TENAZ ENERGY CORP.

FORM 51-102F4
BUSINESS ACQUISITION REPORT

Item 1 Identity of Company

1.1 Name and Address of Company

Tenaz Energy Corp. (“Tenaz” or the “Company”)
Suite 700, 605 – 5th Avenue SW
Calgary, Alberta, Canada T2P 3H5

1.2 Executive Officer

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

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

Item 2 Details of Acquisition

2.1 Nature of Businesses Acquired

On May 1, 2025, the Company announced it 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, and assumed operatorship of NOBV (the “Acquisition”). The Acquisition was completed pursuant to the agreement for sale and purchase dated July 18, 2024 among Tenaz, NAM and Tenaz Energy Offshore B.V., a wholly owned subsidiary of the Company (the “SPA”). Concurrent with closing of the Acquisition, NOBV was renamed Tenaz Energy Netherlands B.V. (“TEN”).

As a result of free cash flow and other purchase price adjustments from the effective date of the Acquisition of January 1, 2024 until May 1, 2025, Tenaz received approximately €15 million cash at closing. Based on preliminary estimates, net working capital of TEN at close was approximately neutral, excluding any future contingent earn-out obligations under the SPA.

The Acquisition resulted in Tenaz acquiring substantially all of NAM’s offshore exploration and production business, including associated pipeline infrastructure and onshore processing in the Netherlands. The Acquisition did not include NAM’s assets in the Ameland area.

Upstream

The upstream assets acquired pursuant to the Acquisition consist of a portfolio of production and exploration licenses in the Dutch North Sea (“DNS”) comprising 2,415 net square kilometers (approximately 600,000 net acres). The licenses are located in shallow water at an average water depth of 34 meters, approximately 60 kilometers offshore.

Production comes from six hubs and two main production areas, the Joint Development Area (“JDA”) and the L02/L09 fields. Production is predominantly from the Permian-aged Rotliegend Sandstone at an average depth of 3,500 meters. Base production decline rate is approximately 10%.

Tenaz’s evaluations of TEN has determined that there are several years of workover and optimization projects, at least thirty potential development drilling locations, and more than eighty exploration leads and prospects on the extensive offshore license base. Exploration and development potential is enhanced by the presence of 3D seismic surveys over substantially all of the asset base, including a high-effort Ocean Bottom Node survey acquired on the JDA in 2022 which is still undergoing processing.

Midstream

Gas produced from the JDA and L02/L09 areas is transported to and processed at the Den Helder Gas Plant (“Den Helder”). Den Helder processes roughly 50% of all gas produced in the DNS, which is then delivered into the Netherlands national gas grid, while condensate is transported to customers via inland vessels.

JDA high calorific content (“HiCal”) gas is transported via the West Gas Transport (“WGT”) system, and low calorific content (“LoCal”) gas is transferred via the LoCal pipeline. The L02/L09 area production is transported via the Northern Offshore Gas Transport (“NOGAT”) pipeline with some of the non-operated assets produced through the Noordgastransport (“NGT”) system.

The Den Helder facility consists of three gas processing trains: the JDA LoCal system, the WGT HiCal system, and the NOGAT system. Tenaz’s ownership is 45.6% in the JDA LoCal system as well as 31.1% and 23.0% in the K13 and K13 Extension portions of the WGT HiCal system respectively. Pursuant to the Acquisition, Tenaz became the operator of all three gas processing trains at Den Helder as well as the LoCal pipeline feeding into it. Tenaz also became contract operator of the NOGAT portion of Den Helder but does not have an ownership position in or operate the pipeline feeding it.

Tenaz did not acquiring an additional interest in the NGT system as a result of the Acquisition, and maintains its 21.3% equity interest in NGT.

Current Production and Outlook

The acquired assets produced approximately 11,000 boe/d (99% natural gas) for the first four months of 2025. Production for full-year 2025 (including both the four-month pre-closing and eight-month post-closing periods) is forecasted to be approximately 10,000 boe/d. The Company conducted the bulk of its annual maintenance and turnaround activity during May and June, reducing Q2 2025 production to below year-to-date and annual average rates. As a result of this scheduled downtime, production for the eight-month period from the closing date to the end of 2025 is estimated to be approximately 9,500 boe/d. Production for the eight-month post-closing period will be included in the Company’s 2025 results. On a twelve-month annual average basis, the Company expects the production contribution from TEN to be between 6,100 and 6,400 boe/d.

The Company plans to invest $55 to $61 million in the acquired assets for the remainder of 2025, with production benefits beginning primarily in 2026. Approximately 75% of the capital expenditures for the acquired assets will fund drilling and workover activities, with the remainder for facilities projects and maintenance capital. The Company’s revised capital program is expected to be self-funded within both the Company's Netherlands and Canada business units.

2.2 Acquisition Date

The Acquisition closed on May 1, 2025.

2.3 Consideration

Consideration for the Acquisition consists of a base payment at closing and three forms of potential contingent payments.

Base Purchase Price - Base consideration of €165 million payable at close was reduced by the €23 million deposit paid to NAM at signing of the SPA. As a result of free cash flow and other purchase price adjustments from the effective date of January 1, 2024 until closing on May 1, 2025, Tenaz Energy received approximately €15 million at completion.

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 as follows:

Cumulative Sales Volume From Individual Exploration Prospect	**Royalty Payable (%)**
Zero to 0.5 bcm (17.6 bcf)	0%
>0.5 to 1.0 bcm (17.6 bcf to 35.2 bcf)	7.5%
>1.0 bcm (35.2 bcf)	10%

Price Contingent Consideration – If the average realized TTF price for a given calendar year between January 1, 2028 and December 31, 2031 exceeds €50/MWh, NAM is entitled to receive a gas price contingent payment based on incremental after-tax cash flow as follows:

Realized TTF Price	NAM Share of After-Tax Incremental Cash Flow (%)
Zero to €50/MWh (Zero to $21.63/ MMbtu)	0%
>€50 to €60/MWh ($21.63 to $25.96/ MMbtu)	25%
>€60/MWh (>$25.96/ MMbtu)	37.5%

Price contingent payments will be calculated based on actual realized prices whereby volumes sold under fixed price offtake arrangements are included at the fixed offtake price. Tenaz may hedge production volumes throughout the contingent payment periods, with such hedges to be included in the realized price calculation. Price contingent payments do not apply to large exploration discoveries that are subject to contingent royalties.

Funding the Acquisition

Closing of the Acquisition was funded through a combination of the deposit paid to NAM at signing of the share purchase agreement, net of interim free cash flow between the effective date of the Acquisition of January 1, 2024 and closing on May 1, 2025. The €23 million deposit provided to NAM at signing was funded by cash on hand and a drawing from a revolving facility from National Bank of Canada.

2.4 Effect on Financial Position

The effect of the Acquisition on the Company's financial position is outlined in the unaudited pro forma consolidated financial statements attached as Appendix C to this Business Acquisition Report.

2.5 Prior Valuations

No valuation opinion was obtained by NOBV or the Company within the last 12 months.

2.6 Parties to Transaction

The Acquisition did not involve an "informed person" (as defined in Section 1.1 of NI 51-102) or an associate or affiliate of the Company other than Tenaz Energy Offshore B.V., a wholly-owned subsidiary of the Company and a party to the share purchase agreement.

2.7 Date of Report

July 10, 2025.

Item 3 Financial Statements and Other Information

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

- Appendix A – the audited consolidated financial statements of TEN as at and for the years ended December 31, 2024 and 2023, together with the notes thereto and the independent auditor's report thereon.
- Appendix B – the unaudited interim condensed consolidated financial statements of TEN as at and for the three months ended March 31, 2025 and 2024, together with the notes thereto.
- Appendix C – the unaudited pro forma consolidated financial statements of the Company as at and for the three months ended March 31, 2025 and for the year ended December 31, 2024 giving effect to the Acquisition and consisting of the Company's unaudited pro forma consolidated balance sheet as at March 31, 2025, the Company's unaudited pro forma consolidated statements of net income and comprehensive income for the three months ended March 31, 2025 and for the year ended December 31, 2024, and the notes thereto.
- Appendix D - reserves data and other oil and gas information.

The Company's 2025 annual and interim filings are filed and available on SEDAR+ under the Company's profile at www.sedarplus.ca. Such filings do not form part of, and are not incorporated by reference in, this Business Acquisition Report.

