

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following management’s discussion and analysis (“MD&A”) of financial condition and results of operations for Tenaz Energy Corp. (the “Company” or “Tenaz”) is dated November 5, 2025 and should be read in conjunction with the Company’s unaudited interim condensed consolidated financial statements and related notes for the three and nine months ended September 30, 2025 and 2024, the audited consolidated financial statements and related notes for the years ended December 31, 2024 and 2023, as well as the Company’s Annual Information Form (“AIF”). These documents can be found on SEDAR+ at www.sedarplus.ca.

The unaudited interim condensed consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards, specifically International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”), which are sometimes referred to in this MD&A as Generally Accepted Accounting Principles (“GAAP”).

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

Readers are cautioned that the MD&A also contains forward-looking statements and should be read in conjunction with the advisories under “Forward-looking Information” included in this MD&A.

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

DESCRIPTION OF BUSINESS

Tenaz 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. Additional information regarding Tenaz is available on SEDAR+ and at www.tenazenergy.com. Tenaz’s common shares are listed for trading on the Toronto Stock Exchange under the symbol “TNZ”.

2025 ACQUISITIONS

Acquisition of NAM Offshore B.V. (“NOBV”)

On July 18, 2024, Tenaz entered into an agreement with Nederlandse Aardolie Maatschappij B.V. (“NAM”), a 50/50 joint venture between Shell PLC and ExxonMobil Corporation, to acquire all the issued and outstanding shares of NOBV for base consideration of €165 million (\$250 million), prior to closing adjustments and contingent payments of up to €120 million (\$180 million) based on a percentage of future free cash flow for 2025, 2026, and 2027. NOBV’s assets consist of a portfolio of production and exploration licenses in the Dutch North Sea and ownership interests in two pipeline systems. On signing, Tenaz paid a €23 million (\$34 million) deposit using cash on hand and a drawing from a revolving facility.

On May 1, 2025, Tenaz closed the acquisition of NOBV (the “TEN Acquisition”). Concurrent with closing of the TEN Acquisition, NOBV was renamed Tenaz Energy Netherlands B.V. (“TEN”). As a result of purchase price adjustments from January 1, 2024 until closing on May 1, 2025, Tenaz received approximately €15 million at completion of the TEN Acquisition.

Acquisition of Gateway to the Ems (“GEMS”) Working Interest

Subsequent to the quarter end, 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 (the “GEMS Acquisition”). Purchase price was US\$244 million (\$339 million),

comprised of US\$232 million (\$323 million) in cash and US\$12 million (\$17 million) in common shares, with contingent consideration of up to US\$60 million (\$83 million) based on the success of future exploration projects. The GEMS assets consist of the currently producing N05-A platform and interests in five highly prospective licenses.

PRODUCTION AND CAPITAL GUIDANCE

The following tables summarize our 2025 production and capital guidance. Tenaz's initial 2025 guidance was approved by the Tenaz Board of Directors on December 17, 2024.

On May 1, 2025, following completion of the TEN Acquisition, Tenaz updated its guidance to include TEN's estimated production and capital investment for the eight-month period beginning on completion. On October 6, 2025, following completion of the GEMS Acquisition, Tenaz updated its guidance to reflect the incremental production and capital anticipated for further development of the GEMS area during Q4 2025.

	Previous 2025 Guidance (issued December 17, 2024)	Revised 2025 Guidance (issued May 1, 2025)	Revised 2025 Guidance (issued October 6, 2025)
2025 average production volumes (boe/d) ⁽¹⁾	2,900 to 3,100	9,000 to 9,500	9,500 to 10,000
Capital expenditures ⁽²⁾ (\$MM)	\$31.7 to \$35.7	\$86.7 to \$96.7	\$101.7 to \$111.7
Drilling and development	\$30.0 to \$34.0	\$85.0 to \$95.0	\$100.0 to \$110.0
Exploration and evaluation	\$1.7	\$1.7	\$1.7

⁽¹⁾ 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. Refer to "Barrels of Oil Equivalent" section included in the "Advisories" section.

⁽²⁾ This is a non-GAAP measure. Refer to "Non-GAAP and Other Financial Measures" included in the "Advisories" section.

RESULTS OF OPERATIONS

(\$000, except per share and pre boe amounts)	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Production					
Heavy crude oil (bbls/d)	1,282	1,244	794	1,160	951
Natural gas liquids (bbls/d)	111	103	54	95	65
Natural gas (Mcf/d)	62,634	39,909	10,119	38,111	9,777
Total (boe/d)	11,832	7,998	2,535	7,608	2,646
Net income (loss)	24,756	188,610	(2,454)	208,058	(1,676)
Per share – basic	0.87	6.73	(0.09)	7.43	(0.06)
Per share – diluted	0.75	5.77	(0.09)	6.36	(0.06)
Cash flow from operating activities	34,587	49,837	11,923	80,613	6,221
Funds flow from operations ⁽¹⁾	40,196	17,214	3,360	58,363	16,225
Per basic share ⁽¹⁾	1.42	0.61	0.12	2.08	0.60
Per basic diluted share ⁽¹⁾	1.22	0.53	0.11	1.78	0.54
Net debt ⁽¹⁾	(55,041)	(100,248)	8,999	(55,041)	8,999
Activity					
Drilling and development	12,811	10,636	6,484	32,456	11,816
Exploration and evaluation	285	198	462	794	1,447
Capital expenditures ⁽¹⁾	13,096	10,834	6,946	33,250	13,263

⁽¹⁾ This is a non-GAAP and other financial measure. Refer to “Non-GAAP and Other Financial Measures” included in the “Advisories” section of the MD&A.

