)	(1,499)	(2,537)	(3,445)
Cash flow used in operating activities		(11)	(11)	(24)	(24)
INVESTING ACTIVITIES					
Dividend from associate	5	2,681	-	3,129	1,579
Cash flow from investing activities		2,681	-	3,129	1,579
FINANCING ACTIVITIES					
Net contributions from					
(distributions to) TENO II	6	(2,670)	11	(3,105)	(1,555)
Cash flow from (used in) investing activities		(2,670)	11	(3,105)	(1,555)
CHANGE IN CASH		-	-	-	-
CASH, BEGINNING OF PERIOD		-	-	-	-
CASH, END OF PERIOD		-	-	-	-

See accompanying notes to the financial statements.

TENO II Midstream Asset

NOTES TO FINANCIAL STATEMENTS

For the six months ended June 30, 2023 and 2022 (unaudited) and for the years ended December 31, 2022 (audited) and December 31, 2021 (unaudited)
(All amounts in Canadian dollars, except as indicated)

1. BACKGROUND AND BASIS OF PRESENTATION

The Acquisition

On July 3, 2023, Tenaz Energy Corp. (“Tenaz” or the “Company”) completed the acquisition of 100% of the issued and outstanding shares of XTO Netherlands Ltd., a private U.S. Delaware corporation (“XTO”), holding Netherlands upstream and midstream assets in the Dutch North Sea (“DNS”) from XH, LLC, a wholly owned subsidiary of ExxonMobil Corporation (the “Acquisition”).

Prior to July 3, 2023, the acquired assets were held in a private U.S. Delaware corporation, that was converted into a private U.S. Delaware limited liability corporation, being XTO, immediately prior to the closing of the Acquisition. On July 3, 2023, XTO was renamed “Tenaz Energy (US) II LLC” and on July 4, 2023 migrated and continued as a Luxembourg private limited liability company, renamed “Tenaz Energy Netherlands Offshore II S.A.R.L” (“TENO II”). TENO II is a wholly owned subsidiary of the Company.

Pursuant to the Acquisition, the Company acquired:

- (i) additional non-operated working interest in certain offshore natural gas licenses in the DNS (the “Upstream Assets”); and
- (ii) an additional ownership interest in Noordgastransport B.V. (“NGT”), a private limited company formed in the Netherlands which holds gas gathering and processing networks in the DNS (the “Midstream Asset”).

Midstream Asset

TENO II has a 10.1% ownership interest in NGT bringing Tenaz’s total interest to 21.4% and making the Company the second largest shareholder of NGT. TENO II oversees its investment in NGT for the purpose of generating dividend income.

Basis of presentation

These financial statements have been prepared in connection with the Acquisition, specifically Tenaz’s acquisition of XTO’s (now TENO II’s) Midstream Asset (“TENO II Midstream Asset”). These carve-out financial statements present the historic balance sheets, statements of income and comprehensive income and statements of cash flows of the Midstream Asset investment, on a carve-out basis from TENO II as if it had operated as a stand-alone entity subject to TENO II’s control. The carve-out financial statements have been prepared by management of TENO II in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All financial information is reported in Canadian dollars, unless otherwise noted. References to “EUR” or “€” are to Euros.

First-time adoption of IFRS

These financial statements as at June 30, 2023 (unaudited), December 31, 2022 (audited), December 31, 2021 (unaudited) and January 1, 2021 (unaudited) and for the six months ended June 30, 2023 and 2022 (unaudited) and for the years ended December 31, 2022 (audited) and December 31, 2021 (unaudited) are TENO II’s first financial statements prepared in accordance with IFRS and IFRS 1, *First time adoption of International Financial Reporting Standards* (see Note 4).

Carve-out financial statements

The carve-out financial statements includes TENO II’s interest in the assets, liabilities, revenues, expenses, and cash flows directly attributable to the Midstream Asset and management’s allocations of general and administrative expenses directly related to the Midstream Asset.

TENO II Midstream Asset

NOTES TO FINANCIAL STATEMENTS

For the six months ended June 30, 2023 and 2022 (unaudited) and for the years ended December 31, 2022 (audited) and December 31, 2021 (unaudited)
(All amounts in Canadian dollars, except as indicated)

The carve-out financial statements have been derived from the accounting records of XTO and the financial statements of NGT (in relation to TENO II's investment in NGT). The preparation of carve-out financial statements requires the use of judgements by management. The carve-out financial statements do not necessarily reflect what the results of operations, financial position, and cash flows would have been, had the TENO II Midstream Asset been a separate entity, or future results of the TENO II Midstream Asset business, as it exists upon completion of the Acquisition.

The periods from January 1, 2021 to June 30, 2023, as included in these financial statements, relates to the pre-Acquisition period for the Midstream Asset as the asset was not acquired by Tenaz until July 3, 2023.

Dividend income from the investment in NGT, subject to a withholding of Dutch dividend tax, is tax-exempt and there are no plans to dispose of the investment in associate in the foreseeable future. As a result, no deferred tax has been recognised.

TENO II's ownership in the Midstream Asset is shown as a net investment and presented as equity. All excess cash flows are assumed to be distributed to XTO (via TENO II) and all cash flow deficiencies are assumed to be funded by XTO (via TENO II), through the net investment.

These financial statements were authorized for issue by TENO II's board of directors on December 4, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

Associates are entities for which TENO II has significant influence, but not control or joint control over the financial and operational decisions. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost and adjusted thereafter for the change in TENO II's share of the investee's net income and other comprehensive income less distributions received until the date that significant influence ceases.

Foreign currency translation

TENO II's functional currency is the Euro and its presentation currency is the Canadian dollar.

The financial statements of an entity with a functional currency other than the Canadian dollar are translated into Canadian dollars. The assets and liabilities are translated at the exchange rates at the reporting date. The revenue and expenses are translated at the exchange rates that approximate the dates of those transactions. Foreign currency differences are recognized in other comprehensive income and accumulated in the net investment.

