Tenaz Energy Corp. Announces Q2 2024 Results

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CALGARY, Aug. 8, 2024 - Tenaz Energy Corp. ("Tenaz", "We", "Our", "Us" or the "Company") (TSX: TNZ) is pleased t
financial and operating results for the three and six months ended June 30, 2024.

The unaudited interim consolidated financial statements and related management's discussion and analysis ("MD&A")
available on SEDAR+ at www.sedarplus.ca and on Tenaz's website at www.tenazenergy.com. Select financial and ope
information for the three and six months ended June 30, 2024 appear below and should be read in conjunction with the
financial statements and MD&A.

HIGHLIGHTS

Operating and Financial Results

- Production volumes averaged 2,517 boe/d(1) in Q2 2024, down 13% from Q1 2024, due to natural decline in Leduc-Woodbend ("LWB") wells drilled in 2023 and annual maintenance in Netherlands. Production increased 32 2023 due to LWB drilling and the acquisition of additional interest in the Netherlands assets in Q3 2023.
- Funds flow from operations ("FFO")(2) for the second quarter was $5.8 million, down 21% from Q1 2024 and up 7 2023. Lower FFO versus Q1 2024 resulted primarily from lower natural gas prices and production. In the year-ove comparison, FFO increased due to impacts of both Canadian drilling and the Netherlands acquisition in Q3 2023.
- Net income for Q2 2024 was $1.3 million, as compared to net losses of $0.6 million in Q1 2024 and $0.8 million i Higher income compared to Q1 2024 resulted primarily from income tax recoveries, partially offset by lower natur and the impacts of annual shutdown activities in our non-operated Netherlands assets.
- Q2 2024 capital expenditures ("CAPEX") were $2.5 million, mostly for Netherlands facilities work.
- During Q2, we closed our previously announced acquisition of a gas plant and leasehold assets in Alberta from a company. Cash consideration was $2.8 million.
- Subsequent to the end of Q2, we announced the signing of a definitive agreement to purchase NAM Offshore B.V The acquisition, which is targeted to close in mid-2025, includes low base-decline production of nearly 11,000 bo TTF natural gas) with numerous reinvestment opportunities to improve production over the medium-to-long term. 5, the Netherlands Authority for Consumers and Markets ("ACM") completed its review of the transaction and clea proceed as planned.
- We entered into a new lending relationship with National Bank of Canada ("NBC") to replace and upsize our exist credit facility. The new credit facility includes a $20 million revolving facility and an additional $90 million of debt c under a delayed draw term loan, which can be drawn to fund closing of the acquisition of NOBV.
- We ended Q2 2024 with positive adjusted working capital (2) of $44.3 million, down from $48.7 million at Q1 2024 million at Q4 2024, primarily due to closing of the acquisition of a gas plant and leasehold assets in Canada. Subs the quarter, Tenaz paid a â‚¬22.8 million ($34.0 million) deposit to the Seller for the acquisition of NOBV.
- Our Normal Course Issuer Bid ("NCIB") program has retired 0.3 million common shares at an average cost of $3. during the first half of 2024. As of the end of July 2024, we have retired 2.1 million shares at an average cost of $ share (7.3% of basic common shares) through the NCIB.
- As of August 8, 2024, Tenaz shares have recorded a price increase of 79% during 2024, placing Tenaz with the h shareholder return of 57 TSX-listed oil and gas companies of all sizes.

(1) The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. Per boe amounts have been calculated by using the conversion ratio of six thousand cubic feet (6 Mcf) of natural gas to one barrel (1 bbl) of crude oil. Refer to "Barrels of Oil Equivalent" section included in the "Advisories" section of this press release.

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

Budget and Outlook

- Annual guidance for capital expenditures remains unchanged at $26 to $28 million, with Canadian drilling activity the end of Q3 2024.

- Annual production guidance of 2,700 to 2,900 boe/d remains unchanged.

FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended			Six months ended	
	Jun 30	Mar 31	Jun 30	Jun 30	Jun 30
($000 CAD, except per share and per boe amounts)	2024	2024	2023	2024	2023
FINANCIAL					
Petroleum and natural gas sales	14,007	17,886	10,614	31,893	28,540
Cash flow (used in) from operating activities	(11,920)	6,218	957	(5,702)	6,074
Funds flow from operations(1)	5,822	7,043	3,361	12,865	10,635
Per share - basic(1)	0.22	0.26	0.12	0.48	0.38
Per share - diluted(1)	0.19	0.24	0.12	0.43	0.37
Net income (loss)	1,335	(557)	(757)	778	2,125
Per share - basic	0.05	(0.02)	(0.03)	0.03	0.08
Per share - diluted	0.04	(0.02)	(0.03)	0.03	0.07
Capital expenditures(1)	2,501	3,816	5,967	6,317	6,650
Adjusted working capital (net debt)(1)	44,343	48,740	17,094	44,343	17,094
Common shares outstanding (000)					
End of period - basic	27,345	26,703	27,378	27,345	27,378
Weighted average for the period - basic	26,734	26,779	27,555	26,756	27,735
Weighted average for the period - diluted	29,992	29,494	28,308	29,733	28,427
OPERATING					
Average daily production					
Heavy crude oil (bbls/d)	911	1,149	711	1,030	824
Natural gas liquids (bbls/d)	71	70	57	71	60
Natural gas (Mcf/d)	9,206	10,005	6,802	9,605	7,409
Total (boe/d)(2)	2,517	2,887	1,903	2,702	2,119
Netbacks ($/boe)					
Petroleum and natural gas sales	61.17	68.08	61.31	64.86	74.43
Royalties	(6.18)	(5.81)	(4.80)	(5.99)	(5.61)
Transportation expenses					