Advisories

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

Barrels of Oil Equivalent

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

Forward-looking Information and Statements

This Business Acquisition Report contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "budget", "forecast", "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 Business Acquisition Report contains forward-looking information and statements pertaining to workover, optimization and development opportunities; exploration leads and prospects and matters relating to production and capital expenditures.

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

The forward-looking information and statements reflect several material factors and expectations and assumptions of Tenaz including, without limitation: the 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 Business Acquisition Report are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: the ability of management to execute its business plan or realize anticipated benefits from the Acquisition; changes in commodity prices; changes in the demand for or supply of the Company's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of the Company or by third party operators of the

Company's properties, increased debt levels or debt service requirements; inaccurate estimation of the Company's oil and gas reserve volumes; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; a failure to obtain necessary approvals as proposed or at all; and certain other risks detailed from time to time in the Company's public documents.

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

APPENDIX A

TENAZ ENERGY NETHERLANDS B.V.

(Formerly NAM Offshore B.V.)

Consolidated

Financial Statements

As at and for the years ended

December 31, 2024 and 2023

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Suite 700
Calgary, AB, T2P 0R8
Tel: 403-267-1700
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Independent Auditor's Report

To the Board of Directors of
Tenaz Energy Netherlands B.V.

Opinion

We have audited the consolidated financial statements of Tenaz Energy Netherlands B.V. (formerly known as NAM Offshore B.V.) (the "Company"), which comprise the consolidated balance sheet as at December 31, 2024, and the consolidated statements of net income and comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company for the year ended December 31, 2023, and the balance sheet at January 1, 2023, are unaudited.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

/s/ Deloitte LLP

Chartered Professional Accountants
Calgary, Alberta
July 10, 2025

CONSOLIDATED BALANCE SHEETS

As at (€000)	Note	December 31 2024	December 31 2023	January 1 2023
ASSETS				
Current Assets				
Cash		**—**	—	—
Inventory		**1,600**	—	—
Accounts receivable		**46,024**	—	—
Deposit with shareholder	**9**	**554,579**	—	—
Total current assets		**602,203**	—	—
Right-of-use asset	**8**	**21,456**	—	
Property, plant and equipment	**7**	**869,364**	—	—
Total assets		**1,493,023**	—	—
LIABILITIES				
Accounts payable and accrued liabilities		**23,903**	—	—
Lease obligation	**8**	**6,479**	—	
Taxes payable		**21,295**	—	—
Total current liabilities		**51,677**	—	—
Deferred tax liability	**12**	**591,788**	—	—
Lease obligation	**8**	**15,695**	—	—
Decommissioning liability	**10**	**166,142**	—	—
Total liabilities		**825,302**	—	—
SHAREHOLDER'S EQUITY				
Share capital	**11**	**—**	—	—
Share premium	**6**	**647,631**	—	—
Retained earnings		**20,090**	—	—
Total shareholder's equity		**667,721**	—	—
Total liabilities and shareholder's equity		**1,493,023**	—	—

See accompanying notes to the consolidated financial statements.

Approved by the Tenaz Energy Netherlands B.V. Board of Directors

/s/ Bradley Bennett

Director

/s/ Floris Schasfoort

Director

CONSOLIDATED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME

		Year ended	
(€000)	Note	**December 31, 2024**	**December 31, 2023**
REVENUE			
Petroleum and natural gas revenue		**148,506**	—
Interest income	**9**	**7,691**	—
Total revenue		**156,197**	—
EXPENSES			
Operating expenses		**54,725**	—
Other expenses		**3,182**	—
Depletion, depreciation and amortization	**7, 8**	**45,567**	—
Accretion of decommissioning liability	**10**	**7,547**	—
Finance expense		**1,396**	
Total expenses		**112,417**	—
Net income before income taxes		**43,780**	—
Provision for income taxes			
Current (recovery)	**12**	**(5,700)**	—
Deferred expense	**12**	**29,390**	—
Total income taxes		**23,690**	—
Net income and comprehensive income		**20,090**	—

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

(€000)	Note	Share capital	Share premium	Retained earnings	Total equity
December 31, 2022		—	—	—	—
Net income		—	—	—	—
December 31, 2023		—	—	—	—
Contribution from parent	**6**	**—**	**647,631**	**—**	**647,631**
Net income		**—**	**—**	**20,090**	**20,090**
December 31, 2024	**11**	**—**	**647,631**	**20,090**	**667,721**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended	
(€000)	Note	December 31, 2024	December 31, 2023
OPERATING ACTIVITIES			
Net income		**20,090**	—
Items not involving cash:			
Deferred taxes	**12**	**29,390**	—
Depletion, depreciation and amortization	**7, 8**	**45,567**	—
Accretion of decommissioning liability	**10**	**7,547**	—
Interest on lease obligation	**8**	**1,396**	—
Decommissioning liabilities settled	**10**	**(2,577)**	—
Change on deposit with shareholder	**9, 15**	**(101,413)**	
Cash flow from operating activities		**—**	—
INVESTING ACTIVITIES			
Property and equipment asset expenditures	**7, 15**	**—**	—
Cash flow used in investing activities		**—**	—
FINANCING ACTIVITIES			
Lease payments	**8, 15**	**—**	—
Cash flow used in financing activities		**—**	—
CHANGE IN CASH		**—**	—
CASH, BEGINNING OF YEAR		**—**	—
CASH, END OF YEAR		**—**	—
Cash interest received		**—**	—
Cash taxes paid		**—**	—

See accompanying notes to the consolidated financial statements.

1. REPORTING ENTITY

Tenaz Energy Netherlands B.V. (formerly known as NAM Offshore B.V. until May 1, 2025) ("TEN" or the "Company") is a private energy company with operated and non-operated offshore gas assets in the Dutch sector of the North Sea. The Company was established on May 16, 2022. As at December 31, 2024 and 2023, the shares of the Company were 100% held by Nederlandse Aardolie Maatschappij B.V. ("NAM"). See Note 16.

The Company did not have any balances or operating activities in the comparative year ended period.

The Company principal place of business is in Assen, Schepersmaat 2, registered with the Chamber of Commerce under number 84601211.

2. BASIS OF PRESENTATION

These consolidated financial statements (the "Financial Statements") include the Company and its wholly owned subsidiary, Tenaz Energy Netherlands Pipeline B.V. (formerly known as NAM Pipeline B.V.) and have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB"). All financial information is reported in Euros (also referred to as € or EUR), unless otherwise noted.

The Financial Statements have been prepared on a historical cost basis, except those items that are presented at fair value as detailed in the accounting policies disclosed in Note 3.

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. Significant estimates and judgments used in the preparation of the Financial Statements are detailed in Note 5.

These financial statements were authorized for issue by TEN's Board of Directors on July 10, 2025.

3. MATERIAL ACCOUNTING POLICIES

Classification and measurement of financial instruments

The classification of financial assets is determined by their context in the Company's business model and by the characteristics of the financial asset's contractual cash flows. The Company's financial assets are classified as amortized cost as their contractual cash flows received are solely payments of principal and interest and they are held within a business model whose objective is to collect the contractual cash flows.

Financial assets and financial liabilities are measured at fair value on initial recognition, which is typically the transaction price, unless a financial instrument contains a significant financing component. The Company's financial assets and financial liabilities are all subsequently measured at amortized cost using the effective interest method.

Property, plant and equipment ("PP&E")

Items of PP&E, are measured at cost less accumulated depletion, depreciation and amortization and accumulated impairment charges, if any.

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

PP&E is organized into groups of assets with similar useful lives for the purposes of performing DD&A calculations. Depletion expense is measured using the unit-of-production method by reference to the ratio of production in the period to the related proved and probable reserves, taking into account estimated forecasted future development costs necessary to bring these reserves into production. This calculation is based on:

- total estimated proved plus probable reserves calculated in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101");
- total capitalized costs plus estimated future development costs of proved plus probable reserves, including future estimated decommissioning costs; and
- relative volumes of reserves and production, before royalties

Business combinations

The Company accounts for business combinations using the acquisition method. The cost of an acquisition is measured as the fair value of the assets received/transferred, equity instruments issued, and liabilities incurred or assumed at the acquisition date. Identifiable assets and liabilities assumed are measured and recognized at their fair value at the date of the acquisition, with the exception of income taxes, right-of-use assets, and lease liabilities. Any deferred tax asset or liability arising from a business combination is recognized at the acquisition date. Transaction costs associated with a business combination are expensed as incurred. Results of acquisitions are included in the financial statements from the closing date of the acquisition. Any excess of purchase price over the fair value of net assets acquired is recognized as goodwill and any excess of the fair value of net assets acquired compared to consideration paid is recognized as a gain on acquisition.

