

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

As at (\$000)	Note	September 30, 2025	December 31, 2024
ASSETS			
Current Assets			
Cash		213,787	139,906
Restricted cash		40,020	40,252
Accounts receivable		73,050	6,230
Prepaid expenses and deposits		31,477	2,144
Derivative instruments	11	1,205	5
Total current assets		359,539	188,537
Prepaid expenses		2,970	2,622
Deposit on acquisition	3	-	34,036
Investment in associate		24,941	21,460
Right-of-use assets	10	32,083	155
Exploration and evaluation assets		91,075	10,830
Property, plant and equipment	5	1,733,353	133,187
Total assets		2,243,961	390,827
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		116,966	20,994
Taxes payable		68,407	16,999
Contingent consideration	3	47,761	-
Decommissioning liability	7	5,611	2,311
Lease liabilities	10	10,753	-
Derivative instruments	11	245	-
Total current liabilities		249,743	40,304
Contingent consideration	3	25,369	-
Long-term debt	6	138,508	138,275
Lease liabilities	3,10	20,545	268
Decommissioning liability	3,7	333,130	61,896
Deferred taxes	3	1,164,075	57,959
Total liabilities		1,931,370	298,702
SHAREHOLDERS' EQUITY			
Share capital	8	66,039	63,405
Warrants		2,539	2,774
Contributed surplus		12,669	12,090
Retained earnings		217,698	12,906
Accumulated other comprehensive income		13,646	950
Total shareholders' equity		312,591	92,125
Total liabilities and shareholders' equity		2,243,961	390,827

See accompanying notes to the interim condensed consolidated financial statements, including Subsequent events Note 12.

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

(\$000's except per share amounts)	Note	Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
REVENUE					
Petroleum and natural gas sales		95,636	14,822	173,436	46,715
Royalties		(1,854)	(1,037)	(4,950)	(3,980)
Petroleum and natural gas revenue		93,782	13,785	168,486	42,735
EXPENSES					
Transportation		2,340	459	5,008	2,023
Operating		39,764	7,901	70,868	23,097
Income from associate		(1,497)	(1,418)	(3,855)	(3,466)
General and administrative		2,758	2,389	6,549	7,396
Transaction costs	3	2,903	1,315	12,414	2,822
Interest expense (income)		3,357	(104)	10,153	(1,407)
Foreign exchange (gain) loss		(599)	156	(1,746)	387
Gain on derivative instruments		(2,157)	(293)	(2,283)	(367)
Share-based compensation	8	2,852	628	5,481	1,980
Depletion, depreciation and amortization	5	36,654	5,581	63,856	15,487
Accretion of decommissioning liability	7	8,610	1,376	16,211	3,975
Gain on acquisition	3	-	-	(192,247)	470
Remeasurement of contingent consideration	3	(17,716)	-	(17,716)	-
Total expenses		77,269	17,990	(27,307)	52,397
Net income (loss) before income taxes		16,513	(4,205)	195,793	(9,662)
Provision for income taxes					
Current expense (recovery)		5,548	63	11,155	(3,263)
Deferred recovery		(13,791)	(1,814)	(23,420)	(4,723)
Total income taxes		(8,243)	(1,751)	(12,265)	(7,986)
Net income (loss)		24,756	(2,454)	208,058	(1,676)
Other comprehensive income					
Currency translation adjustments		3,558	919	12,696	1,022
Comprehensive income (loss)		28,314	(1,535)	220,754	(654)
Net income (loss) per share					
Basic	8	0.87	(0.09)	7.43	(0.06)
Diluted	8	0.75	(0.09)	6.36	(0.06)

See accompanying notes to the interim condensed consolidated financial statements.