TENO II Midstream Asset

NOTES TO FINANCIAL STATEMENTS

For the six months ended June 30, 2023 and 2022 (unaudited) and for the years ended December 31, 2022 (audited) and December 31, 2021 (unaudited)
(All amounts in Canadian dollars, except as indicated)

3. MANAGEMENT'S JUDGEMENTS AND ESTIMATION UNCERTAINTY

The timely preparation of financial statements in accordance with IFRS requires management to use judgments, estimates, and assumptions. These estimates and judgments are subject to change and actual results could differ from those estimated. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the reported amounts of assets, liabilities, revenues, expenses, and the disclosure of contingencies are discussed below.

Determination of significant influence of associated entity

The accounting for an investment as an associate where TENO II holds, directly or indirectly, less than 20% of the voting power of the investee requires management judgment in determining whether TENO II has significant influence. In making this determination, management considers TENO II's participation in policy-making processes and voting arrangements of the investee.

4. TRANSITION TO IFRS

As stated in Note 1, these are TENO II's first financial statements prepared in accordance with IFRS. TENO II has adopted IFRS effective January 1, 2021 (the "Transition Date"). The accounting policies set out in Note 2 have been applied in preparing the financial statements as at June 30, 2023 (unaudited), December 31, 2022 (audited) and December 31, 2021 (unaudited) and for the six months ended June 30, 2023 and 2022 (unaudited) and for the years ended December 31, 2022 (audited) and December 31, 2021 (unaudited) as well as in the preparation of an opening IFRS balance sheet at January 1, 2021, the date of transition. IFRS standards have been adopted retroactively.

In preparing these financial statements in accordance with IFRS 1, TENO II has applied the following optional exemptions from full retrospective application of IFRS:

- Business combinations: TENO II elected to apply IFRS relating to business combinations prospectively from the Transition Date. As a result, business combinations (including acquisitions of investments in associates) completed prior to the Transition Date have not been restated.
- Foreign currency translation: TENO II elected to reset the accumulated balance of the foreign currency translation adjustment on investment in associate in other comprehensive income to zero at the Transition Date.

Investment in associate

The stand-alone financial statements of NGT are prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code ("Dutch GAAP") and the historical carrying value of the 10.1% interest has also been determined based on Dutch GAAP. At the Transition Date, in accordance with IFRS 1, the deemed cost of TENO II's investment in NGT is TENO II's \$4.0 million share of the net assets of NGT (Note 5) as presented under its previous GAAP, with the offset being a \$4.0 million net investment in TENO II Midstream Asset (Note 6).

TENO II Midstream Asset

NOTES TO FINANCIAL STATEMENTS

For the six months ended June 30, 2023 and 2022 (unaudited) and for the years ended December 31, 2022 (audited) and December 31, 2021 (unaudited)
(All amounts in Canadian dollars, except as indicated)

5. INVESTMENT IN ASSOCIATE

TENO II has the following associate as at June 30, 2023 and December 31, 2022 and 2021:

Name of associate	% Interest held	Jurisdiction
Noordgastransport BV ("NGT")	10.1%	Netherlands

Although TENO II holds less than 20% of the equity shares of NGT at December 31, 2022, TENO II exercises significant influence by virtue of shareholder co-operation agreements, including voting blocks.

The following table reconciles the carrying amount of the investment in associate:

(Canadian \$000)	Six months ended	Year ended	Year ended
	June 30 2023	December 31 2022	December 31 2021
	(unaudited)	(audited)	(unaudited)
Balance, beginning of period	5,159	5,813	4,391 ⁽¹⁾
Income from associate	1,528	2,537	3,445
Dividend	(2,681)	(3,129)	(1,579)
Foreign exchange	(12)	(62)	(444)
Balance, end of period	3,994	5,159	5,813

(1) At the January 1, 2021 IFRS Transition Date (Note 4), the deemed cost of TENO II's investment in NGT is TENO II's \$4.0 million share of the net assets of NGT as presented under its previous GAAP, with the offset being a \$4.0 million net investment in TENO II Midstream Asset (Note 6).

Summarized financial information in respect of NGT includes:

As at (Canadian \$million)	June 30 2023	December 31 2022	December 31 2021	January 1 2021
Total assets	167	182	194	186
Total liabilities	(129)	(131)	(136)	(142)
Net assets	38	51	58	44
TENO II's share of net assets	4	5	6	4

(Canadian \$million)	Six months ended	Year ended		
	June 30 2023	June 30 2022	December 31 2022	December 31 2021
Total revenue	40	39	78	91
Net income	15	15	25	34
TENO II's share of net income	2	1	3	3

TENO II Midstream Asset

NOTES TO FINANCIAL STATEMENTS

For the six months ended June 30, 2023 and 2022 (unaudited) and for the years ended December 31, 2022 (audited) and December 31, 2021 (unaudited)
(All amounts in Canadian dollars, except as indicated)

6. NET INVESTMENT IN TENO II MIDSTREAM ASSET

TENO II's net investment in the operations of the TENO II Midstream Asset is presented as net investment in TENO II Midstream Asset in these carve-out financial statements and comprises the accumulated contributions from and distributions to TENO II, net income and the foreign currency translation included in other comprehensive income.

Net financing transactions with TENO II as presented on the statements of cash flows represents the net contributions and distributions related to funding between TENO II and TENO II Midstream Asset.

The following is a continuity of the net investment in TENO II Midstream Asset:

(Canadian \$000)	Six months	Year ended	Year ended
	ended June 30 2023	December 31 2022	December 31 2021
	(unaudited)	(audited)	(unaudited)
Balance, beginning of period	5,159	5,813	4,391 ⁽¹⁾
Net income for the period	1,517	2,513	3,421
Foreign exchange	(12)	(62)	(444)
Net contributions from (distributions to) TENO II	(2,670)	(3,105)	(1,555)
Balance, end of period	3,994	5,159	5,813

(1) At the January 1, 2021 IFRS Transition Date (Note 4), the deemed cost of TENO II's investment in NGT is TENO II's \$4.0 million share of the net assets of NGT as presented under its previous GAAP, with the offset being a \$4.0 million net investment in TENO II Midstream Asset (Note 6).