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.

Joint arrangements

Certain exploration, development and production activities are conducted jointly with others. These financial statements reflect only the Company's interests in such activities. A jointly controlled operation involves the use of assets and other resources of the Company and those of other joint venture participants through contractual arrangements rather than through the establishment of a corporation, partnership or other entity. The Company has no interests in jointly controlled entities. The Company recognizes in its financial statements its interest in assets that it owns, the liabilities and expenses that it incurs, and its share of income earned by the joint arrangement.

Impairment of PP&E

The Company's PP&E is grouped into cash-generating units ("CGUs") for the purpose of assessing impairment. A CGU is a grouping of assets that generate cash inflows independently of other assets held by the Company.

The Company assesses at each reporting date whether there is an indication that PP&E within the CGUs may be impaired or that historical impairment may be reversed. When such indicators exist, an impairment test is performed by comparing the CGU's carrying value to its estimated recoverable amount, defined as the greater of a CGU's fair value less costs of disposal and its value in use. Any excess of carrying value over the recoverable amount is recognized in net income as impairment of property, plant and equipment.

If there is an indicator that a previously recognized impairment charge may no longer exist or may have decreased, the recoverable amount of the relevant CGU is calculated and compared against the carrying amount. An impairment charge is reversed to the extent that the asset's recoverable amount does not exceed the carrying amount that would have been determined, net of accumulated DD&A, if no impairment charge had been recognized. A reversal of impairment of PP&E is recognized in net income as reversal of impairment of property, plant and equipment.

Decommissioning liability

Provisions for decommissioning and restoration obligations associated with the Company's PP&E assets are recognized as decommissioning liabilities. Decommissioning liabilities are measured at present value at the balance sheet date, based on management's best estimate of expenditures required to settle the liability, at the end of the asset's useful life discounted at the liability-specific credit-adjusted risk-free discount rate. On a periodic basis, management reviews these estimates and changes, if any, are applied prospectively. These changes are recognized as an increase or decrease to the liability, with a corresponding increase or decrease to the carrying amount of the related asset. The capitalized amount in PP&E is depreciated on a unit-of-production basis over the life of the associated proved plus probable reserves. The long-term liability is increased each reporting period with the passage of time and the associated accretion charge is recognized in net income. Periodic revisions to the liability-specific credit-adjusted risk-free discount rate, estimated timing of cash flows, or to the estimated undiscounted cost can also result in an increase or decrease to the decommissioning liabilities and the related asset. Actual costs incurred upon settlement of the liability are recorded against the decommissioning liability to the extent of the liability recognized.

Revenue recognition

The Company principally generates revenue from the sale of natural gas. Revenue associated with the sale of commodities is recognized when control is transferred to customers. The Company's commodity sales contracts represent a series of distinct transactions. The Company considers its performance obligations to be satisfied and control to be transferred when all of the following conditions are satisfied:

- The Company has transferred title and physical control of the commodity to the buyer;
- The Company has transferred the significant risks and rewards of ownership of the commodity to the buyer; and
- The Company has the present right to payment.

Revenue represents the Company's share of commodity sales. The Company sells its production pursuant to fixed and variable-priced contracts. The transaction price for variable-priced contracts is based on the commodity price, adjusted for quality, location, or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Under these contracts, the Company is required to deliver a fixed volume of natural gas to the counterparty. Revenue is recognized when a unit of production is delivered to the contract counterparty. The amount of revenue recognized is based on the agreed upon transaction price, whereby any variability in revenue is related specifically to the Company's efforts to deliver production.

Income taxes

Provision for, or recovery of, income tax comprises current and deferred income taxes and is recognized in the statements of net income, except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income ("OCI").

Current tax is the expected tax payable on taxable income for the year, using enacted or substantively enacted tax rates at the reporting date, and any adjustment to tax payable in respect of previous years. The Company recognizes the financial statement impact of a tax filing position when it is probable that the position will be sustained upon audit. The liability is measured based on an assessment of possible outcomes and their associated probabilities.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4. CHANGES IN ACCOUNTING POLICIES

Future Accounting Pronouncements

The Company monitors for new accounting standards and amendments to existing accounting standards issued by the IASB.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements was issued in April 2024 by the IASB 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 these amendments will have on the consolidated financial statements.

5. MANAGEMENT JUDGMENTS AND ESTIMATION UNCERTAINTY

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

Natural gas reserves

There are a number of inherent uncertainties associated with estimating reserves. Reserve estimates are based on engineering data, forecasted gas commodity prices, forecasted production, forecasted operating costs, royalty costs and future development costs, all of which are subject to many uncertainties, interpretations, and judgments. Estimates reflect market and regulatory conditions existing at the balance sheet dates, which could differ significantly from other points in time throughout the year, or future periods. The Company's reserves have been evaluated by an independent, third-party reserve evaluator. The key assumptions include forecasted gas commodity prices, forecasted production, forecasted operating costs, royalty costs, and future development costs.

Recoverability of asset carrying amounts

Management applies judgment in assessing the existence of indicators of impairment and reversal of impairment based on various internal and external factors. The assessment of these factors considers estimated proved and probable gas reserves. The recoverable amount of a CGU or of an individual asset is determined as the greater of fair value less costs of disposal and value in use. The significant estimates involved in determining an acceptable range of recoverable amounts include the estimate of cash flows associated with proved and probable gas reserves as determined annually by the Company's independent third-party reserve evaluators and discount rate.

In estimating the recoverable amount of a CGU, the following information is incorporated:

- The net present value of the after-tax cash flows from proved plus probable reserves of each CGU based on reserves estimated by an independent third-party reserve evaluator based on estimated remaining reserve life.
- The fair value of undeveloped land based on estimates including recent sales of similar properties in the same general area, recent exploration and discovery activity in the general area and the remaining term of undeveloped land.
- Data pertaining to ongoing and completed transactions within the industry on assets with similar geological and geographic characteristics within the relevant CGU.

Assumptions that are valid at the time of reserve estimation may change significantly when new information becomes available. Changes in forward price estimates, future production costs, future development expenditures, or recovery rates may change the economic status of reserves and may ultimately result in reserves being revised.

Nature of natural gas investments

Management applies judgment when classifying the nature of natural gas investments as PP&E, and when determining whether capitalization of the initial costs of these investments is appropriate. The Company uses historical drilling results, project economics, resource quantities, production technology expectations, production costs, and future development costs to make judgments about future events and circumstances.

Decommissioning liabilities

The provision for site restoration and abandonment for the Company's PP&E assets is based on estimated inflation and discount rates, current legal and regulatory requirements, technology, cost of services, and expected plans for remediation expenditures. Actual costs and timing of cash outflows can differ from estimates because of changes in laws and regulations, public expectations, and market conditions, all of which could be influenced by the rate at which global energy markets transition to a lower carbon-based economy. Additionally, further discovery, analysis of site conditions, and changes in technology could also cause estimates to differ from actual costs.

Income taxes

Tax regulations and legislation are subject to change and there are interpretations requiring management judgment. Deferred tax assets are recognized when it is considered probable that deductible temporary differences will be recovered in future periods, which requires management judgment. Deferred tax liabilities are recognized when it is considered probable that temporary differences will be payable to tax authorities in future periods, which requires management judgment. Income tax filings are subject to audits and re-assessments and changes in facts, circumstances, and interpretations of the standards may result in a material increase or decrease in the Company's provision for income taxes.

Business combinations

Management judgment may be required to determine whether acquired assets and liabilities constitute a business and to determine the fair value of the acquired assets and liabilities. The determination of fair value is estimated based on information available at the date of acquisition and requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of PP&E using a value in use model generally require significant judgment and estimation including cash flows associated with the proved and probable gas reserves and discount rate. Management judgment is also required in determining the fair value of decommissioning liabilities associated with the properties.

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 goodwill (or net assets acquired in excess of purchase consideration). Future net income could also be affected as the fair value on initial recognition impacts carrying amounts for assets and liabilities.

6. BUSINESS COMBINATIONS

Acquisition of Offshore Assets.