Net income

- Net income for the three and nine months ended September 30, 2025 was \$24.8 million and \$208.1 million, respectively, compared against net losses in the prior year periods. The increases in net income were primarily due to the contributions from the TEN Acquisition. During the three and nine months ended September 30, 2025, TEN contributed \$12.7 million and \$20.0 million, respectively, of net income.
- Net income for Q3 2025 of \$24.8 million compared against net income of \$188.6 million in Q2 2025 with the change primarily due to the absence of the \$192.2 million gain on acquisition recorded in the previous quarter. In the current quarter, we also recorded a \$17.7 million increase to net income due to the remeasurement of the contingent consideration recognized on the TEN Acquisition.

Funds Flows from Operations (“FFO”) and Cash Flow from Operating Activities

- FFO for the three and nine months ended September 30, 2025 was \$36.8 million and \$42.1 million higher than the comparable periods in 2024 due to three months and five months, respectively, of contribution from TEN, partially offset by transaction costs and interest expense from the senior unsecured notes which were issued November 2024.
- Cash flow from operating activities increased for the three and nine months ended September 30, 2025 as compared to the comparable periods in 2024 due to higher FFO.
- FFO for Q3 2025 was \$23.0 million higher than Q2 2025 due to a full quarter of contribution from TEN, which contributed approximately \$36.4 million to FFO, partially offset by residual transaction costs associated with transition activities for the TEN Acquisition.
- Cash flow from operating activities for Q3 2025 decreased versus Q2 2025 due to the settlement of accounts payable assumed with the TEN Acquisition.

Capital Expenditures

- In Canada, there were minor well workover and facility optimization projects in the third quarter. Planned 2025 capital activities were primarily completed in the first quarter and included the drilling of three gross (2.4 net) unstimulated horizontal wells – one (1.0 net) well in the Eilerslie formation and two (1.4 net) in the Glauconitic Sand. The three wells were successfully drilled and brought online at the end of Q1 2025.
- In the Netherlands, third quarter activity included preparation for drilling expected to commence in Q4 2025 and work on a compressor rewheel project. Capital expenditures in the year-to-date period also included costs for a significant turnaround on both the HiCal and LoCal gas plants at the Den Helder Gas Terminal and associated maintenance capital for offshore production facilities including the scheduled replacement of a gas compressor.

Production

	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Canada					
Heavy crude oil (bbls/d)	1,282	1,244	794	1,160	951
Natural gas liquids (bbls/d)	94	94	50	84	58
Natural gas (Mcf/d)	5,701	5,674	4,155	5,611	4,317
Canada (boe/d)	2,326	2,284	1,537	2,180	1,729
Netherlands					
Natural gas liquids (bbls/d)	17	9	4	11	7
Natural gas (Mcf/d)	56,933	34,235	5,964	32,499	5,460
Netherlands (boe/d)	9,506	5,715	998	5,428	917
Total Company					
Heavy crude oil (bbls/d)	1,282	1,244	794	1,160	951
Natural gas liquids (bbls/d)	111	103	54	95	65
Natural gas (Mcf/d)	62,634	39,909	10,119	38,111	9,777
Company (boe/d)	11,832	7,998	2,535	7,608	2,646

Canada

- Production for Q3 2025 was above Q2 2025 rates due to the facility optimization projects undertaken in the quarter resulting in improved up-time and higher gas throughput capacity.
- Production for the nine-month period was higher year-over-year due to the contributions from the Q1 2025 drilling activity.

Netherlands

- Production for Q3 2025 was higher than Q2 2025 due to a full quarter of contribution from TEN.
- Production for the third quarter increased 66% from the prior quarter due to the additional contribution from the assets acquired in May of this year. Because of the timing of the TEN acquisition's closing, the prior quarter recognized only two months of contributions from the TEN assets. The impact of one additional month of production recognized in Q3 2025 was partially offset by the impact of planned maintenance and turnaround activity conducted during September 2025.

FINANCIAL REVIEW

Petroleum and Natural Gas Sales

(\$000 except per boe)	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Petroleum and natural gas sales				
Canada	10,003	6,759	28,638	24,164
Netherlands	85,633	8,063	144,798	22,551
Company	95,636	14,822	173,436	46,715
Average realized prices				
Heavy crude oil (\$/bbl)	77.30	85.07	78.37	82.33
Natural gas liquids (\$/bbl)	56.26	57.15	54.24	58.44
Natural gas (\$/Mcf)	14.92	8.94	14.15	9.04
Petroleum and natural gas sales (\$/boe)	87.86	63.57	83.51	64.45
Canada (\$/boe)	46.76	47.81	48.13	51.02
Netherlands (\$/boe)	97.92	87.86	97.72	89.77
Company	87.86	63.57	83.51	64.45
Average benchmark prices				
WTI crude oil (US\$/bbl)	64.95	75.20	100.56	77.56
WCS differential (US\$/bbl)	(10.38)	(12.90)	(11.06)	(15.27)
US\$/CAD\$ exchange rate	0.73	0.74	0.72	0.74
WCS (CAD\$/bbl)	75.15	85.02	77.80	84.78
AECO daily spot (CAD\$/Mcf)	0.63	0.71	1.48	1.35
TTF (CAD\$/Mcf)	15.34	15.66	17.40	13.74

- Petroleum and natural gas sales for the three and nine months ended September 30, 2025 was \$80.8 million and \$126.7 million higher than the comparative periods in 2024 due to the contributions from TEN and production growth in Canada.
- TEN contributed \$76.5 million (\$16.57/Mcf or \$99.43/boe) and \$119.8 million (\$16.27/Mcf or \$97.60/boe) in the three and nine months ended September 30, 2025, respectively. As a result of the increased weighting to TTF gas, average realized price for the three and nine months ended September 30, 2025 increased to \$87.86/boe and \$83.51/boe, a 38% and 30% increase from the comparable 2024 periods.