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

(\$000)	Note	Share capital	Warrants	Contributed surplus	Retained earnings	AOCI ⁽¹⁾	Total equity
December 31, 2023		60,875	3,203	10,918	21,103	254	96,353
Normal course issuer bid	8	(746)	-	-	(484)	-	(1,230)
Share-based compensation	8	-	-	2,033	-	-	2,033
PSUs vested ⁽²⁾	8	1,630	-	(1,630)	-	-	-
Options exercised	8	786	-	(283)	-	-	503
Warrants exercised	8	200	(99)	-	-	-	101
Net loss		-	-	-	(1,676)	-	(1,676)
CTA ⁽³⁾		-	-	-	-	1,022	1,022
September 30, 2024		62,745	3,104	11,038	18,943	1,276	97,106
December 31, 2024		63,405	2,774	12,090	12,906	950	92,125
Normal course issuer bid	8	(555)	-	-	(3,266)	-	(3,821)
Share-based compensation	8	-	-	3,299	-	-	3,299
PSUs and RSUs vested	8	2,660	-	(2,660)	-	-	-
Options exercised	8	60	-	(60)	-	-	-
Warrants exercised	8	469	(235)	-	-	-	234
Net income		-	-	-	208,058	-	208,058
CTA ⁽³⁾		-	-	-	-	12,696	12,696
September 30, 2025		66,039	2,539	12,669	217,698	13,646	312,591

⁽¹⁾ Accumulated other comprehensive income ("AOCI")

⁽²⁾ Performance share units ("PSUs") and restricted share units ("RSUs")

⁽³⁾ Currency Translation Adjustments ("CTA")

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(\$000)	Note	Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
OPERATING ACTIVITIES					
Net income (loss)		24,756	(2,454)	208,058	(1,676)
Items not involving cash:					
Income from associate		(1,497)	(1,418)	(3,855)	(3,466)
Deferred taxes		(13,791)	(1,814)	(23,420)	(4,723)
Depletion, depreciation and amortization	5	36,654	5,581	63,856	15,487
Accretion of decommissioning liability	7	8,610	1,376	16,211	3,975
Share-based compensation		2,852	628	5,481	1,980
Unrealized (gain) loss on derivative instruments		(827)	85	(954)	(838)
Unrealized foreign exchange (gain) loss		(590)	(287)	(1,631)	824
Amortization of deferred financing costs		69	-	233	-
Gain on acquisition	3	-	-	(192,247)	470
Remeasurement of contingent consideration		(17,716)	-	(17,716)	-
Decommissioning liabilities settled	7	(187)	(243)	(1,385)	(4,285)
Change in non-cash working capital		(3,746)	10,469	27,982	(1,527)
Cash flow from operating activities		34,587	11,923	80,613	6,221
INVESTING ACTIVITIES					
Property and equipment asset expenditures	5	(12,811)	(6,484)	(32,456)	(11,816)
Exploration and evaluation asset expenditures		(285)	(462)	(794)	(1,447)
Cash received on acquisition	3	-	-	24,785	-
Property acquisition		-	-	-	(2,779)
Restricted cash for security arrangements		1,421	(362)	3,858	(6,373)
Dividend from associate		-	2,679	2,364	2,679
Deposit on acquisition	3	-	(34,301)	-	(34,301)
Change in non-cash working capital		9	3,166	(2,148)	3,355
Cash flow used in investing activities		(11,666)	(35,764)	(4,391)	(50,682)
FINANCING ACTIVITIES					
Repayment of revolving credit facility		-	9,999	-	9,999
Letter of credit posting		-	(150)	-	(150)
Exercise of stock options	8	-	-	-	504
Exercise of warrants		37	100	235	100
Normal course issuer bid	8	(737)	(76)	(3,821)	(1,230)
Principal payments on lease liabilities		(2,079)	5	(3,128)	14
Cash flow (used in) from financing activities		(2,779)	9,878	(6,714)	9,237
Foreign exchange gain (loss)		1,437	616	4,373	(289)
CHANGE IN CASH		21,579	(13,347)	73,881	(35,513)
CASH, BEGINNING OF PERIOD		192,208	28,134	139,906	50,300
CASH, END OF PERIOD		213,787	14,787	213,787	14,787
Cash interest paid		40	302	9,440	357
Cash taxes paid (refunded)		30,536	(13,740)	33,357	457

See accompanying notes to the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

For the three and nine months ended September 30, 2025 and 2024

1. REPORTING ENTITY

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

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

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

2. BASIS OF PRESENTATION

These interim condensed consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34, *Interim Financial Reporting* ("IAS" 34) and have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended December 31, 2024, except as noted below.

These financial statements should be read in conjunction with Tenaz's audited consolidated financial statements for the year ended December 31, 2024, which are available on SEDAR+ at www.sedarplus.ca and its website at www.tenazenergy.com.

These financial statements were approved by the Board of Directors on November 5, 2025.