On July 9, 2024, the Company entered into a Contribution Agreement with Nederlandse Aardolie Maatschappij B.V. ("NAM"). Under the terms of the agreement, NAM transferred to the Company all assets and liabilities relating to NAM's offshore gas production activities (excluding the offshore activities in the Ameland area) and certain assets and liabilities relating to its gas treatment installation located in Den Helder, in exchange for two new shares to be issued by the Company. The two new shares had a nominal value of €1 (one Euro).

The acquisition was accounted for as a business combination under common control, which results when the company subject to the acquisition is ultimately controlled by the same party before and after the combination transaction. NAM controlled the assets and liabilities prior to July 9, 2024 and retained 100% of the Company's shares after closing. IFRS 3 scopes out business combinations under common control and is not prescriptive otherwise as to the method of accounting for such transactions. In the absence of specific guidance in IFRS, the Company has the option to account for the transaction at cost or using the acquisition method under IFRS 3. The Company determined that the acquisition method is an acceptable accounting policy choice since the transaction has commercial substance and fair value accounting provides the most relevant and reliable information for the users of the financial statements. The acquisition has been accounted for as a business combination using the acquisition method where the acquired assets and liabilities assumed are recorded at their estimated fair values, with the exception of deferred income tax liabilities, right-of-use assets and leases liabilities, which are measured in accordance with the Company's accounting policies.

(€000)	
Consideration	
Shares issued	—
Total consideration	**—**
Identifiable net assets	
Property, plant and equipment	902,432
Right-of-use asset	24,045
Decommissioning liability	(154,628)
Deferred tax liability	(562,551)
Lease obligation	(24,045)
Working capital	(5,434)
Deposit with shareholder	467,812
Total identifiable net assets	**647,631**
Contribution from parent	**647,631**

All of the revenue and net profit for the Company in 2024 resulted from the acquisition. Had the acquisition taken place on January 1, 2024, it is estimated that the Company would have reported €125 million higher revenue and €1.0 million higher net profit. These pro forma amounts are for informational purposes only and do not necessarily reflect what the combined entity's actual results would have been had the acquisition occurred at the beginning of the period, nor are they intended to be indicative of future results. The pro forma results include adjustments for depreciation, depletion and amortization of acquired assets, elimination of intercompany transactions, and acquisition-related expenses.

7. PROPERTY, PLANT AND EQUIPMENT

(€000)	Total
Cost	
Balance, January 1, and December 31, 2023	—
Acquisitions	902,432
Additions	3,213
Decommissioning cost additions and change in estimates	7,548
Balance, December 31, 2024	**913,193**
Depletion, depreciation, and amortization	
Balance, January 1, and December 31, 2023	—
Depletion and depreciation	(43,829)
Balance, December 31, 2024	**(43,829)**
Carrying amounts	
As at January 1, and December 31, 2023	—
As at December 31, 2024	**869,364**

At December 31, 2024 and 2023 the Company has not identified any indicators of impairment.

8. LEASES

The Company has 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.

The Company had the following future commitments associated with its lease obligations:

As at (€000)	**December 31** **2024**	December 31 2023
Less than 1 year	**6,479**	—
1 - 3 years	**20,695**	—
3 - 5 years	**1,381**	—
Total lease payments	**28,555**	—
Amounts representing interest	**(6,381)**	—
Present value of net lease payments	**22,174**	—
Current portion of lease obligations	**(6,479)**	—
Non-current portion of lease obligations	**15,695**	—

Depreciation for the year-ended December 31, 2024 was €2.6 million (2023 – €nil).

9. DEPOSIT WITH SHAREHOLDER

The Company had a loan facility and deposit arrangement with its shareholder. Under this arrangement, the Company may at any time request a loan transaction (up to €1 billion) or offer a loan deposit for periods of one day up to three months. Loan transactions and deposits bear or earn interest at EURIBOR plus 2%. As at December 31, 2024, the Company had a loan deposit to its shareholder in the amount of €554.6 million (2023 – €nil), with the term of the agreement being to October 2026.

Subsequent to year-end, on May 1, 2025, the loan facility and deposit arrangement was assigned to Tenaz Energy Offshore B.V.

10. DECOMMISSIONING LIABILITY

(€000)	
Balance, January 1, and December 31, 2023	—
Acquisition	154,628
Settled	(2,577)
Change in estimates	6,544
Accretion	7,547
Balance, December 31, 2024	**166,142**

The Company 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. The Company's credit spread is determined using the Company's expected cost of borrowing at the end of the reporting period. As at December 31, 2024, the credit-adjusted risk-free rate applied was 10.0%, based on a credit spread of 7.4% and a risk-free rate of 2.6%.

The Company has estimated the decommissioning liability based on current cost estimates of €578 million (December 31, 2023 – €nil). Current cost estimates are inflated to the estimated time of abandonment using a 2% inflation rate to €840 million (December 31, 2023 – €nil).

11. SHARE CAPITAL

The Company's authorized and issued share capital amounts to €102 and consists of 102 ordinary shares, which have been issued and fully paid up. The nominal value per share amounts to €1.

12. INCOME TAXES

The Company is subject to a statutory tax rate of 50% in the Netherlands. The tax at the effective rate differed from the tax at the statutory rate as follows:

As at (€000)	**December 31 2024**	December 31 2023
Net earnings before taxes	**43,780**	—
Statutory tax rate	**50%**	50%
Expected income tax expense	**21,890**	—
Increase (decrease) in income taxes resulting from:		
Netherlands decommissioning liability	**1,800**	—
Total income tax expense (recovery)	**23,690**	—

In the Netherlands, a 50% effective income tax rate is applied to taxable profit from upstream gas activity.

The components of the deferred tax liability are as follows:

As at (€000)	**December 31** **2024**	December 31 2023
Decommissioning liability	**198,082**	—
Property, plant and equipment	**393,706**	—
Deferred tax liability	**591,788**	**—**

13. FINANCIAL INSTRUMENTS

At December 31, 2024, the Company's financial instruments include deposit with shareholder, accounts receivable, and accounts payable.

Classification of financial instruments

The carrying value of the Company's financial instruments are reasonable approximations of their fair value due to the short maturity or market interest rates of these financial instruments.

Fair value measurements are categorized into a fair value hierarchy based on the lowest level input.

Risks associated with financial assets and liabilities

The Company is exposed to credit risk and liquidity risk as part of its normal course of business.

Credit risk

The Company is exposed to credit risk on its financial assets. The credit exposure on financial assets relates to amounts owing from its shareholder and trade accounts receivable.

The majority of the credit exposure on trade accounts receivable at December 31, 2024, pertain to revenue for accrued December 2024 natural gas sales volumes and receivables from joint interest partners. The Company primarily transacts with one natural gas purchaser. The customers typically remit amounts in the month following delivery. As at December 31, 2024, receivables for revenue were $30.2 million, which are included in accounts receivable (December 31, 2023 - $0 million). As at December 31, 2024 and December 31, 2023, 0.0% of the accounts receivable balance was outstanding for more than 90 days.

When determining whether amounts that are past due are collectible, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. The Company considers the balance of accounts receivable to be collectible.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through its capital management, an actively managed operating and capital expenditure budgeting process, and the loan facility and deposit arrangement with its shareholder.

14. CAPITAL MANAGEMENT

The Company's policy is to maintain positive working capital to maintain financial flexibility in order to preserve the Company's ability to meet financial obligations. Working capital as at December 31, 2024 and December 31, 2023 is summarized as follows:

(€000)	**December 31 2024**	December 31 2023
Current assets	**602,203**	—
Current liabilities	**(51,677)**	—
Working capital	**550,526**	—

15. SUPPLEMENTAL INFORMATION

Cash Flow

The following table details the components of changes in non-cash working capital:

(€000)	**December 31 2024**	December 31 2023
Provided by (used in):		
Inventory	**1,400**	—
Accounts receivable	**4**	—
Deposit with shareholder	**7,860**	—
Accounts payable and accrued liabilities	**(3,564)**	—
Taxes payable	**(5,700)**	—
	—	—
Provided by (used in):		
Operating activities	**—**	—
Investing activities	**—**	—
	—	—

Related Party Transactions

The Company was charged €6 million (2023 – €nil) of cost allocations from its shareholder and related companies.

16. SUBSEQUENT EVENT

On May 1, 2025, NAM sold 100% of the shares in the Company to Tenaz Energy Offshore B.V.