Royalties

(\$000 except per boe)	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Royalties				
Canada	1,854	1,037	4,950	3,980
Company	1,854	1,037	4,950	3,980
As a percentage of sales				
Canada	18.5%	15.3%	17.3%	16.5%
Company	1.9%	7.0%	2.9%	8.5%

Royalties are payable in Canada under standard terms depending on the underlying mineral rights. Royalties payable are influenced by a number of factors including capital spending and realized commodity prices. Royalty rates in the 2025 periods were higher than in the prior year due to wells coming off royalty holidays. Royalty expense overall fluctuated as a result of differences in sales.

Transportation Expenses

(\$000 except per boe)	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Transportation expenses				
Canada	587	442	1,718	1,512
Netherlands	1,753	17	3,290	511
Company	2,340	459	5,008	2,023
Per boe				
Canada	2.74	3.12	2.89	3.19
Netherlands	2.00	0.19	2.22	2.03
Company	2.15	1.97	2.41	2.79

Transportation costs are incurred in both regions to get processed oil and gas to markets. Canadian transportation costs are a function of the cost of trucking clean oil to sales points and offsets to get natural gas to the market. Netherlands transportation costs are a function of pipeline tariffs. A portion of the pipeline tariffs we incur are ultimately offset by income from our ownership interest in Noordtgastransport BV (“NGT”) recorded as other income.

Transportation expense for the three and nine months ended September 30, 2025 increased by \$1.9 million and \$3.0 million, respectively, as compared to the same periods in 2024 due to additional transportation expense from the first full quarter of recorded activity for TEN.

Operating Expenses

(\$000 except per boe)	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Operating expenses				
Canada	2,107	2,122	7,060	7,036
Netherlands	37,657	5,779	63,808	16,061
Company	39,764	7,901	70,868	23,097
Per boe				
Canada	9.85	15.02	11.87	14.85
Netherlands	43.06	62.96	43.06	63.94
Company	36.53	33.89	34.12	31.86

Canada

- Operating expenses in Canada were consistent for the three and nine months ended September 30, 2025 with 2024. This was coupled with an increase in volumes resulting in lower costs on a per unit basis.

Netherlands

- Operating expenses in the Netherlands increased for the three and nine months ended September 30, 2025 from the 2024 periods due to the TEN assets being recognized for a full quarter. TEN operating expenses for the three and nine months ended September 30, 2025 were approximately \$32.6 million (\$42.99/boe) and \$47.9 million (\$39.03/boe), respectively.
- As the TEN operating expenses are lower on a per boe basis than our pre-existing non-operated interests in the Netherlands, overall Netherlands operating expense per boe decreased 31% and 33% for the three and nine months ended September 30, 2025, respectively, compared to the same periods in the prior year.

Other (Income) Expenses

(\$000)	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Income from associate ⁽¹⁾	(1,497)	(1,418)	(3,855)	(3,466)
Interest expense (income)	3,357	(104)	10,153	(1,407)
Gain on acquisition	-	-	(192,247)	470
Remeasurement of contingent consideration	(17,716)	-	(17,716)	-

(1) Tenaz includes the income from its associate, NGT, in midstream income.

Income from associate

Tenaz recognizes its share of the net income of its affiliate NGT in income for its proportionate share of the underlying results. NGT is a company that owns and operates one of the three main pipeline networks servicing the Dutch North Sea (“DNS”) for gathering and processing of offshore natural gas. The primary revenue stream for NGT includes tariffs and throughput-based recoveries for its pipeline network from upstream producers of natural gas in its operating area. The ultimate realization of earnings to cash is completed through dividend payments.

Income from NGT was relatively consistent in the 2025 periods as compared to 2024. TEN does not own a share in NGT and therefore the TEN Acquisition did not impact income from associate. Working interest percentages in the facilities and pipelines within TEN are generally aligned with our relative throughput and are accounted for in consolidated operating and transportation expenses.

Interest and financing

Interest expense reflects interest paid on Tenaz’s long-term debt and lease liabilities net of interest earned on Tenaz’s cash and restricted cash. Fluctuations in interest expense primarily resulted from changes in Tenaz’s cash, restricted cash and long-term debt, as well as differences in associated interest rates. In Q4 2024, Tenaz issued \$140 million in senior unsecured notes bearing interest at 12%. The proceeds were used to repay the revolving credit facility and the residual resulted in a positive cash position on which the balance earns market interest rates. These changes resulted in interest expense in the 2025 periods as compared to interest income in the prior year.

General and Administrative Expenses (“G&A”) & Transaction Costs

(\$000)	Q3 2025	Q3 2024	YTD 2025	YTD 2024
General and administrative	2,758	2,389	6,549	7,396
Transaction costs	2,903	1,315	12,414	2,822

General and administrative

G&A costs were higher in the third quarter of 2025 compared to the third quarter of 2024 due to additional personnel and office related expenses as a result of the Company’s growth year-over-year. Year-to-date, G&A costs were lower as compared to the prior year due to more activity focused on the closing of the TEN Acquisition prior to May 1, 2025 and on operational and capital activities subsequent to May 1, 2025. This resulted in increased expenses recognized to transactions costs, operating expenses, and capital expenditures.

Transaction costs

Transaction costs stem from professional services, encompassing legal, tax advisory, and business consulting expenses, along with costs associated with technical and financial due diligence. Tenaz classifies these expenses as transaction costs once an opportunity advances beyond the offer stage and continues to classify as such until the transaction has closed. After the offer stage and before closing, costs incurred are more directly linked to a specific opportunity rather than the broad activities of the Company. Transaction costs include the costs to transition the acquired business to Tenaz operatorship.