7. RELATED PARTY DISCLOSURES

Management services

The general and administrative expenses incurred by TENO II Midstream Asset represents related party management services provided by PrivateCo/TENO II in overseeing the investment in NGT for purposes of generating dividend income.

The related party management services are as follows:

(Canadian \$000)	Six months ended		Year ended	
	2023	June 30 2022	2022	December 31 2021
	(unaudited)	(unaudited)	(audited)	(unaudited)
General and administrative expenses	(11)	(11)	(24)	(24)

Net investment in TENO II Midstream Asset

TENO II's net investment in the TENO II Midstream Asset is presented in Note 6.

TENAZ ENERGY CORP.

Unaudited Pro Forma Consolidated Financial Statements

As at and for the six months ended June 30, 2023

and

for the year ended December 31, 2022

Tenaz Energy Corp.

PRO FORMA CONSOLIDATED BALANCE SHEETS (unaudited)

As at June 30, 2023

(Canadian \$000)	Tenaz Energy Corp.	TENO II Midstream Asset	TENO II Purchase Price	Notes	Other Pro Forma Adjustments	Pro Forma Consolidated
				<i>Note 2</i>		
ASSETS						
Current assets						
Cash and cash equivalents	24,646	-	36,807		-	61,453
Restricted cash	16,973	-	15,083		-	32,056
Accounts receivable	4,172	-	1,928		-	6,100
Prepaid expenses and deposits	1,131	-	-		-	1,131
Derivative instruments	45	-	-		-	45
Total current assets	46,967	-	53,818		-	100,785
Non-current assets						
Exploration and evaluation assets	15,611	-	5,200		-	20,811
Property, plant and equipment	100,329	-	11,554		-	111,883
Right-of-use assets	225	-	-		-	225
Investment in associate	11,380	3,994	7,188		-	22,562
Total non-current assets	127,545	3,994	23,942		-	155,481
Total assets	174,512	3,994	77,760		-	256,266
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities						
Bank debt	-	-	-		-	-
Accounts payable and accrued liabilities	10,860	-	1,611	3.3	600	13,071
Current portion of lease liabilities	6	-	-		-	6
Taxes payable	18,962	-	9,051		-	28,013
Derivative instruments	334	-	-		-	334
Total current liabilities	30,162	-	10,662		600	41,424
Non-current liabilities						
Lease liabilities	230	-	-		-	230
Decommissioning liability	30,716	-	25,284		-	56,000
Deferred taxes	40,762	-	23,027		-	63,789
Total non-current liabilities	71,708	-	48,311		-	120,019
Total liabilities	101,870	-	58,973		-	161,443
Shareholders' equity						
Share capital	62,198	-	-		-	62,198
Warrants	3,203	-	-		-	3,203
Contributed surplus	9,610	-	-		-	9,610
Retained earnings (Deficit)	(2,386)	-	22,781	3.3	(600)	19,795
Accumulated other comprehensive income (loss)	17	-	-		-	17
Net investment in TENO II assets	-	3,994	(3,994)		-	-
Total shareholders' equity (deficit)	72,642	3,994	18,787		(600)	94,823
Total liabilities and shareholders' equity	174,512	3,994	77,760		-	256,266

See accompanying notes to the pro forma consolidated financial statements.

Tenaz Energy Corp.

PRO FORMA CONSOLIDATED OPERATING STATEMENTS (unaudited)

(Canadian \$000)	Six Months Ended June 30, 2023			Year Ended December 31, 2022				
	Tenaz Energy Corp.	TENO II Upstream Assets	Pro Forma Consolidated	Tenaz Energy Corp.	TENO II Upstream Assets	Notes	Pro Forma Adjustments	Pro Forma Consolidated
Revenue								
Petroleum and natural gas sales	28,540	10,041	38,581	34,087	48,391	3.1	78,048	160,526
Royalties	(2,153)	-	(2,153)	(5,947)	-		-	(5,947)
Petroleum and natural gas revenue	26,387	10,041	36,428	28,140	48,391		78,048	154,579
Expenses								
Transportation	1,352	164	1,516	1,020	210	3.1	548	1,778
Operating	10,084	4,554	14,638	8,308	7,509	3.1	10,367	26,184
Operating income	14,951	5,323	20,274	18,812	40,672		67,133	126,617

See accompanying notes to the pro forma consolidated financial statements.

Tenaz Energy Corp.

PRO FORMA CONSOLIDATED STATEMENT OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) (unaudited)

For the six months ended June 30, 2023

(Canadian \$000, except per share and share amounts)	Tenaz Energy Corp.	TENO II Upstream Assets	TENO II Midstream Asset	Notes	Pro Forma Adjustments	Pro Forma Consolidated
Revenue						
Petroleum and natural gas sales	28,540	10,041	-		-	38,581
Royalties	(2,153)	-	-		-	(2,153)
Petroleum and natural gas revenue	26,387	10,041	-		-	36,428
Expenses						
Transportation	1,352	164	-		-	1,516
Operating	10,084	4,554	-		-	14,638
Income from associate	(1,818)	-	(1,528)		-	(3,346)
General and administrative	3,711	-	11	3.2	175	3,897
Transaction costs	429	-	-		-	429
Interest and financing, net of income	542	-	-		-	542
Foreign exchange gain	(85)	-	-		-	(85)
(Gain) loss on derivative instruments	(268)	-	-		-	(268)
Share-based compensation	700	-	-		-	700
Depletion, depreciation and amortization	8,348	-	-	3.4	1,692	10,040
Accretion of decommissioning liability	2,236	-	-	3.5	1,582	3,818
Total expenses	25,231	4,718	(1,517)		3,449	31,881
Net income (loss) before income taxes	1,156	5,323	1,517		(3,449)	4,547
Provision for income taxes						
Current	1,535	-	-	3.6	2,574	4,109
Deferred	(2,504)	-	-	3.6	(1,637)	(4,141)
Total income taxes	(969)	-	-		937	(32)
Net income (loss)	2,125	5,323	1,517		(4,386)	4,579
Other comprehensive income (loss)						
Currency translation adjustments	17	-	(12)		-	5
Net comprehensive income (loss)	2,142	5,323	1,505		(4,386)	4,584
Net income per share (\$)						
- Basic	0.08					0.17
- Diluted	0.07					0.16
Weighted average number of shares						
- Basic	27,734,975					27,734,975
- Diluted	28,426,603					28,426,603