APPENDIX B

TENAZ ENERGY NETHERLANDS B.V.

(Formerly NAM Offshore B.V.)

Unaudited Interim Condensed Consolidated Financial Statements

As at and for the three months ended March 31, 2025

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS, UNAUDITED

As at (€000)	Note	March 31, 2025	December 31, 2024
ASSETS			
Cash		**—**	—
Inventory		**1,600**	1,600
Accounts receivable		**45,336**	46,024
Deposit with shareholder	**5**	**599,108**	554,579
Total current assets		**646,044**	602,203
Right-of-use asset	**4**	**20,190**	21,456
Property, plant and equipment	**3**	**848,609**	869,364
Total assets		**1,514,843**	1,493,023
LIABILITIES			
Accounts payable and accrued liabilities		**16,700**	23,903
Lease obligation	**4**	**6,479**	6,479
Taxes payable		**35,809**	21,295
Total current liabilities		**58,988**	51,677
Deferred tax liability		**590,967**	591,788
Lease obligation	**4**	**14,754**	15,695
Decommissioning liability	**6**	**169,049**	166,142
Total liabilities		**833,758**	825,302
SHAREHOLDER’S EQUITY			
Share capital		**—**	—
Share premium		**647,631**	647,631
Retained earnings		**33,454**	20,090
Total shareholder's equity		**681,085**	667,721
Total liabilities and shareholder's equity		**1,514,843**	1,493,023

See accompanying notes to the interim condensed consolidated financial statements.

Approved by the Tenaz Energy Netherlands B.V. Board of Directors

/s/ Bradley Bennett

Director

/s/ Floris Schasfoort

Director

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME, UNAUDITED

		Three months ended	
(€000)	Note	March 31, 2025	March 31, 2024
REVENUE			
Petroleum and natural gas revenue		**71,964**	—
Interest income		**3,622**	—
Total revenue		**75,586**	—
EXPENSES			
Operating expenses		**19,605**	—
Other expenses		**932**	—
Depletion, depreciation and amortization	**3, 4**	**22,625**	—
Accretion of decommissioning liability	**6**	**5,039**	—
Finance expense		**656**	
Total expenses		**48,857**	—
Net income before income taxes		**26,729**	—
Provision for income taxes			
Current expense		**14,514**	—
Deferred (recovery)		**(1,149)**	—
Total income taxes		**13,365**	—
Net income and comprehensive income		**13,364**	—

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER’S EQUITY, UNAUDITED

(€000)	Note	Share capital	Share premium	Retained earnings	Total Equity
December 31, 2023		—	—	—	—
Net income		—	—	—	—
March 31, 2024		—	—	—	—
December 31, 2024		—	647,631	20,090	667,721
Net income		—	—	13,364	13,364
March 31, 2025		**—**	**647,631**	**33,454**	**681,085**

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS, UNAUDITED

		Three months ended	
(€000)	Note	**March 31, 2025**	**March 31, 2024**
OPERATING ACTIVITIES			
Net income		**13,364**	—
Items not involving cash:			
Deferred taxes		**(1,149)**	—
Depletion, depreciation and amortization	**3, 4**	**22,625**	—
Accretion of decommissioning liability	**6**	**5,039**	—
Interest on lease obligation	**4**	**656**	
Decommissioning liabilities settled	**6**	**(1,885)**	—
Change on deposit with shareholder	**5**	**(38,650)**	—
Cash flow from operating activities		**—**	—
INVESTING ACTIVITIES			
Property and equipment asset expenditures	**3**	**—**	—
Cash flow used in investing activities		**—**	—
FINANCING ACTIVITIES			
Lease payments	**4**	**—**	—
Cash flow used in financing activities		**—**	—
CHANGE IN CASH		**—**	—
CASH, BEGINNING OF PERIOD		**—**	—
CASH, END OF PERIOD		**—**	—
Cash interest received		—	—
Cash taxes paid		—	—

See accompanying notes to the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, UNAUDITED
For the three months ended March 31, 2025 and 2024

1. REPORTING ENTITY

Tenaz Energy Netherlands B.V. (formerly known as NAM Offshore B.V. until May 1, 2025) ("TEN" or the "Company") is a private energy company with operated and non-operated offshore gas assets in the Dutch sector of the North Sea. The company was established on May 16, 2022. As at March 31, 2025 and December 31, 2024, the shares of the Company were 100% held by Nederlandse Aardolie Maatschappij B.V. ("NAM").

The Company did not have any balances or operating activities in the comparative three months ended period.

The Company principal place of business is in Assen, Schepersmaat 2, registered with the Chamber of Commerce under number 84601211.

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 IAS 34, Interim Financial Reporting 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.

These financial statements should be read in conjunction with TEN's audited consolidated financial statements for the year ended December 31, 2024, which are available as Appendix A of this Business Acquisition Report.

These financial statements were approved by the TEN Board of Directors on July 10, 2025.

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

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.

There have been no significant changes to the use of judgments, estimates, and assumptions as detailed in Note 5 of the audited consolidated financial statements for the year ended December 31, 2024.

3. PROPERTY, PLANT AND EQUIPMENT

(€000)	**Total**
Cost	
Balance, December 31, 2024	913,193
Additions	604
Balance, March 31, 2025	**913,797**
Depletion, depreciation, and amortization	
Balance, December 31, 2024	(43,829)
Depletion and depreciation	(21,359)
Balance, March 31, 2025	**(65,188)**
Carrying amounts	
As at December 31, 2024	869,364
As at March 31, 2025	**848,609**

At March 31, 2025 and December 31, 2024 the Company has not identified any indicators of impairment.

4. LEASES

The Company has 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.

The Company had the following future commitments associated with its lease obligations:

As at (€000)	**March 31 2025**	December 31 2024
Less than 1 year	**6,479**	6,479
1 - 3 years	**20,479**	20,695
3 - 5 years	**—**	1,381
Total lease payments	**26,958**	28,555
Amounts representing interest	**(5,725)**	(6,381)
Present value of net lease payments	**21,233**	22,174
Current portion of lease obligations	**(6,479)**	(6,479)
Non-current portion of lease obligations	**14,754**	15,695

Depreciation for the 3 months ended, March 31, 2025 was €1.3 million (2024 – €nil).

5. DEPOSIT WITH SHAREHOLDER

The Company has a loan facility and deposit arrangement with NAM. Under this arrangement, the Company may at any time request a loan transaction (up to €1 billion) or offer a loan deposit for periods of one day up to three months. Loan transactions and deposits bear or earn interest at EURIBOR plus 2%. As at March 31, 2025, the Company had a loan deposit to NAM in the amount of €599.1 million (December 31, 2024 – €554.6 million).

6. DECOMMISSIONING LIABILITY

(€000)	
Balance, December 31, 2024	166,142
Changes in estimates	(247)
Settled	(1,885)
Accretion	5,039
Balance, March 31, 2025	**169,049**

The Company 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. The Company's credit spread is determined using the Company's expected cost of borrowing at the end of the reporting period. As at March 31, 2025 and December 31, 2024, the credit-adjusted risk-free rate applied was 10.0%, based on a credit spread of 7.4% and a risk-free rate of 2.6%.

7. FINANCIAL INSTRUMENTS

At March 31, 2025, the Company's financial instruments include deposit with shareholder, accounts receivable, and accounts payable.

Classification of financial instruments

The carrying value of the Company's financial instruments are reasonable approximations of their fair value due to the short maturity or market interest rates of these financial instruments.

Risks associated with financial assets and liabilities

The Company is exposed to credit risk and liquidity risk as part of its normal course of business.

Credit risk

The majority of the credit exposure on accounts receivable at March 31, 2025, pertain to revenue for accrued March 2025 natural gas sales volumes and receivables from joint interest partners. The Company primarily transacts with one natural gas purchaser. The customers typically remit amounts in the month following delivery. As at March 31, 2025, receivables for revenue were $22.7 million, which are included in accounts receivable (December 31, 2024 - $30.2 million). As at March 31, 2025 and December 31, 2024, 0.0% of the accounts receivable balance was outstanding for more than 90 days.

When determining whether amounts that are past due are collectible, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. The Company considers the balance of accounts receivable to be collectible.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through its capital management, an actively managed operating and capital expenditure budgeting process, and the loan facility and deposit arrangement with its shareholder.