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

Recently adopted accounting policies

Contingent consideration

When the consideration transferred by the Company in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against gain on acquisition or goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

Estimating the fair value of contingent consideration requires management to use judgments, estimates, and assumptions. For the contingent consideration transferred in the Tenaz Energy Netherlands B.V. acquisition, this includes judgments relating to natural gas reserves.

Contingent consideration recognized is estimated based on Tenaz's proved plus probable natural gas reserve profile, TTF strip prices at the valuation date for each of the relevant periods, future cost and capital

spending assumptions, net of tax. The amount of contingent consideration recognized and ultimately paid will fluctuate as these assumptions change due to market and timing factors.

Leases

The Company assesses each new contract to determine whether it contains a lease. A specific asset is the subject of a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company allocates contract consideration to the lease and non-lease components on the basis of their relative stand-alone prices.

The right-of-use asset is initially measured at cost, which includes: (i) the amount of the initial measurement of the lease liability, (ii) any lease payments made at or before the lease commencement date, less any lease incentives received, (iii) any initial direct costs incurred, and (iv) an estimate of restoration costs.

The lease liability and initial right-of-use asset are recognized at the lease commencement date measured at the present value of fixed lease payments (including in-substance fixed payments) plus the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, discounted at a rate the Company would be required to borrow over a similar term.

Key judgements include whether a contract identifies an asset (or a portion of an asset), whether the lessee obtains substantially all of the economic benefits of the asset over the contract term, whether the lessee has the right to direct the asset's use, which components are fixed or variable in nature and the discount rate. The Company applied its incremental borrowing rate for leases where the implicit rate cannot be readily determined.

After initial recognition, the lease liability is accreted for the passage of time and reduced for lease settlements made during each period. If the lease terms indicate that the Company will exercise a purchase option, the right-of-use asset is depreciated from the lease commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the earlier of the end of the useful life of the underlying asset or to the end of the lease term. Additionally, the Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Share-based compensation

Awards that are expected to be settled in cash are accounted for as a cash-settled share-based payment transaction where the fair value of the liability is measured at each reporting period with changes recorded through share-based compensation expense.

Fluctuations in compensation expense may occur due to changes in estimating the outcome of the performance conditions as well as changes in fair value for awards that are cash-settled.

Use of judgments, estimates and assumptions

The preparation of financial statements requires management to use judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingencies at the date of the financial statements, and revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimated.

Other than those noted above, there have been no significant changes to the use of judgments, estimates, and assumptions as detailed in Note 3 of the audited consolidated financial statements for the year ended December 31, 2024. During the three and nine months ended September 30, 2025, management applied judgment, estimates, and assumptions to the purchase price allocation for the acquisition of TEN, as described in Note 3.

3. BUSINESS COMBINATIONS

On May 1, 2025, Tenaz completed the acquisition of 100% of the issued and outstanding shares of NAM Offshore B.V. (“NOBV”) from Nederlandse Aardolie Maatschappij B.V. (“NAM”), a joint venture between Shell PLC and ExxonMobil Corporation (the “TEN Acquisition”). Upon closing, NOBV was renamed Tenaz Energy Netherlands B.V. (“TEN”). The acquisition included upstream and midstream assets in the Dutch North Sea. Tenaz assumed operatorship of the acquired offshore licenses and infrastructure. The economic effective date of the transaction was January 1, 2024.

The acquisition delivers on Tenaz’s mergers and acquisition strategy through establishing a significant Dutch North Sea operating position and increasing the Company’s scale in terms of production, reserves, and cash flow.

Consideration

Tenaz paid a deposit of \$35.7 million (€23 million) on signing of the share purchase agreement using cash on hand and a drawing from the Company’s revolving facility. On closing, as a result of free cash flow generation and other working capital adjustments between the effective date and the closing date, Tenaz received approximately \$24.8 million (€15 million) in cash from the seller.