See accompanying notes to the pro forma consolidated financial statements.

Tenaz Energy Corp.

PRO FORMA CONSOLIDATED STATEMENT OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) (unaudited)

For the year ended December 31, 2022

(Canadian \$000, except per share and share amounts)	Tenaz Energy Corp.	TEN0 II Upstream Assets	TEN0 II Midstream Asset	Notes	Pro Forma Adjustments	Pro Forma Consolidated
Revenue						
Petroleum and natural gas sales	34,087	48,391	-	3.1	78,048	160,526
Royalties	(5,947)	-	-		-	(5,947)
Petroleum and natural gas revenue	28,140	48,391	-		78,048	154,579
Expenses						
Transportation	1,020	210	-	3.1	548	1,778
Operating	8,308	7,509	-	3.1	10,367	26,184
Income from associate	-	-	(2,537)	3.1	(2,854)	(5,391)
General and administrative	5,056	-	24	3.1,3.2	1,003	6,083
Transaction costs	2,684	-	-	3.3	668	3,352
Interest and financing, net of income	99	-	-		-	99
Foreign exchange loss (gain)	(324)	-	-		-	(324)
(Gain) loss on derivative instruments	1,700	-	-		-	2,962
Share-based compensation	1,268	-	-		-	557
Depletion, depreciation and amortization	6,433	-	-	3.4	13,085	19,518
Impairment reversal	(4,240)	-	-		-	(4,240)
Accretion of decommissioning liability	241	-	-	3.5	6,993	7,234
Gain on acquisition	-	-	-	2	(22,781)	(22,781)
Total expenses	22,245	7,719	(2,513)		7,029	34,480
Net income (loss) before income taxes	5,895	40,672	2,513		71,019	120,099
Provision for income taxes						
Current	527	-	-	3.6	79,613	80,140
Deferred	131	-	-	3.6	(36,577)	(36,446)
Total income taxes	658	-	-		43,036	43,694
Net income (loss)	5,237	40,672	2,513		27,983	76,405
Other comprehensive income (loss)						
Currency translation adjustments	-	-	(62)	3.1	(170)	(232)
Net comprehensive income	5,237	40,672	2,451		27,813	76,173
Net income per share (\$)						
- Basic	0.18					2.69
- Diluted	0.18					2.65
Weighted average number of shares						
- Basic	28,424,452					28,424,452
- Diluted	28,877,882					28,877,882

See accompanying notes to the pro forma consolidated financial statements.

Tenaz Energy Corp.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As at and for the nine months ended September 30, 2022

and for the year ended December 31, 2021

(All amounts in Canadian dollars, except as indicated)

1. BACKGROUND AND BASIS OF PRESENTATION

The Acquisition

On July 3, 2023, Tenaz Energy Corp. (“Tenaz” or the “Company”) completed the acquisition of 100% of the issued and outstanding shares of XTO Netherlands Ltd., a private U.S. Delaware corporation (“XTO”), holding Netherlands upstream and midstream assets in the Dutch North Sea (“DNS”) from XH, LLC, a wholly owned subsidiary of ExxonMobil Corporation (the “Acquisition”).

Prior to July 3, 2023, the acquired assets were held in a private U.S. Delaware corporation, that was converted into a private U.S. Delaware limited liability corporation, being XTO, immediately prior to the closing of the Acquisition. On July 3, 2023, XTO was renamed “Tenaz Energy (US) II LLC” and on July 4, 2023 migrated and continued as a Luxembourg private limited liability company, renamed “Tenaz Energy Netherlands Offshore II S.A.R.L” (“TENO II”). TENO II is a wholly owned subsidiary of the Company.

Pursuant to the Acquisition, the Company acquired:

- (i) additional non-operated working interest in certain offshore natural gas licenses in the DNS (the “Upstream Assets”); and
- (ii) an additional ownership interest in Noordgastransport B.V. (“NGT”), a private limited company formed in the Netherlands which holds gas gathering and processing networks in the DNS (the “Midstream Asset”).

Upstream Asset

The Acquisition increased Tenaz’s working interest in each of the L10/L11a, K9, K12 and N7b license blocks as follows:

- L10/L11a: from 11.35% to 21.43%
- K9a and K9b: from 8.44% to 15.94%
- K9c: from 6.49% to 12.26%
- K12: from 5.67% to 10.71%
- N7b: from 9.45% to 17.86%

Tenaz’s interest in the undeveloped F10, F11a, F17, and F18 licenses is unchanged as a result of the Acquisition.

Midstream Asset

Tenaz acquired an additional 10.1% ownership interest in NGT bringing Tenaz’s total interest to 21.4% and making the Company the second largest shareholder of NGT.

Tenaz Energy Corp.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As at and for the nine months ended September 30, 2022

and for the year ended December 31, 2021

(All amounts in Canadian dollars, except as indicated)

The 2022 Acquisition

On December 20, 2022, Tenaz completed the acquisition of 100% of the issued and outstanding shares of a private U.S. Delaware corporation ("PrivateCo") holding Netherlands upstream and midstream assets in the DNS (the "2022 Acquisition").