The differentiation between general and administrative expenses and transaction costs seeks to present the ongoing operational costs of Tenaz and the execution of its strategy as distinct from the costs tied to specific opportunities that may ultimately result in completed transactions.

Transaction costs during the three and nine months ended September 30, 2025 were higher than 2024 largely due to activities relating to the operational transition of TEN. Certain software implementation and licensing costs incurred for the transition have been recognized as prepaid expenses on the balance sheet.

Gain on acquisition

Tenaz recorded a \$192.2 million gain on the TEN Acquisition in Q2 2025. 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. These reserves reflect 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.

Remeasurement of contingent consideration

Consideration for the TEN Acquisition included contingent consideration comprising contingent earn-out, exploration volume contingent consideration, and price contingent consideration. Under IFRS, the fair value of contingent consideration is recognized based on acquisition date facts and circumstances and remeasured at each future reporting period, with increases or decreases recorded through profit or loss.

As at September 30, 2025, a decrease in TTP strip pricing compared to the acquisition date resulted in a decrease in the expected payments due pursuant to the contingent earn-out.

Share-based Compensation; Depletion, Depreciation and Amortization ("DD&A"); and Accretion of Decommissioning Liability

(\$000)	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Share-based compensation expense	2,852	628	5,481	1,980
Depletion, depreciation and amortization	36,654	5,581	63,856	15,487
Accretion of decommissioning liability	8,610	1,376	16,211	3,975

Share-based compensation

The Company has in place a shareholder-approved Tenaz Incentive Plan (the "TIP") pursuant to which the Company issues share-based long-term incentives to Directors, officers, employees and independent contractors of the Company and/or its affiliates. The types of awards available under the TIP include options, restricted share units ("RSUs"), performance share units ("PSUs"), deferred share units ("DSUs") and dividend-equivalent rights (collectively, "Awards").

Awards issued to employees in the Netherlands are expected to be settled in cash and are therefore 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.

Share-based compensation expense increased in the 2025 periods as compared with the prior year due to increased TIP issuances associated with additional head count in preparation for the closing of the TEN Acquisition and to support the general growth of the Company, and cash-settled awards issued to TEN employees.

Depletion, depreciation and amortization ("DD&A")

DD&A for the 2025 periods was higher than the prior year due to additional expense associated with TEN (\$28.1 million and \$43.9 million recognized in the three and nine months ended September 30, 2025, respectively). DD&A per boe for the three and nine months ended September 30, 2025 was \$33.67 and \$46.37, respectively, as compared to \$23.93 and \$32.34 for the same periods in 2024. The increases are primarily due to the assets acquired from the TEN Acquisition, which have a relatively higher DD&A per boe than the

Company average (after measuring the TEN assets at fair value, which resulted in the recognition of a \$192.2 million gain on acquisition).

Accretion expense

Accretion expense represents the increase in the decommissioning liability resulting from the passage of time. Accretion expense increased in 2025 as compared to 2024 due to additional expense associated with TEN (\$6.8 million and \$11.0 million recognized in the three and nine months ended September 30, 2025, respectively).

Derivative Instruments

The Company has a risk management program in place with the objectives of reducing the volatility of crude oil and natural gas sales, increasing the certainty of funds flow from operations, protecting development economics, complying with its banking covenants and reducing foreign currency risk.

(\$000)	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Unrealized loss (gain) on derivative instruments	(828)	85	(954)	(838)
Realized (gain) on derivative instruments	(1,329)	(378)	(1,329)	471
Gain on derivative instruments	(2,157)	(293)	(2,283)	(367)

The derivative gain in 2025 pertains primarily to changes in the mark-to-market of commodity swaps outstanding in 2025 arising from the differences in the forward price compared to the contract price of outstanding contracts.

Foreign currency derivative contracts

As at September 30, 2025, Tenaz had no outstanding foreign currency derivative contracts

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	34.90	-
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	-	-	-

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

Income Taxes

The Company's income taxes are detailed below:

(\$000)	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Income Taxes				
Current	5,548	63	11,155	(3,263)
Deferred	(13,791)	(1,814)	(23,420)	(4,723)
Income tax recovery	(8,243)	(1,751)	(12,265)	(7,986)
Current Income Taxes				
Canada	-	-	-	-
Netherlands	5,548	63	11,155	(3,263)
Company	5,548	63	11,155	(3,263)

Current taxes

In the Netherlands, a 50% effective income tax rate is applied to taxable profit from upstream oil and gas activity. In calculating taxable profit, an additional 10% uplift deduction is applied to decrease taxable profit from certain deductions, including operating, general and administrative, depletion and decommissioning costs. In addition, a 40% deduction applies to capital expenditures in calculating state profit share tax, which is approximately half of the 50% effective income tax rate.

Current tax expense was recognized in the year-to-date 2025 period as compared to a current tax recovery in the prior year. The prior year period recovery related to re-filed prior period tax returns. In the current year, current tax expense relates to TEN for taxable income in the period following the closing on May 1, 2025.

Deferred taxes

The deferred tax recovery in 2025 is primarily associated with higher DD&A and accretion recognition for accounting as compared to the amount included in the calculation of taxable income. A deferred tax liability was recognized for the TEN Acquisition and the unwinding of this liability will result in a recovery in net income partially offsetting the DD&A and accretion expense recognized on fair value of the assets and liabilities over the life of the producing assets.