8. RELATED PARTY TRANSACTIONS

The Company was charged €2 million (2024 – €nil) of cost allocations from its shareholder and related companies.

8. SUBSEQUENT EVENT

On May 1, 2025, NAM sold 100% of the shares in the Company to Tenaz Energy Offshore B.V.

APPENDIX C

TENAZ ENERGY CORP.

Unaudited Pro Forma

Consolidated Financial Statements

As at and for the three months ended March 31, 2025

and

for the year ended December 31, 2024

PRO FORMA CONSOLIDATED BALANCE SHEET (unaudited)
As at March 31, 2025

(Canadian $000, unless otherwise noted)	Tenaz Energy Corp.	Tenaz Energy Netherlands B.V. (EUR)(1)	Tenaz Energy Netherlands B.V. (CAD)(1)	Pro Forma Adjustments	Notes	Pro Forma Consolidated
ASSETS						
Cash	135,673	—	—	23,310	**2**	158,983
Restricted cash	37,627	—	—	—		37,627
Inventory	—	1,600	2,486	—		2,486
Accounts receivable	8,299	45,336	70,452	—		78,751
Prepaid expenses and deposits	9,802	—	—	—		9,802
Deposit with shareholder	—	599,108	931,014	(931,014)	**2.3**	—
Total current assets	**191,401**	**646,044**	**1,003,952**	**(907,704)**		**287,649**
Prepaid expenses	3,208	—	—	—		3,208
Right-of-use assets	141	20,190	31,375	—		31,516
Exploration and evaluation assets	11,586	—	—	—		11,586
Investment in associate	23,484	—	—	—		23,484
Deposit on acquisition	35,431	—	—	(35,431)	**2**	—
Property, plant and equipment	128,942	848,609	1,318,739	225,473	**2.2**	1,673,154
Total assets	**394,193**	**1,514,843**	**2,354,066**	**(717,662)**		**2,030,597**
LIABILITIES						
Accounts payable and accrued liabilities	33,526	16,700	25,952	2,280	**3.5**	61,758
Lease obligation	—	6,479	10,068	—		10,068
Decommissioning liability	2,311	—	—	—		2,311
Taxes payable	17,689	35,809	55,647	—		73,336
Derivative instruments	218	—	—	—		218
Total current liabilities	**53,744**	**58,988**	**91,667**	**2,280**		**147,691**
Long-term debt	138,372	—	—	—		138,372
Lease obligation	277	14,754	22,928	—		23,205
Contingent consideration	—	—	—	124,320	**2**	124,320
Decommissioning liability	55,208	169,049	262,702	(4,383)	**2.2**	313,527
Deferred taxes	57,963	590,967	918,363	20,965	**3.3**	997,291
Total liabilities	**305,564**	**833,758**	**1,295,660**	**143,182**		**1,744,406**
SHAREHOLDERS' EQUITY						
Share capital	63,268	—	—	—		63,268
Share premium	—	647,631	1,006,418	(1,006,418)	**3.4**	—
Warrants	2,774	—	—	—		2,774
Contributed surplus	13,456	—	—	—		13,456
Retained earnings	6,929	33,454	51,988	145,574	**3.4 3.5**	204,491
Accumulated other comprehensive income	2,202	—	—	—		2,202
Total shareholders’ equity	**88,629**	**681,085**	**1,058,406**	**(860,844)**		**286,191**
Total liabilities and shareholders’ equity	**394,193**	**1,514,843**	**2,354,066**	**(717,662)**		**2,030,597**

(1) Tenaz Energy Netherlands B.V. balance sheet has been converted using the Bank of Canada exchange rate as at March 31, 2025, of 1 EUR to 1.554 CAD.

See accompanying notes to the unaudited pro forma consolidated financial statements.

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

For the three months ended March 31, 2025

(Canadian $000, unless otherwise noted)	Tenaz Energy Corp.	Tenaz Energy Netherlands B.V. (EUR)[(1)]	Tenaz Energy Netherlands B.V. (CAD)[(1)]	Pro Forma Adjustments	Notes	Pro Forma Consolidated
REVENUE						
Petroleum and natural gas sales	17,692	71,964	108,738	—		126,430
Royalties	(1,401)	—	—	—		(1,401)
Interest income	—	3,622	5,473	—		5,473
Petroleum and natural gas revenue	16,291	75,586	114,211	—		130,502
EXPENSES						
Transportation	804	—	—	—		804
Operating	7,408	19,605	29,623	—		37,031
Income from associate	(1,144)	—	—	—		(1,144)
General and administrative	2,391	—	—	—		2,391
Transaction costs	2,691	—	—	—		2,691
Interest and financing	3,404	656	991	—		4,395
Foreign exchange gain	(246)	—	—	—		(246)
Loss on derivative instruments	223	—	—	—		223
Share-based compensation	1,366	—	—	—		1,366
Depletion, depreciation and amortization	5,399	22,625	34,186	(3,010)	**3.1**	36,575
Accretion of decommissioning liability	1,672	5,039	7,614	329	**3.2**	9,615
Other expenses	—	932	1,408	—		1,408
Total expenses (recoveries)	**23,968**	**48,857**	**73,822**	**(2,681)**		**95,109**
Net income (loss) before income taxes	**(7,677)**	**26,729**	**40,389**	**2,681**		**35,393**
Provision for income taxes						
Current expense	—	14,514	21,931	—		21,931
Deferred (recovery) expense	(2,369)	(1,149)	(1,736)	1,340	**3.3**	(2,765)
Total income taxes	**(2,369)**	**13,365**	**20,195**	**1,340**		**19,166**
Net income (loss)	**(5,308)**	**13,364**	**20,194**	**1,341**		**16,227**
Other comprehensive income						
Currency translation adjustments	1,252	—	—	—		1,252
Comprehensive income (loss)	**(4,056)**	**13,364**	**20,194**	**1,341**		**17,479**
Net income (loss) per share						
Basic	**(0.19)**					**0.59**
Diluted	**(0.19)**					**0.59**

(1) Tenaz Energy Netherlands B.V. three months ended statement of net income has been converted using the Bank of Canada average exchange rate between January 1, 2025 and March 31, 2025 of 1 EUR to 1.511 CAD.

See accompanying notes to the unaudited pro forma consolidated financial statements.

PRO FORMA CONSOLIDATED STATEMENT OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) (unaudited)
For the year ended December 31, 2024

(Canadian $000, unless otherwise noted)	Tenaz Energy Corp.	Tenaz Energy Netherlands B.V. (EUR)(1)	Tenaz Energy Netherlands B.V. (CAD)(1)	Pro Forma Adjustments	Notes	Pro Forma Consolidated
REVENUE						
Petroleum and natural gas sales	63,000	148,506	222,031	—		285,031
Royalties	(5,275)	—	—	—		(5,275)
Interest income	—	7,691	11,499	—		11,499
Petroleum and natural gas revenue	**57,725**	**156,197**	**233,530**	**—**		**291,255**
EXPENSES						
Transportation	2,796	—	—	—		2,796
Operating	31,740	54,725	81,819	—		113,559
Income from associate	(4,383)	—	—	—		(4,383)
General and administrative	9,570	—	—	—		9,570
Transaction costs	4,763	—	—	2,280	**3.5**	7,043
Interest and financing	448	1,396	2,087	—		2,535
Foreign exchange loss	471	—	—	—		471
Gain on derivative instruments	(372)	—	—	—		(372)
Share-based compensation	3,033	—	—	—		3,033
Depletion, depreciation and amortization	20,871	45,567	68,127	(7,597)	**3.1**	81,401
Accretion of decommissioning liability	5,361	7,547	11,284	14,548	**3.2**	31,193
Gain on acquisition	470	—	—	(199,842)	**2**	(199,372)
Other expenses	—	3,182	4,757	—		4,757
Total expenses	**74,768**	**112,417**	**168,074**	**(190,611)**		**52,231**
Net income (loss) before income taxes	**(17,043)**	**43,780**	**65,456**	**190,611**		**239,024**
Provision for income taxes						
Current recovery	(10,907)	(5,700)	(8,522)	—		(19,429)
Deferred expense	1,577	29,390	43,941	(3,476)	**3.3**	42,042
Total income taxes	**(9,330)**	**23,690**	**35,419**	**(3,476)**		**22,613**
Net income (loss)	**(7,713)**	**20,090**	**30,037**	**194,087**		**216,411**
Other comprehensive income (loss)						
Currency translation adjustments	696	—	—	—		696
Comprehensive (loss) income	**(7,017)**	**20,090**	**30,037**	**194,087**		**217,107**
Net income (loss) per share						
Basic	**(0.28)**					**7.98**
Diluted	**(0.28)**					**7.45**

(1) Tenaz Energy Netherlands B.V. year ended statement of net income has been converted using the Bank of Canada average exchange rate between July 1, 2024 and December, 2024 of 1 EUR to 1.4951 CAD. The average was taken beginning July 1, 2024 due to acquisition date being July 1, 2024.