Prior to December 20, 2022, the acquired assets were held in a U.S. qualified subchapter S subsidiary that was converted into a private U.S. Delaware limited liability corporation, being PrivateCo, immediately prior to the closing of the 2022 Acquisition. On December 20, 2022, PrivateCo was renamed "Tenaz Energy (US) LLC" and on January 30, 2023 migrated and continued as a Luxembourg private limited liability company, renamed "Tenaz Energy Netherlands Offshore S.A.R.L." ("TENO"). TENO is a wholly owned subsidiary of the Company.

Pursuant to the 2022 Acquisition, the Company acquired:

- (i) a non-operated working interest in certain offshore natural gas licenses in the DNS (the "TENO Upstream Assets");
- (ii) an ownership interest in NGT, a private limited company formed in the Netherlands which holds gas gathering and processing networks in the DNS (the "TENO Midstream Asset"); and
- (iii) an interest in carbon reduction projects.

Basis of presentation

The accompanying unaudited pro forma consolidated financial statements (the "pro forma statements") of Tenaz have been prepared by management of Tenaz for illustrative purposes only and give effect to:

- the Acquisition of:
 - the TENO II Upstream Assets; and
 - the TENO II Midstream Asset; as well as
- where not already included in the Tenaz consolidated financial statements incorporated in these pro forma statements, the 2022 Acquisition of:
 - the TENO Upstream Assets; and
 - the TENO Midstream Asset.

The pro forma statements have been prepared in accordance with Canadian securities legislation and based on the principles of IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board and on a basis consistent with Tenaz's accounting policies. All financial information is reported in Canadian dollars, unless otherwise noted. References to "EUR" or "€" are to Euros.

The pro forma consolidated financial Statements have been prepared on the basis that the Acquisition and the 2022 Acquisition are accounted for using the acquisition method pursuant to IFRS 3, *Business Combinations* ("IFRS 3"). Under the acquisition method, the assets and liabilities are recorded at their fair value on the date of acquisition and the total consideration is allocated to the assets acquired and liabilities assumed.

These pro forma statements have been prepared from information derived from and should be read in conjunction with the following financial statements:

- Tenaz interim consolidated financial statements for the six month period ended June 30, 2023;
- Tenaz audited consolidated financial statements for the year ended December 31, 2022;

Tenaz Energy Corp.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As at and for the nine months ended September 30, 2022

and for the year ended December 31, 2021

(All amounts in Canadian dollars, except as indicated)

- TENO II Upstream Assets operating statements for the six months ended June 30, 2023 and 2022 (unaudited) and for the years ended December 31, 2022 (audited) and December 31, 2021 (unaudited);
- TENO II Midstream Asset financial statements as at June 30, 2023 (unaudited), December 31, 2022 (audited) and December 31, 2021 (unaudited) and for the six months ended June 30, 2023 and 2022 (unaudited) and for the years ended December 31, 2022 (audited) and December 31, 2021 (unaudited);
- TENO Upstream Assets operating statements for the nine months ended September 30, 2022 and 2021 (unaudited) and for the years ended December 31, 2021 (audited) and December 31, 2020 (unaudited)⁽¹⁾; and
- TENO Midstream Asset financial statements as at September 30, 2022 (unaudited), December 31, 2021 (audited) and December 31, 2020 (unaudited) and for the nine months ended September 30, 2022 and 2021 (unaudited) and for the years ended December 31, 2021 (audited) and December 31, 2020 (unaudited)⁽¹⁾.

(1) Included in Tenaz's Business Acquisition Report Canadian securities filing for the 2022 Acquisition closed on December 20, 2022.

The unaudited pro forma consolidated statement of financial position at June 30, 2023 gives effect to the Acquisition described above and assumptions described in Notes 2 and 3 as if it occurred on June 30, 2023. The Tenaz interim consolidated statement of financial position as at June 30, 2023 includes the 2022 Acquisition effected on December 20, 2022.

The unaudited pro forma consolidated statements of income (loss) and comprehensive income (loss) and the unaudited pro forma consolidated operating statements for the six months ended June 30, 2023 give effect to the Acquisition described above and assumptions described in Notes 2 and 3 as if it occurred on January 1, 2022 based on the estimates of the fair values of assets acquired and liabilities assumed relating to the Acquisition as at June 30, 2023.

The unaudited pro forma consolidated statements of income (loss) and comprehensive income (loss) and the unaudited pro forma consolidated operating statements for the year ended December 31, 2022 give effect to the Acquisition and the 2022 Acquisition described above and assumptions described in Notes 2 and 3 as if those acquisitions occurred on January 1, 2022 based on (i) the estimates of the fair values of assets acquired and liabilities assumed relating to the Acquisition at June 30, 2023; and (ii) the estimates of the fair values of assets acquired and liabilities assumed relating to the 2022 Acquisition at September 30, 2023.

The adjustments to the pro forma statements are estimates and have been made solely for the purpose of presenting the pro forma 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 statements do not necessarily reflect what the combined Company's financial condition or results of operations would have been had the Acquisition or the 2022 Acquisition 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 Acquisition and the 2022 Acquisition, in all material respects.

Tenaz Energy Corp.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As at and for the nine months ended September 30, 2022

and for the year ended December 31, 2021

(All amounts in Canadian dollars, except as indicated)

2. ACQUISITION PURCHASE PRICE ALLOCATION

The Acquisition of XTO Netherlands Ltd., including the acquisition of the TENO II Upstream Assets and the TENO II Midstream Asset is accounted for using the acquisition method pursuant to IFRS 3, in which the assets and liabilities are recorded at their fair value on the date of acquisition and the total consideration is allocated to the assets acquired and liabilities assumed.

The following table summarizes the estimated fair values of assets acquired and liabilities assumed relating to the Acquisition as at June 30, 2023. The purchase price allocation is preliminary and is subject to change.