In addition, consideration included contingent consideration consisting of a contingent earn-out, exploration volume contingent consideration, and price contingent consideration as further described below:

- Contingent earn-out – For the period from January 1, 2025 through December 31, 2027, NAM will be entitled to contingent payments equal to i) 50% of 2025 free cash flow from the TEN assets (“TEN FCF”), ii) 50% of 2026 TEN FCF, and iii) 25% of 2027 TEN FCF, up to a maximum of €120 million in aggregate payments. If the aggregate earn-out payments do not reach €120 million, no further payments related to the earn-out are required.
- Exploration volume contingent consideration - In the event that a future new field exploration discovery on the current TEN licenses exceeds certain cumulative production thresholds, NAM is entitled to receive volume contingent royalty payments. The royalty percentage depends on cumulative sales volumes from individual exploration prospects and is 7.5% for prospects between 0.5 to 1.0 bcm and 10% for prospects greater than 1.0 bcm.
- Price contingent consideration – If the average realized TTF price for a given calendar year between January 1, 2028 and December 31, 2031 exceeds certain thresholds, NAM is entitled to receive a gas price contingent payment based on incremental after-tax cash flow. NAM is entitled to receive 25% of incremental after-tax cash flow if the realized TTF price is between €50 and €60/MWh and 37.5% of incremental after-tax cash flow if the realized TTF price is greater than €60/MWh.

As at May 1, 2025, management recognized \$89.3 million of total consideration relating to the contingent earn out. The exploration volume contingent consideration and price contingent consideration do not have maximum payment amounts. The exploration volume contingent consideration only applies to future new field exploration and therefore does not apply to contingent or prospective resources identified on currently producing fields. The price contingent consideration applies to pricing that is significantly higher than current market pricing. Tenaz currently does not expect to pay material amounts under the exploration volume contingent consideration and the price contingent consideration.

As at September 30, 2025, contingent consideration recognized on the balance sheet was \$73.2 million with \$47.8 million classified as current and \$25.4 million classified as non-current. The decrease in the contingent consideration from May 1, 2025 to September 30, 2025 was due to lower strip TTF prices. This remeasurement resulted in a \$17.7 million increase to net income for the three and nine months ended September 30, 2025.

The acquisition has been accounted for as a business combination in accordance with IFRS 3 – *Business Combinations*, with the results of operations of the acquired entity included in the consolidated financial statements from the acquisition date of May 1, 2025.

Preliminary purchase price allocation

The preliminary purchase price allocation is based on management’s best estimates as of the reporting date. The fair values of identifiable assets acquired and liabilities assumed are as follows:

(\$000)	Preliminary
Identifiable net assets	
Prepaid expenses and deposits	9,341
Accounts receivable	77,677
Right-of-use assets	32,704
Exploration and evaluation assets	74,970
Property, plant and equipment	1,524,309
Accounts payable and accrued liabilities	(60,433)
Income taxes payable	(46,202)
Lease liabilities	(32,704)
Decommissioning liabilities	(214,227)
Deferred tax liability	(1,075,237)
Total identifiable net assets	290,198
Consideration	
Deposit on acquisition	(35,652)
Cash received	24,785
Contingent consideration	(87,084)
Total consideration	(97,951)
Gain on acquisition	192,247

The gain on acquisition arose as the fair value of property, plant and equipment, exploration and evaluation assets, net of asset retirement obligations exceeded the total consideration paid. The value of property, plant and equipment primarily relates to the discounted value of future cash flows on proved plus probable reserves acquired by Tenaz as evaluated by the Company’s independent third-party reserves evaluator as of January 1, 2025 and updated as of the acquisition date. These reserves include the technical and commercial potential that Tenaz believes is achievable through the increased investment that Tenaz plans to undertake. This planned investment further results in the recognition of exploration and evaluation assets and reduces the present value of decommissioning liabilities due to extending the life of key infrastructure and gas fields.

During the nine months ended September 30, 2025, the Company incurred approximately \$2.3 million in direct transaction costs for legal and advisory services related to the acquisition, which are expensed in the consolidated statements of income. In addition, the company incurred costs to prepare for the operational transition of TEN. In total, \$13.0 million has been expensed relating to direct transaction costs and transition related activities from July 1, 2024 to September 30, 2025.

The acquisition contributed \$76.5 million to revenues and \$12.7 million to net income for the three months ended September 30, 2025. Year-to-date, the acquisition contributed \$119.8 million to revenues and \$20.0 million net income for the period. If the acquisition had occurred on January 1, 2025, management estimates that pro forma consolidated revenues and net income for the nine months ended September 30, 2025 would have increased by approximately \$134.1 million and \$38.8 million, respectively to \$302.6 million and \$246.9 million. These amounts are not necessarily indicative of the results that would have occurred if the acquisition had been completed on that date, nor are they necessarily indicative of future operating results.