See accompanying notes to the unaudited pro forma consolidated financial statements.

1. BACKGROUND AND BASIS OF PRESENTATION

The Acquisition

On May 1, 2025, Tenaz Energy Corp. ("Tenaz" or the "Company") 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, and assumed operatorship of NOBV (the "Acquisition"). Concurrent with closing of the Acquisition, NOBV has been renamed Tenaz Energy Netherlands B.V. ("TEN").

TEN is a private energy company with operated and non-operated offshore gas assets in the Dutch sector of the North Sea.

Basis of presentation

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

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

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

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

- Tenaz unaudited interim condensed consolidated financial statements for the three month period ended March 31, 2025, together with the accompanying notes;
- Tenaz audited consolidated financial statements for the year ended December 31, 2024, together with the accompanying notes;
- TEN interim condensed consolidated financial statements for the three month period ended March 31, 2025, together with the accompanying notes;
- TEN audited financial statements for the year ended December 31, 2024, together with the accompanying notes;

The unaudited pro forma consolidated statement of financial position at March 31, 2025 gives effect to the Acquisition described above and assumptions described in Notes 2 and 3 as if it occurred on March 31, 2025.

The unaudited pro forma consolidated statements of net income (loss) and comprehensive income (loss) for the three months ended March 31, 2025 and the year ended December 31, 2024 give effect to the Acquisition described above and assumptions described in Notes 2 and 3 as if it occurred on January 1, 2024 based on the estimates of the fair values of assets acquired and liabilities assumed relating to the Acquisition as at March 31, 2025.

The adjustments to the pro forma statements are estimates and have been made solely for the purpose of presenting the pro forma statements, which are necessary to comply with applicable securities and reporting requirements.

The pro forma financial information may not reflect the financial condition or operating results of the combined or reorganized Company or may not be useful in predicting the future condition and operating results of the Company. The pro forma statements do not necessarily reflect what the combined Company's financial condition or results of operations would have been had the Acquisition occurred on the dates indicated. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

It is management's opinion that the pro forma consolidated financial statements contain all adjustments necessary for the fair presentation of the Acquisition, in all material respects.

2. ACQUISITION PURCHASE PRICE ALLOCATION

The Acquisition of TEN is accounted for using the acquisition method pursuant to IFRS 3, in which the assets and liabilities are recorded at their fair value on the date of acquisition and the total consideration is allocated to the assets acquired and liabilities assumed.

The following table summarizes the estimated fair values of assets acquired and liabilities assumed relating to the Acquisition as at March 31, 2025. The purchase price allocation is preliminary and is subject to change.

(Canadian $000)	**Mar 31 2025**
Consideration	
Cash received from vendor	(23,310)
Deposit	35,431
Contingent consideration	124,320
Total consideration	**136,441**
Identifiable net assets	
Property, plant and equipment ("PP&E")	1,544,211
Decommissioning liabilities	(258,320)
Working capital	(10,280)
Deferred tax liability	(939,328)
Total identifiable net assets	**336,283**
Gain on acquisition	**199,842**

The cash received from vendor resulted from purchase price adjustments primarily relating to the free cash flow generated by TEN from the effective date of the Acquisition of January 1, 2024 until May 1, 2025.

The Acquisition of TEN resulted in a gain on acquisition being recognized in the statements of net income and comprehensive income as the consideration was less than the fair value of the identifiable net assets acquired. The gain is primarily due to the fair value of the decommissioning liabilities and property, plant and equipment assumed by Tenaz as compared to the consideration paid.

The above fair values of the acquired assets and liabilities have been preliminarily determined by the management of Tenaz for the Acquisition as at March 31, 2025 and are based on the best information management has available and are subject to change.

2.1 Consideration

Consideration for the acquisition consists of:

- Cash of approximately €15 million received at completion as a result of purchase price adjustments from the effective date of January 1, 2024 until closing on May 1, 2025.

- Deposit of €23 million paid upon signing of the agreement using cash on hand and a drawing from a revolving facility from National Bank of Canada.

- Contingent consideration consisting of a contingent earn-out, exploration volume contingent consideration, and price contingent consideration as further described below.

Contingent consideration consists of:

- 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 as follows:

Cumulative Sales Volume From Individual Exploration Prospect	**Royalty Payable (%)**
Zero to 0.5 bcm (17.6 bcf)	0%
>0.5 to 1.0 bcm (17.6 bcf to 35.2 bcf)	7.5%
>1.0 bcm (35.2 bcf)	10%

- Price Contingent Consideration – If the average realized TTF price for a given calendar year between January 1, 2028 and December 31, 2031 exceeds €50/MWh, NAM is entitled to receive a gas price contingent payment based on incremental after-tax cash flow as follows:

Realized TTF Price	**NAM Share of After-Tax Incremental Cash Flow (%)**
Zero to €50/MWh (Zero to $21.63/ MMbtu)	0%
>€50 to €60/MWh ($21.63 to $25.96/ MMbtu)	25%
>€60/MWh (>$25.96/ MMbtu)	37.5%

The fair value of contingent consideration was derived from the estimate of proved and probable oil and gas reserves and the related cash flows by independent third-party reserve evaluators.

2.2 Identifiable assets

The above business combination was recognized in accordance with IFRS 3 Business Combinations using the acquisition method. The estimated acquisition date fair value attributed to the PP&E was derived from the estimate of proved and probable oil and gas reserves and the related cash flows by independent third-party reserve evaluators. The estimated proved and probable oil and gas reserves and the related cash flows were discounted at a rate based on what a market participant would have paid, as well as market metrics in the prevailing area at that time. The estimated fair value of decommissioning liabilities was derived from current estimated costs which are first inflated to the expected timing of abandonment as per the aforementioned estimate of proved and probable oil and gas reserves and then discounted to the present values using a credit-adjusted risk-free rate of approximately 10%.

2.3 Loan facility and deposit arrangement

Pursuant to the acquisition, the amount and agreement for the deposit with shareholder was assigned to Tenaz Energy Offshore B.V., an indirectly wholly owned subsidiary of Tenaz Energy Corp. As this is an intercompany arrangement between subsidiaries, it is eliminated upon consolidation.

3. PRO FORMA ACCOUNTING ADJUSTMENTS

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

3.1 Depletion, Depreciation and Amortization

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

3.2 Accretion on Decommissioning Liabilities

Accretion on decommissioning liabilities has been adjusted to reflect the application of decreased interest rate of 10% associated with the Acquisition.

3.3 Deferred Tax

Deferred tax expense has been adjusted to reflect the tax impact of the aforementioned adjustments at a 50% effective tax rate.

3.4 Shareholder's Equity

TEN equity balances, including share capital, retained earnings, and share premium, have been eliminated in the pro forma adjustments to reflect the acquisition accounting.

The retained earnings pro forma adjustment of $145.6 million as at March 31, 2025 resulted from reversing the retained earnings of TEN as at March 31, 2025 ($52 million) and recognizing the gain on acquisition of $199.9 million, offset by $2.3 million of transaction costs.

3.5. Transaction Costs

The pro forma statements give effect to transaction costs relating to legal and advisory fees paid in relation to the transaction subsequent to March 31, 2025.

APPENDIX D

The reserves data set forth below is based upon an independent engineering reserves evaluation (the "**McDaniel Report**") prepared by McDaniel and Associates Consultants Ltd. ("**McDaniel**"), the Company's independent qualified reserves evaluator, with an effective date of December 31, 2024 and a preparation date of March 12, 2025. The reserves data summarizes the natural gas liquids ("**NGLs**") and natural gas reserves attributable to the Upstream Assets and the net present values of future net revenue for these reserves using forecast prices and costs.