(Canadian \$000)	June 30 2023
Consideration	
Payable to vendor	193
Total consideration	193
Fair value of net assets acquired	
TENO II Upstream Assets	
Exploration and evaluation assets	5,200
Property, plant and equipment	11,554
Decommissioning liabilities	(25,284)
Net working capital assumed consisting of:	43,349
Cash	36,807
Restricted cash	15,083
Accounts receivable	1,928
Accounts payable and accrued liabilities	(1,418)
Income taxes payable	(9,051)
Deferred tax liability	(23,027)
Total TENO II Upstream Assets net identifiable assets acquired	11,792
TENO II Midstream Asset	
Investment in associate ⁽¹⁾	11,182
Total fair value of net assets acquired	22,974
Gain on Acquisition	22,781

(1) Tenaz's estimate of the fair value of the investment in NGT at June 30, 2023 results in a \$7.2 million increase compared to the carrying amount of the investment in associate in the stand-alone financial statements of TENO II Midstream Asset.

The above fair values of the acquired assets and liabilities have been preliminarily determined by the management of Tenaz for the Acquisition as at June 30, 2023 and are based on the best information management has available and are subject to change.

Tenaz Energy Corp.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As at and for the nine months ended September 30, 2022

and for the year ended December 31, 2021

(All amounts in Canadian dollars, except as indicated)

3. PRO FORMA ACCOUNTING ADJUSTMENTS

The pro forma statements give effect to the following additional assumptions and adjustments:

3.1 2022 Acquisition Pro Forma Adjustments for the period January 1, 2022 to December 19, 2022

As discussed in Note 1, Tenaz completed the 2022 Acquisition on December 20, 2022. In addition to the other pro forma accounting adjustments in Notes 3.2 to 3.6 below, the following operating statement and/or income statement pro forma adjustments are required to reflect the TENO Upstream Assets' operating income and TENO Midstream Asset's net comprehensive income for the period January 1, 2022 to December 19, 2022, as the 2022 Acquisition was closed on December 20, 2022:

(Canadian \$000)	TENO Upstream Assets		
	Nine Months Ended September 30, 2022 ⁽¹⁾	Period from October 1, 2022 to December 19, 2022	Pro Forma Adjustments January 1, 2022 to December 19, 2022
Revenue			
Petroleum and natural gas sales	62,828	15,220	78,048
Royalties	-	-	-
Petroleum and natural gas revenue	62,828	15,220	78,048
Expenses			
Transportation	473	75	548
Operating	7,421	2,946	10,367
Operating income	54,934	12,199	67,133

(1) From the TENO Upstream Assets operating statements for the nine months ended September 30, 2022 and 2021 (unaudited) and for the years ended December 31, 2021 (audited) and December 31, 2020 (unaudited) included in Tenaz's Business Acquisition Report Canadian securities filing for the 2022 Acquisition closed on December 20, 2022.

(Canadian \$000)	TENO Midstream Asset		
	Nine Months Ended September 30, 2022 ⁽²⁾	Period from October 1, 2022 to December 19, 2022	Pro Forma Adjustments January 1, 2022 to December 19, 2022
Income from associate	1,975	879	2,854
General and administrative expenses	(13)	(4)	(17)
Net income	1,962	875	2,837
Other comprehensive income			
Currency translation adjustments	(575)	405	(170)
Net comprehensive income	1,387	1,280	2,667

(2) From the TENO Midstream Asset financial statements as at September 30, 2022 (unaudited), December 31, 2021 (audited) and December 31, 2020 (unaudited) and for the nine months ended September 30, 2022 and 2021 (unaudited) and for the years ended December 31, 2021 (audited) and December 31, 2020 (unaudited) included in Tenaz's Business Acquisition Report Canadian securities filing for the 2022 Acquisition closed on December 20, 2022.

Tenaz Energy Corp.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As at and for the nine months ended September 30, 2022

and for the year ended December 31, 2021

(All amounts in Canadian dollars, except as indicated)

3.2 General and administrative expenses

General and administrative expense was adjusted to reflect additional estimated costs to be incurred as a result of the Acquisition and the 2022 Acquisition. A pro forma adjustment was made to increase general and administrative expenses by \$0.2 million and \$1.0 million for the six months ended June 30, 2023 and the year ended December 31, 2022, respectively, to effect the Acquisition and the 2022 Acquisition at January 1, 2022.

3.3 Transaction Costs

To effect the Acquisition at June 30, 2023, accounts payable and accrued liabilities have been increased by \$0.6 million in respect of estimated transaction costs related to the Acquisition and also included in retained earnings.

To effect the Acquisition and 2022 Acquisition at January 1, 2022, net income (loss) for the year ended January 1, 2022 includes approximately \$0.7 million in respect of transaction costs related to the Acquisition and the 2022 Acquisition.

Transaction costs include legal, accounting, consulting and other costs associated with the completion of the Acquisition and the 2022 Acquisition.

3.4 Depletion, Depreciation and Amortization

Depletion, depreciation and amortization expense has been adjusted to reflect the application of the appropriate unit of production rate for the increased value of property, plant and equipment associated with the Upstream Assets (the Acquisition) and the TENO Upstream Assets (2022 Acquisition) property, plant and equipment.

Depletion, depreciation and amortization expense increased by \$1.7 million and \$13.1 million for the six months ended June 30, 2023 and the year ended December 31, 2022, respectively, to reflect the amount that would have been recorded at the revised carrying amount as a result of the purchase price allocations. As such, the pro forma depletion, depreciation and amortization expense for these periods has been calculated as if the Acquisition and the 2022 Acquisition had occurred as of January 1, 2022 based on Tenaz's fair value estimate of property, plant and equipment.

3.5 Accretion on Decommissioning Liabilities

Accretion on decommissioning liabilities has been adjusted to reflect the application of increased accretion associated with the Upstream Assets (the Acquisition) and the TENO Upstream Assets (2022 Acquisition) decommissioning liabilities.