The purchase price allocation is preliminary as permitted under IFRS 3. Finalization may result in adjustments to the fair values of identifiable assets and liabilities, including property, plant and equipment,

exploration and evaluation assets, decommissioning liabilities, contingent consideration, and deferred income taxes.

Management judgments and estimation uncertainty

The purchase price allocation measures identifiable assets and liabilities (except for deferred taxes) at fair value. The determination of fair value is estimated based on information available at the date of the acquisition and requires Management to make assumptions and estimates about future events.

The assumptions and estimates with respect to determining the fair value of property, plant and equipment and exploration and evaluation assets generally require significant judgment and include forward price estimates for European natural gas, volume of natural gas and natural gas liquids and associated assumptions, including future production costs, required capital expenditures and reserve life, and discount rate. Assumptions are also required to determine the fair value of the asset retirement obligation ("ARO") associated with the properties and the contingent consideration amount. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities, and gain on acquisition. Future net income or loss will be affected as the fair value on initial recognition impacts future depletion, depreciation and amortization; accretion; and asset impairment or reversal.

4. SEGMENTED INFORMATION

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

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

As at and for the three months ended (\$000)	September 30 2024			September 30 2025		
	Netherlands	Canada	Total	Netherlands	Canada	Total
Total assets	164,016	90,409	254,425	2,025,849	218,112	2,243,961
Exploration and evaluation asset expenditures	462	-	462	285	-	285
Property, plant and equipment asset expenditures	1,831	4,653	6,484	12,437	374	12,811
Capital expenditures	2,293	4,653	6,946	12,722	374	13,096
Heavy crude oil	-	6,216	6,216	-	9,118	9,118
Natural gas liquids	28	253	281	171	403	574
Natural gas	8,035	290	8,325	85,462	482	85,944
Petroleum and natural gas sales	8,063	6,759	14,822	85,633	10,003	95,636
Royalties	-	(1,037)	(1,037)	-	(1,854)	(1,854)
Petroleum and natural gas revenue	8,063	5,722	13,785	85,633	8,149	93,782
Transportation expenses	(17)	(442)	(459)	(1,753)	(587)	(2,340)
Operating expenses	(5,779)	(2,122)	(7,901)	(37,657)	(2,107)	(39,764)
Midstream income ⁽¹⁾	1,663	-	1,663	1,745	-	1,745
General and administrative expenses	(749)	(1,640)	(2,389)	-	(2,758)	(2,758)
Current income taxes	(63)	-	(63)	(5,548)	-	(5,548)
Transaction costs	-	-	(1,315)	-	-	(2,903)
Interest and financing	-	-	104	-	-	(3,357)
Realized foreign exchange gain (loss)	-	-	(65)	-	-	9
Realized gain on derivative instruments	-	-	-	-	-	1,330
Funds flow from operations	3,118	1,518	3,360	42,420	2,697	40,196

(1) Midstream income from Noordgastransport BV

As at and for the nine months ended (\$000)	September 30 2024			September 30 2025		
	Netherlands	Canada	Total	Netherlands	Canada	Total
Total assets	129,665	130,511	260,176	2,025,849	218,112	2,243,961
Exploration and evaluation asset expenditures	1,265	182	1,447	794	-	794
Property, plant and equipment asset expenditures	6,777	5,039	11,816	22,934	9,522	32,456
Capital expenditures	8,042	5,221	13,263	23,728	9,522	33,250
Heavy crude oil	-	21,451	21,451	-	24,826	24,826
Natural gas liquids	158	882	1,040	273	1,134	1,407
Natural gas	22,393	1,831	24,224	144,525	2,678	147,203
Petroleum and natural gas sales	22,551	24,164	46,715	144,798	28,638	173,436
Royalties	-	(3,980)	(3,980)	-	(4,950)	(4,950)
Petroleum and natural gas revenue	22,551	20,184	42,735	144,798	23,688	168,486
Transportation expenses	(511)	(1,512)	(2,023)	(3,290)	(1,718)	(5,008)
Operating expenses	(16,061)	(7,036)	(23,097)	(63,808)	(7,060)	(70,868)
Midstream income ⁽¹⁾	4,192	-	4,192	4,580	-	4,580
General and administrative expenses	(2,522)	(4,874)	(7,396)	-	(6,549)	(6,549)
Current income taxes	3,263	-	3,263	(11,155)	-	(11,155)
Transaction costs	-	-	(2,822)	-	-	(12,414)
Interest and financing	-	-	1,407	-	-	(10,153)
Realized foreign exchange gain (loss)	-	-	(34)	-	-	115
Realized gain on derivative instruments	-	-	-	-	-	1,329
Funds flow from operations	10,912	6,762	16,225	71,125	8,361	58,363