CAPITAL EXPENDITURES

(\$000)	Q3 2025	Q3 2024	YTD 2025	YTD 2024
By classification				
Drilling and development	12,811	6,484	32,456	11,816
Exploration and evaluation	285	462	794	1,447
Capital expenditures	13,096	6,946	33,250	13,263
By country				
Canada	374	4,653	9,522	5,221
Netherlands	12,722	2,293	23,728	8,042
Capital expenditures	13,096	6,946	33,250	13,263
By category				
Drilling and completions	5,722	2,931	10,992	3,665
Facilities and pipelines	5,123	1,040	15,729	1,597
Workovers and recompletions	1,947	2,195	4,830	6,192
Equipping and tie-in	-	194	635	181
Carbon capture and storage project	285	462	794	1,447
Land	5	58	47	58
Geological and geophysical	11	10	11	67
Other	3	56	212	56
Capital expenditures	13,096	6,946	33,250	13,263

In the 2025 year-to-date period, capital expenditures in Canada primarily related to the 2025 drilling program (completed in Q1) while Netherlands capital expenditures primarily related to turnaround activities at the Den Helder Gas Terminal during Q2, and offshore compression replacements and preparation for the fourth quarter drilling activity.

DECOMMISSIONING LIABILITY

At September 30, 2025, Tenaz's decommissioning liability was \$338.7 million (December 31, 2024 - \$64.2 million) for the future abandonment and reclamation of Tenaz's properties. The increase in the decommissioning liability resulted from the TEN Acquisition, accretion and a strong Euro relative to the Canadian dollar, offset by a higher discount rate. The estimated decommissioning liability includes assumptions for the costs to abandon wells or reclaim property and the time frame in which such costs will be incurred, as well as annual inflation factors used to calculate the undiscounted total future liability.

The calculation of decommissioning liability applied the following rates:

	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%

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

Accretion expense is the increase in the decommissioning liability resulting from the passage of time.

CAPITAL RESOURCES AND LIQUIDITY

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

The Company's policy is to maintain a strong capital base to enhance investor, creditor and market confidence and to sustain the future development of the business.

Tenaz ended September 30, 2025 with a net debt position of \$55.0 million as compared to an adjusted working capital position of \$10.0 million as at December 31, 2024. The increase in net debt largely relates to the recognition of contingent consideration related to the TEN Acquisition of \$73.2 million, of which \$47.8 million is classified as current and is expected to be paid in Q1 2026 and \$25.4 million is classified as non-current and is expected to be paid in Q1 2027.

Under the TEN Acquisition, 50% of TEN FCF in 2025 and 2026 and 25% of TEN FCF in 2027 is paid to the seller in the first quarter following each respective calendar year. Contingent consideration recognized is estimated based on Tenaz's proved plus probable ("2P") reserve profile, current strip commodity prices as at the balance sheet date, and future cost assumptions. The amount of contingent consideration recognized and ultimately paid will fluctuate as these assumptions change due to market and timing factors.

Subsequent to the quarter-end, on October 6, 2025, Tenaz signed and closed the GEMS Acquisition, funding the \$323.0 million cash purchase price through the issuance of additional senior unsecured notes (\$178.9 million gross proceeds) and the remainder through cash-on-hand of \$144.1 million. The working capital deficit following the GEMS Acquisition is expected to be funded through free cash flow generation and, if necessary, the syndicated revolving facility entered into on October 6, 2025 and further described below.

Restricted Cash

Current assets includes restricted cash. Restricted cash primarily consists of moneys deposited as decommissioning security for Tenaz’s interest in the Netherlands assets, pursuant to decommissioning security agreements (“DSA”) in place for the offshore licenses. During 2025, Tenaz received back €2.7 million (approximately \$4.4 million) of decommissioning security pursuant to a decrease in the required security amount under the DSAs.

Under the DSAs, decommissioning security is calculated and posted annually.

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

Long-term Debt

Financial revolving facility

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

Syndicated revolving facility

Subsequent to the quarter-end, on October 6, 2025 Tenaz established a new \$115 million secured revolving reserve based lending arrangement with a syndicate of lenders including National Bank Capital Markets, Canadian Imperial Bank of Commerce, and Goldman Sachs. The syndicated 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 the applicable benchmark and our total net debt-to-EBITDA ratio. The syndicated facility is subject to customary conditions for such arrangements. As of November 5, 2025, the facility is undrawn.

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%, paid semi-annually on May 14 and November 14. The notes were placed at par and mature on November 14, 2029.

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

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

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

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

Additional senior unsecured notes

Subsequent to the quarter-end, on October 3, 2025 Tenaz completed a private placement of senior unsecured notes of the same series as the original notes issued in November 2024. The additional notes were placed at an 8.4% premium to underlying par value of \$165 million for gross proceeds of \$178.9 million. Call and maturity dates are the same as the original notes issue, May 2027 and November 2029, respectively. The proceeds of the additional notes issue were used to fund a portion of the cash consideration of the GEMS Acquisition which closed on October 6, 2025.

Liquidity Risk

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

Accounts payable and accrued liabilities are due in less than one year. Contingent consideration is due during Q1 2026, Q1 2027 and Q1 2028 and relates to, and will be paid out of, free cash flow generated by TEN. The senior unsecured notes are due in November 2029.

The following table summarizes the Company's significant contractual obligations and commitments by maturity, as at September 30, 2025:

(\$000)	Less than 1 year	1-3 years	3-5 years	Total
Long-term debt and associated interest payments	16,800	50,400	145,600	212,800
Lease obligations	10,753	22,725	5,168	38,646
Contingent consideration	47,761	25,369	-	73,130
Software subscriptions	3,591	4,242	1,893	9,726
Vessel commitments	59,113	4,709	-	63,822
Total contractual obligations and commitments	138,018	107,445	152,661	398,124

Shareholders' Equity

Tenaz had the following outstanding securities:

(000s)	September 30 2025	December 31 2024
Common shares	28,374	27,610
Warrants	2,409	2,539
Options	1,205	1,245
TIP Awards		
PSUs	2,044	1,595
RSUs	110	120
DSUs	152	97

Subsequent to September 30, 2025, 648,584 common shares are issuable in relation to the GEMS Acquisition.