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

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

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

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

Tenaz determined the future net revenue and present value of future net revenue after income tax expenses by utilizing McDaniel's before income tax future net revenue and the Company's estimate of income tax. Tenaz's estimates of the after-income tax value of future net revenue have been prepared based on before income tax reserves information and include assumptions and estimates of the Company's tax pools and the sequences of claims and rates of claim thereon. The values shown may not be representative of future income tax obligations, applicable tax horizon or after-tax valuation. The after-tax net present value of Tenaz's crude oil and natural gas properties reflects the tax burden of its properties on a stand-alone basis. It does not provide an estimate of the value of the Company as a business entity, which may be significantly different. Tenaz's consolidated financial statements and management's discussion and analysis for the year ended December 31, 2024 and interim filings in 2025 should be consulted for additional information regarding the Company's taxes.

There are numerous uncertainties inherent in estimating quantities of crude oil, NGLs and natural gas reserves and the future cash flows attributed to such reserves. In general, such estimates are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of crude oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the economically recoverable crude oil, NGLs and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. The Company's actual production, revenues, taxes and development and operating expenditures with respect to its consolidated reserves will vary from estimates thereof and such variations could be material.

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

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

Summary of Oil and Gas Reserves

	Conventional Natural Gas		Natural Gas Liquids(3)		Total Oil Equivalent(4)	
Reserve Category	**Gross(1) (MMcf)**	**Net(2) (MMcf)**	**Gross(1) (Mbbl)**	**Net(2) (Mbbl)**	**Gross(1) (Mboe)**	**Net(2) (Mboe)**
Proved						
Developed Producing	169,059.7	169,059.7	189.0	189.0	28,365.6	28,365.6
Developed Non-Producing	22,176.1	22,176.1	39.1	39.1	3,735.1	3,735.1
Undeveloped	31,217.3	31,217.3	11.0	11.0	5,213.9	5,213.9
Total Proved(5)	**222,453.1**	**222,453.1**	**239.1**	**239.1**	**37,314.6**	**37,314.6**
Total Probable(5)	**108,723.1**	**108,723.1**	**221.2**	**221.2**	**18,341.7**	**18,341.7**
Total Proved & Probable(5)	**331,176.2**	**331,176.2**	**460.2**	**460.2**	**55,656.2**	**55,656.2**

(1) Gross reserves are working interest reserves before royalty deductions.
(2) Net reserves are working interest reserves after royalty deductions plus royalty interest reserves.
(3) Natural Gas Liquids include Condensate volumes
(4) 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.
(5) Numbers may not add due to rounding

Summary of Net Present Value of Future Net Revenue

	Before Income Taxes Discounted at (%/year)					After Income Taxes Discounted at (%/year)					Unit Value Before Tax
Reserve Category	**@0.0% (M$)**	**@5.0% (M$)**	**@10.0% (M$)**	**@15.0% (M$)**	**@20.0% (M$)**	**@0.0% (M$)**	**@5.0% (M$)**	**@10.0% (M$)**	**@15.0% (M$)**	**@20.0% (M$)**	**@10.0%(1) ($/BOE)**
Proved											
Developed Producing	795,964.0	790,102.5	736,575.2	674,324.6	615,919.2	342,887.1	426,563.4	428,186.1	403,452.1	372,447.5	25.97
Developed Non-Producing	273,317.7	231,426.0	195,347.8	166,389.8	143,575.3	140,604.4	124,435.7	106,345.7	90,493.5	77,557.2	52.30
Undeveloped	315,789.2	223,759.7	162,597.3	120,423.1	90,415.8	149,702.3	101,074.7	68,980.6	47,068.7	31,671.2	31.19
Total Proved(2)	**1,385,070.9**	**1,245,288.2**	**1,094,520.4**	**961,137.6**	**849,910.3**	**633,193.8**	**652,073.7**	**603,512.4**	**541,014.3**	**481,675.9**	**29.33**
Total Probable(2)	**1,240,719.9**	**831,440.9**	**572,452.9**	**407,504.1**	**299,965.6**	**628,970.0**	**434,400.4**	**295,494.2**	**203,863.4**	**144,031.3**	**31.21**
Total Proved & Probable(2)	**2,625,790.8**	**2,076,729.1**	**1,666,973.3**	**1,368,641.7**	**1,149,875.8**	**1,262,163.8**	**1,086,474.1**	**899,006.7**	**744,877.7**	**625,707.2**	**29.95**

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

Total Future Net Revenue (Undiscounted)

Reserves Category	Revenue[(1)] M$	Royalties[(2)] M$	Operating Costs M$	Development Costs M$	ADR Costs M$	Future Net Revenue Before Income Taxes M$	Income Taxes M$	Future Net Revenue After Income Taxes M$
Total Proved Reserves	3,693,057	-	1,365,310	148,726	793,950	1,385,071	751,877	633,194
Total Proved + Probable Reserves	5,557,002	-	1,756,481	311,546	863,183	2,625,791	1,363,627	1,262,164

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

(2) Royalties include any net profits interests paid.

Future Net Revenue by Product Type

Reserves Category	Product Type	Future Net Revenue Before Income Taxes (discounted @10%) M$	Unit Value[(1)] $/Mcf $/bbl
Total Proved Reserves	Conventional Natural Gas (Including By-products)	1,094,520	4.92
Total Proved + Probable Reserves	Conventional Natural Gas (Including By-products)	1,666,973	5.03

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

Pricing Assumptions – Forecast Prices and Costs

McDaniel employed the following pricing, exchange rate and inflation rate assumptions as of December 31, 2024 in the McDaniel Report in estimating reserves data using forecast prices and costs. The forecast prices used are based on an average of the price decks of three independent engineering firms, GLJ Ltd., Sproule Associates Limited and McDaniel & Associates Consultants Ltd. at January 1, 2025.

	Exchange Rates		US and Europe Crude Oil and Natural Gas Price Forecasts										
			US Crude Oil		US Natural Gas					Europe Crude Oil		Europe Natural Gas	
Year	$US to GBP £	$US to EUR €	WTI Oil $US/bbl	LLS Oil $US/bbl	Henry Hub Gas $US/MMBtu	CIG Gas $US/MMBtu	Chicago Gas $US/MMBtu	Houston Ship Gas $US/MMBtu	San Juan Gas $US/MMBtu	UK Brent Crude Oil $US/bbl	UK Forties Oil $US/bbl	UK NBP Gas $US/MMBtu	Dutch TTF Gas $US/MMBtu
Forecast													
2025	1.26	1.05	71.58	74.25	3.31	2.80	3.05	3.00	2.90	75.58	75.58	12.67	12.77
2026	1.28	1.06	74.48	77.14	3.73	3.20	3.53	3.40	3.30	78.51	78.51	11.08	11.18
2027	1.28	1.07	75.81	78.49	3.85	3.35	3.66	3.55	3.45	79.89	79.89	10.80	11.05
2028	1.28	1.08	77.66	80.39	3.93	3.40	3.73	3.60	3.50	81.82	81.82	11.13	11.55
2029	1.28	1.08	79.22	81.99	4.01	3.45	3.82	3.70	3.60	83.46	83.46	11.35	11.78
2030	1.28	1.08	80.80	83.64	4.09	3.55	3.89	3.75	3.65	85.13	85.13	11.58	12.02
2031	1.28	1.08	82.42	85.31	4.17	3.60	3.97	3.85	3.70	86.84	86.84	11.81	12.26
2032	1.28	1.08	84.06	87.01	4.26	3.70	4.05	3.90	3.80	88.57	88.57	12.05	12.50
2033	1.28	1.08	85.74	88.73	4.34	3.75	4.13	4.00	3.85	90.31	90.31	12.29	12.75
2034	1.28	1.08	87.46	90.47	4.43	3.85	4.21	4.05	3.95	92.09	92.09	12.53	13.00
2035	1.28	1.08	89.21	92.28	4.52	3.90	4.29	4.15	4.05	93.93	93.93	12.78	13.27
2036	1.28	1.08	90.99	94.13	4.61	4.00	4.38	4.25	4.10	95.81	95.81	13.04	13.53
2037	1.28	1.08	92.81	96.01	4.70	4.05	4.46	4.30	4.20	97.72	97.72	13.30	13.80
2038	1.28	1.08	94.67	97.93	4.79	4.15	4.55	4.40	4.25	99.68	99.68	13.57	14.08
2039	1.28	1.08	96.56	99.89	4.89	4.25	4.64	4.50	4.35	101.67	101.67	13.84	14.36