(1) Midstream income from Noordgastransport BV

Reconciliation of funds flow from operations to net income (loss)

(\$000)	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Funds flow from operations	40,196	3,360	58,363	16,225
Unrealized foreign exchange gain (loss)	590	287	1,631	(824)
Unrealized gain (loss) on derivatives	827	(85)	954	838
Share-based compensation	(2,852)	(628)	(5,481)	(1,980)
Amortization of fair value increment of NGT	(248)	(245)	(725)	(726)
Depletion, depreciation and amortization	(36,654)	(5,581)	(63,856)	(15,487)
Accretion of decommissioning liability	(8,610)	(1,376)	(16,211)	(3,975)
Gain on acquisition	-	-	192,247	(470)
Remeasurement of contingent consideration	17,716	-	17,716	-
Deferred tax recovery	13,791	1,814	23,420	4,723
Net income (loss)	24,756	(2,454)	208,058	(1,676)

5. PROPERTY, PLANT AND EQUIPMENT

(\$000)	Total
Cost	
Balance, December 31, 2024	202,771
Additions	32,456
Acquisitions (Note 3)	1,524,309
Decommissioning cost additions and change in estimates (Note 7)	29,370
Foreign exchange	78,755
Balance, September 30, 2025	1,867,661
Depletion, depreciation, amortization and impairment	
Balance, December 31, 2024	(69,584)
Depletion and depreciation	(61,591)
Foreign exchange	(3,133)
Balance, September 30, 2025	(134,308)
Carrying amounts	
(\$000)	
As at December 31, 2024	133,187
Canada	78,243
Netherlands	54,944
As at September 30, 2025	1,733,353
Canada	76,200
Netherlands	1,657,153

6. LONG-TERM DEBT

Bank debt is comprised of the following:

As at (\$000)	September 30 2025	December 31 2024
Revolving facility	-	-
Senior unsecured notes	138,508	138,275
Total	138,508	138,275

National Bank Financial Revolving Facility

The Company's revolving facility with National Bank of Canada in the principal amount of up to \$20 million, expired on August 31, 2025. There were no amounts drawn at the time of expiry.

Senior unsecured notes

In Q4 2024, Tenaz issued \$140 million of senior unsecured notes by way of private placement with institutional investors. The notes bear interest at a rate of 12%, to be paid semi-annually on May 14 and November 14. The notes were placed at par and mature on November 14, 2029.

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

See Note 12.

7. DECOMMISSIONING LIABILITY

(\$000)	
Balance, December 31, 2024	64,207
Additions	37
Acquisition (Note 3)	214,227
Changes in estimates	29,333
Settled	(1,385)
Accretion	16,211
Foreign exchange	16,111
Balance, September 30, 2025	338,741
Canada	6,024
Netherlands	332,717

Tenaz calculated the present value of the decommissioning liability using a credit-adjusted risk-free rate, with risk-free rates based on long-term, risk-free government bonds. Tenaz's credit spread is determined using the Company's expected cost of borrowing at the end of the reporting period.

Tenaz has estimated the decommissioning liability based on current cost estimates of \$1.1 billion (December 31, 2024 - \$132.0 million). Current cost estimates are inflated to the estimated time of abandonment using inflated cost estimates of \$1.5 billion (December 31, 2024 - \$162.9 million).