A summary of the Company's change in common shares during the period is presented below:

(000s)	Number of Common shares
Balance, December 31, 2024	27,610
PSUs and RSUs vested	839
Options exercised	40
Warrants exercised	130
Normal course issuer bid	(245)
Balance, September 30, 2025	28,374

Share Repurchases

On February 11, 2025, the Toronto Stock Exchange approved the Company's application to commence an NCIB. Under the NCIB Tenaz may purchase up to 2.5 million common shares (approximately 9.0% of the outstanding common shares) over a twelve-month period beginning February 14, 2025 with a daily maximum purchase of 15,896 common shares. A summary of the Company's NCIB activities is presented below:

(\$000, except as noted)	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Share repurchase activities				
Common shares repurchased (000's)	37	21	245	330
Share repurchase cost	737	76	3,821	1,230
Average cost per share (\$)	19.92	3.62	15.60	3.73

Shareholders' Equity Update

As of the date of this MD&A, the following instruments were outstanding:

	November 5th 2025
(000s)	
Common shares ⁽¹⁾	28,416
Warrants	2,390
Options	1,205
TIP Awards	
PSUs	2,010
RSUs	110
DSUs	152

⁽¹⁾ Excludes 648,584 common shares issuable in relation to the GEMS Acquisition.

SUMMARY OF QUARTERLY RESULTS

Quarters Ended (\$000, except per share and per boe amounts)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Financial								
Petroleum and natural gas revenue	93,782	58,413	16,291	14,990	13,785	12,591	16,359	19,562
Cash flow from operating activities	34,587	49,837	(3,811)	23	11,923	(11,920)	6,218	8,927
Funds flow from operations ⁽¹⁾	40,196	17,214	953	8,299	3,360	5,822	7,043	13,401
Per share – basic ⁽¹⁾	1.42	0.61	0.03	0.30	0.12	0.22	0.26	0.50
Per share – diluted ⁽¹⁾	1.22	0.53	0.03	0.26	0.11	0.19	0.24	0.45
Net income (loss)	24,756	188,610	(5,308)	(6,037)	(2,454)	1,335	(557)	3,515
Per share – basic	0.87	6.73	(0.19)	(0.22)	(0.09)	0.05	(0.02)	0.13
Per share – diluted	0.75	5.77	(0.19)	(0.22)	(0.09)	0.04	(0.02)	0.12
Capital expenditures ⁽¹⁾	13,096	10,834	9,320	4,962	6,946	2,501	3,816	2,967
Net debt ⁽¹⁾	(55,041)	(100,248)	(497)	9,953	8,999	44,343	48,740	49,338
Common shares outstanding (000)								
End of period – basic	28,374	28,391	27,550	27,610	27,426	27,345	26,703	26,793
Weighted average for period – basic	28,377	28,017	27,595	27,542	27,360	26,734	26,779	26,963
Weighted average for period – diluted	33,081	32,669	32,715	32,279	31,368	29,992	29,494	29,970
Operating								
<u>Average daily production</u>								
Heavy crude oil (bbls/d)	1,282	1,244	951	1,097	794	911	1,149	1,342
Natural gas liquids (bbls/d)	111	103	71	78	54	71	70	75
Natural gas (Mcf/d)	62,634	39,909	11,225	9,836	10,119	9,206	10,005	10,310
Total (boe/d) ⁽²⁾	11,832	7,998	2,893	2,814	2,535	2,517	2,887	3,135
<u>Netbacks (\$/boe)</u>								
Petroleum and natural gas sales	87.86	82.58	67.95	62.90	63.57	61.17	68.08	73.71
Royalties	(1.70)	(2.33)	(5.38)	(5.00)	(4.45)	(6.18)	(5.81)	(5.89)
Transportation expenses	(2.15)	(2.56)	(3.09)	(2.99)	(1.97)	(3.40)	(2.99)	(3.50)
Operating expenses	(36.53)	(32.56)	(28.45)	(33.38)	(33.89)	(36.47)	(26.05)	(19.36)
Midstream income	1.60	2.00	5.30	4.24	7.13	6.12	4.29	4.86
Operating netback ⁽¹⁾	49.08	47.13	36.33	25.77	30.39	21.24	37.52	49.82

⁽¹⁾ This is a non-GAAP and other financial measure. Refer to “Non-GAAP and Other Financial Measures” included in the “Advisories” section of the MD&A.

⁽²⁾ 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. Refer to “Barrels of Oil Equivalent” section included in the “Advisories” section.

OPERATING NETBACK SUMMARY

(\$/boe)	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Canada				
Petroleum and natural gas sales	46.76	47.81	48.13	51.02
Royalties	(8.67)	(7.33)	(8.32)	(8.40)
Transportation expenses	(2.74)	(3.12)	(2.89)	(3.19)
Operating expenses	(9.85)	(15.02)	(11.87)	(14.85)
Canada operating netback ⁽¹⁾	25.50	22.34	25.05	24.58
Netherlands				
Petroleum and natural gas sales	97.92	87.86	97.72	89.77
Transportation expenses	(2.00)	(0.19)	(2.22)	(2.03)
Operating expenses	(43.06)	(62.96)	(43.06)	(63.94)
Midstream income ⁽¹⁾	2.00	18.12	3.09	16.69
Netherlands operating netback ⁽¹⁾	54.86	42.83	55.53	40.49
Total Company				
Petroleum and natural gas sales	87.86	63.57	83.51	64.45
Royalties	(1.70)	(4.45)	(2.38)	(5.49)
Transportation expenses	(2.15)	(1.97)	(2.41)	(2.79)
Operating expenses	(36.53)	(33.89)	(34.12)	(31.86)
Midstream income ⁽¹⁾	1.60	7.13	2.21	5.78
Total Company operating netback ⁽¹⁾	49.08	30.39	46.81	30.09

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

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

As part of the TEN Acquisition, Tenaz assumed additional contractual obligations. These obligations are described in the Capital Resources and Liquidity section of this MD&A.