Accretion expense has been increased by \$1.6 million and \$7.0 million for the six months ended June 30, 2023 and the year ended December 31, 2022, respectively, to reflect the amount that would have been recorded at the revised carrying amount as a result of the purchase price allocations in accordance with Tenaz accounting policy. As such, the pro forma accretion on decommissioning liabilities for these periods has been calculated as if the Acquisition and the 2022 Acquisition had occurred as of January 1, 2022.

Tenaz Energy Corp.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As at and for the nine months ended September 30, 2022

and for the year ended December 31, 2021

(All amounts in Canadian dollars, except as indicated)

3.6 Income Taxes

The adjustment to income taxes includes the current tax impact (including Dutch corporate income tax, Dutch State Profit Share along with the temporary Dutch Solidarity Contribution imposed by the European Union) and the deferred tax impact of the above pro forma adjustments.

Income taxes applicable to the pro forma adjustments are calculated at the Dutch statutory tax rate of approximately 50% for Dutch corporate income tax and Dutch State Profit Share. For the year ended December 31, 2022, current income tax includes Dutch Solidarity Contribution in effect for 2022, effectively increasing the current income tax rate to approximately 75% (Six months ended June 30, 2023 – 50% with no Dutch Solidarity Contribution in effect). The Dutch Solidarity Contribution applies to Dutch corporate income taxpayers generating at least 75% of their turnover from economic activities in the field of extraction, mining, refining of petroleum or manufacture of coke oven products in the Netherlands. Dividend income from the investment in NGT, is tax-exempt and the gain on the Acquisition is non-taxable. Deferred tax recognizes the temporary differences between the accounting and tax of assets and liabilities.

APPENDIX D

The reserves data set forth below is based upon an independent engineering reserves evaluation (the “**McDaniel Report**”) prepared by McDaniel and Associates Consultants Ltd. (“**McDaniel**”), the Company’s independent qualified reserves evaluator, with an effective date of July 1, 2023 and a preparation date of November 22, 2023. The reserves data summarizes the natural gas liquids (“**NGLs**”) and natural gas reserves attributable to the Upstream Assets and the net present values of future net revenue for these reserves using forecast prices and costs.

The McDaniel Report has been prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook (the “**COGE Handbook**”) and the reserve definitions contained in National Instrument 51-101, *Standards of Disclosure for Oil and Gas Activities* and the COGE Handbook. McDaniel was engaged to provide evaluations of proved and proved plus probable reserves and no attempt was made to evaluate possible reserves.

The reserves attributable to the Upstream Assets are located offshore in the DNS in the country of the Netherlands.

The McDaniel Report is based on certain factual data supplied by Tenaz and McDaniel’s opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to petroleum properties and contracts (except for certain information residing in the public domain) were supplied by Tenaz to McDaniel. McDaniel accepted this data as presented and neither title searches nor field inspections were conducted.

The net present value of future net revenue attributable to reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures and well abandonment, decommissioning and reclamation costs.

Tenaz determined the future net revenue and present value of future net revenue after income tax expenses by utilizing McDaniel’s before income tax future net revenue and the Company’s estimate of income tax. Tenaz’s estimates of the after-income tax value of future net revenue have been prepared based on before income tax reserves information and include assumptions and estimates of the Company’s tax pools and the sequences of claims and rates of claim thereon. The values shown may not be representative of future income tax obligations, applicable tax horizon or after-tax valuation. The after-tax net present value of Tenaz’s crude oil and natural gas properties reflects the tax burden of its properties on a stand-alone basis. It does not provide an estimate of the value of the Company as a business entity, which may be significantly different. Tenaz’s consolidated financial statements and management’s discussion and analysis for the year ended December 31, 2022 and interim filings in 2023 should be consulted for additional information regarding the Company’s taxes.

There are numerous uncertainties inherent in estimating quantities of crude oil, NGLs and natural gas reserves and the future cash flows attributed to such reserves. In general,

such estimates are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of crude oil and natural gas, royalty rates, 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 crude oil, NGLs 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. The Company's actual production, revenues, taxes and development and operating expenditures with respect to its consolidated reserves will vary from estimates thereof and such variations could be material.

It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to reserves estimated by McDaniel represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of crude oil, NGLs and natural gas reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein.

In certain of the tables set forth below, the columns may not add due to rounding.

Summary of Oil and Gas Reserves

Reserve Category	Conventional Natural Gas		Natural Gas Liquids (3)		Oil Equivalent (mboe)	
	Gross (1)	Net (2)	Gross (1)	Net (2)	Gross (1)	Net (2)
	mmcf	mmcf	mbbl	mbbl	mboe	mboe
Netherlands - XTO						
Proved Developed Producing	2,325.8	2,308.5	1.4	1.4	389.0	386.2
Proved Developed Non-Producing	279.3	276.9	0.1	0.1	46.7	46.3
Proved Undeveloped	-	-	-	-	-	-
Total Proved	2,605.1	2,585.4	1.5	1.5	435.7	432.4
Total Probable	1,353.5	1,346.8	2.0	2.0	227.6	226.5
Total Proved + Probable	3,958.6	3,932.2	3.5	3.5	663.3	658.9

(1) Gross reserves are working interest reserves before royalty deductions.

(2) Net reserves are working interest reserves after royalty deductions plus royalty interest reserves.

(3) Natural Gas Liquids include Condensate volumes.