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

	September 30 2025	December 31 2024
Credit spread	7.8%	7.4%
Risk-free rates		
Canada	3.7%	3.3%
Netherlands	2.9%	2.6%
Inflation rates		
Canada	2.0%	2.0%
Netherlands	2.0%	2.0%

8. SHARE CAPITAL

Issued and outstanding

	Number of Common shares (000's)	Amount (\$000)
Balance, December 31, 2024	27,610	63,405
PSUs and RSUs vested	839	2,660
Options exercised	40	60
Warrants exercised	130	469
Normal course issuer bid	(245)	(555)
Balance, September 30, 2025	28,374	66,039

Subsequent to September 30, 2025, 648,584 common shares were issuable in relation to the Gateway to the Ems ("GEMS") acquisition (the "GEMS Acquisition") as described in Note 12.

Normal Course Issuer Bid (“NCIB”)

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

	Nine months ended September 30 2025	Year ended December 31 2024
Share repurchase activities (000s)		
Shares repurchased	245	330
Amounts charged to (\$000):		
Share capital	555	746
Retained earnings	3,266	484
Share repurchase cost	3,821	1,230
Average cost (\$/share)	15.60	3.73

Long-term incentive plans

Stock Option Plan

A summary of the Company’s outstanding stock options is presented below:

	Number of Stock Options (000’s)	Weighted Average Exercise Price (\$)	Remaining contractual life (years)
Balance, December 31, 2024	1,245	2.70	1.71
Options exercised	(40)		
Balance, September 30, 2025	1,205	2.70	1.14

Tenaz Incentive Plan (“TIP”)

The following table summarizes the number of awards under the TIP:

(000’s)	Number of TIP Awards			Total
	PSUs	RSUs	DSUs	
Balance, December 31, 2024	1,595	120	97	1,812
Granted	871	28	55	954
Vested	(406)	(28)	-	(434)
Forfeited	(16)	(10)	-	(26)
Balance, September 30, 2025	2,044	110	152	2,306

Weighted average common shares

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Net income (\$000)	24,756	(2,454)	208,058	(1,676)
Weighted average common shares (000s)				
Basic	28,377	27,360	27,998	26,959
Diluted ⁽¹⁾	33,081	27,360	32,721	26,959
Net income (loss) per share				
Basic	0.87	(0.09)	7.43	(0.06)
Diluted	0.75	(0.09)	6.36	(0.06)

(1) Diluted weighted average common shares includes the impact of 2.4 million warrants outstanding.

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

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

9. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. The Company's objectives when managing capital are to i) deploy capital in order to provide an appropriate return on investment to its shareholders; ii) maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and iii) maintain a capital structure that provides financial flexibility to execute strategic acquisitions.

The Company's strategy is designed to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying crude oil and natural gas properties. Tenaz considers its capital structure to include shareholders' equity, working capital and long-term debt, including contingent consideration payable. In order to maintain or adjust its capital structure, the Company may from time to time issue new common shares, seek debt financing and adjust its capital spending to manage adjusted net debt and liquidity.

In order to facilitate the management of its capital expenditures and adjusted working capital, the Company prepares annual budgets which are updated quarterly depending upon varying factors including current and forecast crude oil and natural gas prices, capital expenditures, acquisitions and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

Management views net debt as a key industry benchmark and measure to assess the Company's financial position and liquidity. Net debt is calculated as current assets less current liabilities, excluding the fair value of derivative instruments, plus long-term debt and contingent consideration.

Net debt at September 30, 2025 and December 31, 2024 is summarized as follows:

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

(1) See note 12

10. LEASES

During the nine months ended September 30, 2025, the Company acquired lease obligations related to the TEN Acquisition (see Note 3 – Business Combination). The lease liability primarily relates to a contract with a third-party service provider for the provision of Walk-to-Work vessel services that has been assessed as a lease under IFRS 16. As at September 30, 2025, the carrying value of the associated right-of-use asset was approximately \$31.9 million.

The following table outlines the undiscounted lease payment obligations as at September 30, 2025:

As at (\$000)	September 30 2025	December 31 2024
Less than 1 year	10,798	56
1 - 3 years	22,725	269
3 - 5 years	5,158	-
Total lease payments	38,681	325
Amounts representing interest	(7,383)	(57)
Present value of net lease payments	31,298	268
Current portion of lease obligations	(10,753)	-
Non-current portion of lease obligations	20,545	268

11. SUPPLEMENTAL INFORMATION

Crude oil and natural gas contracts

The following is a summary of the crude oil and natural gas sales contracts in place as at November 5, 2025:

Reference Price	Term Start	Term End	Volume	Currency/Unit	Swap Price	Put Strike	Call Strike	Expiry
Financial hedges								
TTF Heren DA	1-Oct-25	31-Dec-27	1,440	€/MWh	30.15	-	-	-
TTF Heren DA	1-Oct-25	31-Mar-26	1,080	€/MWh	-	30.00	38.17	-
TTF Heren DA	1-Apr-26	31-Dec-27	3,740	€/MWh	29.72	-	-	-
TTF Heren DA	1-Nov-25	31-Dec-27	360	€/MWh	29.50	-	-	-
TTF Heren DA	1-Nov-25	31-Mar-26	1,220	€/MWh	-	30.00	34.9	-
WTI, CMA	1-Jul-25	31-Dec-25	250	\$/bbl	-	60.00	75.00	-
AECO 5a	1-Jan-26	31-Dec-27	2,500	\$/GJ	3.00	-	-	-
Swaptions⁽¹⁾								
TTF HEREN DA	1-Jan-27	31-Dec-27	1,440	€/MWh	35.00	-	-	28-Nov-25
Physical hedges								
TTF HEREN DA	1-Jan-25	31-Dec-25	9,120	€/MWh	35.32	-	-	-
TTF HEREN DA	1-Oct-25	31-Mar-26	384	€/MWh	42.50	-	-	-
TTF HEREN DA	1-Oct-25	31-Mar-26	408	€/MWh	-	36.00	46.22	-
TTF HEREN DA	1-Jan-26	31-Dec-26	7,632	€/MWh	31.38	-	-	-
AECO 5a	1-Apr-25	31-Oct-25	1,100	\$/GJ	2.22	-	-	-
AECO 5a	1-Nov-25	31-Mar-26	500	\$/GJ	3.32	-	-	-

12. SUBSEQUENT EVENTS

Acquisition of GEMS Working Interest

On October 6, 2025, Tenaz closed the acquisition of the issued and outstanding shares of Hansa Hydrocarbons Limited, with interests in the GEMS project on the boundary of the Dutch and German sectors of the North Sea. Purchase price was US\$244 million (\$340 million), comprised of US\$232 million (\$323 million) in cash and US\$12 million (\$17 million) in Tenaz common shares, with contingent consideration of up to US\$60 million (\$83 million) based on the success of future exploration projects.

The GEMS properties consist of five highly prospective licenses, three in the Netherlands and two in Germany, that cover 1,811 km² (447,000 acres). Tenaz non-operated working interests in the licenses range from 22.5% to 45%. Current production comes from the N05-A platform, installed in August 2024, with a nameplate capacity of 225 MMcf/d before future expansion.

Cash consideration for the acquisition was funded with cash-on-hand and a private placement of senior unsecured notes of the same series as the original notes issued in November 2024. See note 6.

The gross proceeds raised under the additional notes were \$178.9 million, placed at an 8.4% premium to the underlying par value of \$165 million. Tenaz's early redemption options and maturity dates are the same as the original issue, being May 2027 and November 2029, respectively.

At the time of the financial statements were prepared, the information required to perform a preliminary purchase price allocation was not yet available.

Syndicated revolving facility

On October 6, 2025, the Company established a new secured revolving reserve based lending arrangement ("RBL Facility") with a syndicate of lenders including National Bank Capital Markets, Canadian Imperial Bank of Commerce, and Goldman Sachs. The new \$115 million RBL Facility replaces the previous \$20 million revolving credit facility. The new RBL Facility has a two-year term with semi-annual borrowing base redeterminations. Interest rates are determined using a benchmark rate plus a rate margin based on our total net debt-to-EBITDA ratio. The RBL Facility is subject to customary conditions for such arrangements. The RBL Facility remains undrawn after the Acquisition.

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Anna Alderson
Independent Director

John Chambers
Independent Director

Varinia Radu
Independent Director

Mark Rollins
Independent Director

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Jamie Gagner
Vice President and General Counsel

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Vice President, Finance

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Jennifer Russel-Houston
Vice President, Geoscience

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Goldman Sachs
Calgary, Alberta

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REGISTRAR & TRANSFER AGENT

Odyssey Trust Company
Calgary, Alberta

STOCK TRADING

Toronto Stock Exchange
Trading Symbol: TNZ