The Company operates in a regulatory and commercial environment that exposes it to regulatory, contractual and litigation risks. As a result, the Company may be involved in certain disputes and legal proceedings from time to time, including litigation, arbitration and regulatory investigations. Such matters are subject to uncertainties, and the outcomes are often difficult to predict, including the impact on operations or on the financial statements, particularly in the earlier stages of a matter. The Company makes provisions for matters brought against it when, in the opinion of management after seeking legal advice, it is probable that a liability exists, and the amount can be reliably estimated. As at November 5, 2025, the probability of a material outflow due to any legal action is considered by management to be remote.

OFF BALANCE SHEET ARRANGEMENTS

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

ACCOUNTING STANDARDS, CHANGE IN ACCOUNTING POLICIES AND PRONOUNCEMENTS

Tenaz's interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, using accounting policies consistent with IFRS Accounting Standards as issued by the IASB. These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024. Recently adopted accounting policies include accounting policies adopted during the three and nine months ended September 30, 2025 and are disclosed in Note 2 of the interim condensed consolidated financial statements

Future Accounting Pronouncements

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements was issued in April 2024 by the International Accounting Standards Board and replaces IAS 1 Presentation of Financial Statements. The Standard introduces a defined structure to the statements of comprehensive income and specific disclosure requirements related to the same. The Standard is required to be adopted retrospectively and is effective for fiscal years beginning on or after January 1, 2027, with early adoption permitted. The Company is evaluating the impact that this standard will have on the consolidated financial statements.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures were amended in May 2024 to clarify the date of recognition and derecognition of financial assets and liabilities. The amendments are effective for fiscal years beginning on or after January 1, 2026, with early adoption permitted. The Company is evaluating the impact that this amendment will have on the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

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

A summary of Tenaz's critical judgments, estimates and assumptions can be found in Note 5 to the annual consolidated financial statements for the year ended December 31, 2024. In addition, refer to Note 3 to the interim consolidated financial statements for the three and nine months ended September 30, 2025, which includes a summary of Tenaz's critical judgments, estimates and assumptions as they pertain to the purchase price allocation for the TEN Acquisition.

RISK FACTORS, RISK MANAGEMENT AND UNCERTAINTIES

Tenaz is exposed to various market and operational risks. For a discussion of these risks, please see "Forward-Looking Information" in this MD&A and Tenaz's MD&A and Annual Information Form, each for the year ended December 31, 2024.

CONTROL ENVIRONMENT

Internal Control over Financial Reporting ("ICFR")

Tenaz is required to comply with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). The certification of interim filings for the interim period ended September 30, 2025 requires that any changes in Tenaz's internal control over financial reporting ("ICFR") that occurred during the period that have materially affected, or are reasonably likely to materially affect, Tenaz's ICFR be disclosed in the interim MD&A. During the nine months ended September 30, 2025, in respect of the TEN Acquisition, Tenaz implemented a new enterprise resource planning system and related internal controls. There were no other changes made to Tenaz's ICFR during the nine months ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, the ICFR.

Pursuant to section 3.3(1)(b) of NI 52-109, management has limited the scope of its design of disclosure controls and procedures (“DC&P”) and ICFR to exclude the controls, policies, and procedures of TEN, formerly NAM Offshore B.V., which was acquired on May 1, 2025. This scope limitation is in accordance with NI 52-109, which allows an issuer to exclude the design of DC&P and ICFR for a business acquired not more than 365 days before the end of the financial period to which the MD&A relates. The Company intends to include TEN within the scope of its design of DC&P and ICFR no later than 365 days from the TEN Acquisition date.

The summary financial information of TEN included in the Company’s unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2025 is as follows:

As at (\$000)	September 30 2025	
Total assets	1,811,386	
Total liabilities	(1,549,524)	
<hr/>		
(\$000)	Q3 2025	YTD 2025
Petroleum and natural gas sales	76,519	119,830
Transportation expense	(1,525)	(2,607)
Operating expense	(33,082)	(47,922)
Operating netback	41,912	69,301
Net income	12,718	20,023

ADVISORIES

Non-GAAP and Other Financial Measures

This MD&A and report contains the terms funds flow from operations and capital expenditures which are considered “non-GAAP financial measures” and operating netback which is considered a “non-GAAP financial ratio”. These terms do not have a standardized meaning prescribed by GAAP. In addition, this MD&A contains the term adjusted working capital (net debt), which is considered a “capital management measure”. Accordingly, the Company’s use of these terms may not be comparable to similarly defined measures presented by other companies. Investors are cautioned that these measures should not be construed as an alternative to net income (loss) determined in accordance with GAAP and these measures should not be considered to be more meaningful than GAAP measures in evaluating the Company’s performance.