Summary of Net Present Value of Future Net Revenue

Reserve Category	Before Income Taxes Discounted at					After Income Taxes Discounted at					Unit Value Before Tax (\$/boe)
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%	
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	
Netherlands - XTO											
Proved Developed Producing	(26,319)	(11,302)	(3,029)	1,634	4,306	(46,206)	(25,673)	(14,109)	(7,375)	(3,333)	(7.8)
Proved Developed Non-Producing	61	751	1,071	1,201	1,232	(2,842)	(1,292)	(428)	56	324	23.2
Proved Undeveloped	-	-	-	-	-	-	-	-	-	-	-
Total Proved (2)	(26,257)	(10,551)	(1,958)	2,835	5,538	(49,048)	(26,965)	(14,537)	(7,319)	(3,009)	(4.5)
Total Probable (2)	14,767	15,900	14,891	13,354	11,845	15,185	15,203	13,553	11,648	9,933	65.8
Total Proved + Probable (2)	(11,490)	5,349	12,933	16,189	17,383	(33,864)	(11,762)	(984)	4,329	6,923	19.6

(1) The unit values are based on net reserve volumes.

(2) Numbers may not add due to rounding.

Total Future Net Revenue (Undiscounted)

Reserve Category	Revenue (1) M\$	Royalties (2) M\$	Operating Costs M\$	Develop- ment Costs M\$	Abandon- ment & Reclama- tion Costs M\$	Future Net Revenue Before Income Taxes M\$	Income Taxes M\$	Future Net Revenue After Income Taxes M\$
<i>Netherlands - XTO</i>								
Total Proved	70,908	437	39,272	1,848	55,608	(26,257)	22,791	(49,048)
Total Proved + Probable	102,064	585	55,026	2,336	55,608	(11,490)	22,373	(33,864)

(1) Includes all product revenues and other revenues as forecast.

(2) Royalties include any net profits interests paid.

Future Net Revenue by Product Type

Reserve Category	Product Type	Future Net Revenue Before Income Taxes (discounted at 10%)	Unit Value (1)
		M\$	\$/mcf, \$/bbl
Total Proved Reserves - Netherlands - XTO	Conventional Natural Gas (Including By-products)	(1,958)	(0.76)
Total Proved + Probable Reserves - Netherlands XTO	Conventional Natural Gas (Including By-products)	12,933	3.29

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

Pricing Assumptions – Forecast Prices and Costs

McDaniel employed the following pricing, exchange rate and inflation rate assumptions as of July 1, 2023 in the McDaniel Report in estimating reserves data using forecast prices and costs. The forecast prices used are based on an average of the price decks of three independent engineering firms, GLJ Ltd., Sproule Associates Limited and McDaniel & Associates Consultants Ltd. at July 1, 2023.

Summary of Price Forecasts
July 1, 2023

Forecast	US and Europe Crude Oil and Natural Gas Price Forecasts													Inflation %
	Exchange Rates			US Crude Oil		US Natural Gas			Europe Crude Oil		Europe Natural Gas			
	\$US to \$CAN	\$US to GBP £	\$US to EUR €	WTI Oil \$/bbl	LLS Oil \$/bbl	Henry Hub Gas \$/mmbtu	CIG Gas \$/mmbtu	Chicago Gas \$/mmbtu	UK Brent Crude Oil \$/bbl	UK Forties Oil \$/bbl	UK NBP Gas \$/mmbtu	Dutch TTF Gas \$/mmbtu		
2023 (6 mos)	0.75	1.23	1.09	72.67	75.33	2.93	2.45	2.69	77.00	77.00	13.75	14.17	-	
2024	0.76	1.25	1.09	73.63	76.35	3.71	3.20	3.48	77.72	77.72	16.17	16.83	2.33	
2025	0.76	1.27	1.11	74.75	77.59	4.10	3.60	3.88	79.00	79.00	15.02	15.77	2.00	
2026	0.76	1.27	1.12	76.25	79.28	4.19	3.65	3.95	80.71	80.71	14.65	15.41	2.00	
2027	0.76	1.28	1.12	77.77	80.50	4.27	3.75	4.04	81.95	81.95	14.45	15.22	2.00	
2028	0.76	1.28	1.12	79.33	82.10	4.36	3.80	4.12	83.58	83.58	14.74	15.52	2.00	
2029	0.76	1.28	1.12	80.92	83.74	4.44	3.90	4.19	85.26	85.26	15.03	15.83	2.00	
2030	0.76	1.28	1.12	82.53	85.43	4.53	3.95	4.29	86.97	86.97	15.34	16.15	2.00	
2031	0.76	1.28	1.12	84.18	87.13	4.62	4.05	4.38	88.71	88.71	15.64	16.47	2.00	
2032	0.76	1.28	1.12	85.87	88.87	4.71	4.10	4.46	90.48	90.48	15.96	16.80	2.00	
2033	0.76	1.28	1.12	87.59	90.65	4.81	4.20	4.55	92.29	92.29	16.27	17.14	2.00	
2034	0.76	1.28	1.12	89.34	92.46	4.90	4.30	4.64	94.14	94.14	16.60	17.00	2.00	
2035	0.76	1.28	1.12	91.12	94.31	5.00	4.35	4.73	96.02	96.02	16.93	17.48	2.00	
2036	0.76	1.28	1.12	92.95	96.20	5.10	4.45	4.82	97.94	97.94	17.27	17.83	2.00	
2037	0.76	1.28	1.12	94.81	98.12	5.21	4.55	4.92	99.90	99.90	17.62	18.19	2.00	
Thereafter	0.76	1.28	1.12	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	+2%/yr	2.00	

Production Estimates

The following table discloses for each product type the total volume of production estimated by McDaniel in the McDaniel Report for the twelve months following the effective date of July 1, 2023 in the estimates of future net revenue from gross proved and gross proved plus probable reserves disclosed above.

Reserve Category	Conventional	Natural Gas	
	Natural Gas	Liquids	Oil Equivalent
	(1)	(1)	(1)
	(mcf/d)	(bbls/d)	(boe/d)
<i>Netherlands - XTO</i>			
Total Proved	3,347	2	560
Total Probable	790	2	134
Total Proved + Probable	4,137	4	694

(1) Twelve month production estimate from July 1, 2023 to June 30, 2024 estimated as production for the remaining six months of 2023 plus half of estimated 2024 production.