Non-GAAP Financial Measures

Funds Flow from Operations ("FFO")

Tenaz considers funds flow from operations to be a key measure of performance as it demonstrates the Company's ability to generate the necessary funds for sustaining capital, future growth through capital investment, and settling liabilities. Funds flow from operations is calculated as cash flow from operating activities plus income from associate and before changes in non-cash operating working capital and decommissioning liabilities settled. Funds flow from operations is not intended to represent cash flows from operating activities. A summary of the reconciliation of cash flow from operating activities to funds flow from operations, is set forth below:

(\$000)	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Cash flow from operating activities	34,587	49,837	11,923	80,613	6,221
Change in non-cash operating working capital	3,746	(34,623)	(10,469)	(27,982)	1,527
Decommissioning liabilities settled	187	613	243	1,385	4,285
Midstream income	1,745	1,454	1,663	4,580	4,192
Amortization of deferred financing costs	(69)	(67)	-	(233)	-
Funds flow from operations ⁽¹⁾	40,196	17,214	3,360	58,363	16,225

⁽¹⁾ FFO per share (basic) is calculated as FFO divided by the weighted average common shares outstanding. Diluted FFO per share adjusts for the impact of potentially dilutive securities using the treasury stock method. For the periods presented, FFO per share was as follows: Q3 2025: \$1.42 basic, \$1.22 diluted; Q2 2025: \$0.61 basic, \$0.53 diluted; Q3 2024: \$0.12 basic, \$0.11 diluted; YTD 2025: \$2.08 basic, \$1.78 diluted; YTD 2024: \$0.60 basic, \$0.54 diluted.

Capital Expenditures

Tenaz considers capital expenditures to be a useful measure of the Company's investment in its existing asset base calculated as the sum of exploration and evaluation asset expenditures and property, plant and equipment expenditures from the consolidated statements of cash flows that is most directly comparable to cash flows used in investing activities. The reconciliation to primary financial statement measures is set forth below:

(\$000)	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Exploration and evaluation	285	198	462	794	1,447
Property, plant and equipment	12,811	10,636	6,484	32,456	11,816
Capital expenditures	13,096	10,834	6,946	33,250	13,263

Free Cash Flow ("FCF")

Tenaz considers free cash flow to be a key measure of performance as it demonstrates the Company's excess funds generated after capital expenditures for potential shareholder returns, acquisitions, or growth in available liquidity. FCF is a non-GAAP financial measure and is comprised of funds flow from operations less capital expenditures. A summary of the reconciliation of the measure, is set forth below:

(\$000)	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Funds flow from operations	40,196	17,214	3,360	58,363	16,225
Less: Capital expenditures	(13,096)	(10,834)	(6,946)	(33,250)	(13,263)
Free cash flow	27,100	6,380	(3,586)	25,113	2,962

Midstream Income

Tenaz considers midstream income an integral part of determining operating netbacks. Operating netbacks assists management and investors with evaluating operating performance. Tenaz's midstream income consists of the income from its associate, Noordtgastransport B.V. and excludes the amortization of fair value increment of NGT that is included in the equity investment on the balance sheet. Under IFRS Accounting Standards,

investments in associates are accounted for using the equity method of accounting. Income from associate is Tenaz's share of the investee's net income and comprehensive income.

(\$000)	Q3 2025	Q2 2025	Q3 2024	YTD 2025	YTD 2024
Income from associate	1,497	1,214	1,418	3,855	3,466
Plus: Amortization of fair value increment of NGT	248	240	245	725	726
Midstream income	1,745	1,454	1,663	4,580	4,192

Non-GAAP Financial Ratio

Operating Netback

Tenaz calculates operating netback on a dollar or per boe basis, as petroleum and natural gas sales less royalties, operating costs and transportation costs, plus midstream income. Operating netback is a key industry benchmark and a measure of performance for Tenaz that provides investors with information that is commonly used by other crude oil and natural gas producers. The measurement on a per boe basis assists management and investors with evaluating operating performance on a comparable basis. Tenaz's operating netback is disclosed in the "Operating Netback" section of this MD&A.

Capital Management Measure

Net debt

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, long-term debt, and contingent consideration, excluding the fair value of derivative instruments. If positive, the amount is referred to as adjusted working capital. Tenaz's net debt is disclosed in the "Capital Resources and Liquidity" section of this MD&A.

Non-GAAP Financial Ratios

- "Funds flow from operations per basic share" is comprised of funds flow from operations divided by basic weighted average common shares.
- "Funds flow from operations per diluted share" is comprised of funds flow from operations divided by diluted weighted average common shares.

Barrels of Oil Equivalent

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

Forward-looking Information

This MD&A and quarterly report contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "budget", "forecast", "guidance", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "potential", "intends", "strategy" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this MD&A and report contains forward-looking information and statements pertaining to our beliefs about estimated contingent earn-out consideration; our production and capital guidance; capital resources and liquidity and the Company's strategy.

The forward-looking information and statements contained in this MD&A and report reflect several material factors and expectations and assumptions of Tenaz including, without limitation: the continued performance of Tenaz's oil and gas properties in a manner consistent with its past experiences; that Tenaz will continue to

conduct its operations in a manner consistent with past operations; expectations regarding future development; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty, tariff and regulatory regimes; expectations regarding future acquisition opportunities; the continued availability of oilfield services; and the continued availability of adequate debt and equity financing and cash flow from operations to fund its planned expenditures.

Tenaz believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable, but no assurance can be given that these factors, expectations, and assumptions will prove to be correct.

The forward-looking information and statements included in this MD&A and report are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of Tenaz's products; unanticipated operating results or production declines; changes in tax or environmental laws, tariffs, royalty rates or other regulatory matters; changes in development plans of Tenaz or by third party operators of Tenaz's properties; increased debt levels or debt service requirements; inaccurate estimation of reserves or resources; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; a failure to obtain necessary approvals as proposed or at all and certain other risks detailed from time to time in Tenaz's public documents.

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