(3.40)

(2.99)

(3.66)

(3.66)

(3.18)

(3.52)

Operating expenses	(36.47)	(26.05)	(28.25)	(30.90)	(26.30)
Midstream income[1]	6.12	4.29	5.21	5.14	4.74
Operating netback[1]	21.24	37.52	29.81	29.93	43.74
BENCHMARK COMMODITY PRICES					
WTI crude oil (US$/bbl)	80.55	76.97	73.77	78.76	74.94
WCS (CAD$/bbl)	91.52	77.80	78.93	84.66	74.06
AECO daily spot (CAD$/Mcf)	1.18	2.30	2.43	1.84	2.84
TTF (CAD$/Mcf)	13.70	11.83	15.24	12.76	18.99

[1]This is a non-GAAP and other financial measure. Refer to "Non-GAAP and Other Financial Measures" included in the "Advisories" section of this press release.
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PRESIDENT'S MESSAGE

We are pleased to provide our results for the second quarter and first half of 2024. From an operating perspective, Q2 u
largely as expected, with reduced production and FFO due to the annual shutdown of non-operated assets in the Nethe
natural declines of our existing wells in Leduc-Woodbend. In comparison to the year-earlier three- and six-month perioc
and H1 2024 were up substantially due to LWB drilling and the XTO acquisition.

On July 18, we announced an agreement with Nederlandse Aardolie Maatschappij B.V. ("NAM"), a 50/50 joint venture b
Shell plc and ExxonMobil Corporation, to acquire all of the issued and outstanding shares of ("NOBV") (the "Acquisition
consideration of â‚¬165 million ($246 million) prior to closing adjustments, plus contingent payments based on free cash
realized natural gas prices and exploration success. The transaction has an effective date of January 1, 2024 (the "Effe
and is expected to close in mid-2025 following completion of operational transition activities. On August 5, the ACM cor
review of the transaction and cleared it to proceed as planned.

In 2024, NOBV is expected to produce nearly 11,000 boe/d (99% TTF natural gas) and generate approximately â‚¬90 r
million) of free cash flow based on strip prices as of the time of announcement of the Acquisition and hedges that are ir
2024. NOBV's cash flow profile is underpinned by a combination of physical fixed-price and collar hedges for 2024 thro
on approximately 46% of production. Closing of the Acquisition will be funded through a combination of interim free cas
between the Effective Date and closing, a â‚¬22.8 million ($34.0 million) deposit paid to NAM, cash on hand, and availa
under a new revolving credit and delayed draw term loan facility with NBC.

An independent assessment of the acquired properties by McDaniel and Associates ("McDaniel") estimated 53.6 millior
natural gas) of Total Proved + Probable ("2P") reserves as at January 1, 2024. McDaniel's assessment of after-tax net
value discounted at 10 percent ("NPV10") of the 2P reserves using the July 1, 2024 Consultant Average Price Forecast
taking into account estimated decommissioning costs, was â‚¬541 million ($802 million).

The Acquisition is aligned with the strategy we articulated at the launch of Tenaz in 2021. The acquired production has
margins and low base decline within high-capacity infrastructure, and is replete with lower risk development opportuniti
higher risk but sizable exploration upside. Financing for the transaction avoids dilution and allows returns to inure to the
existing shareholders. The Acquisition is within our primary region of focus and is a significant step in our path toward c
and capital markets scale.

The Acquisition is expected to generate significant accretion in all key metrics, including production, reserves, cash flov
flow and net asset value per share. The Acquisition results in a 3.9x increase in corporate production, a 3.7x increase ir
reserves, and 6.2x increase in 2P reserve value. Upon closing, Tenaz will become the second largest operator in the D
Sea ("DNS"). NOBV production accounts for approximately 20% of gas production in the DNS and is 87% operated by

We welcome NOBV's highly skilled and experienced personnel who are central to the continued success of Tenaz. We
there is significant opportunity for reinvestment in these assets, and the NOBV team is critical to this reinvestment prog
evaluation of NOBV has determined that there are several years of workover and optimization projects and a large num
potential development drilling locations, in addition to exploration leads and prospects, on this extensive set of offshore
Development and exploration potential is enhanced by the presence of 3D seismic surveys over substantially all of the
including a high-effort Ocean Bottom Node survey acquired in 2022 which is still undergoing processing. We are excite

in the revitalization and sustainability of the Netherlands energy industry, and we look forward to establishing our Dutch headquarters near the existing NOBV office in the Netherlands.

The Acquisition is paired with a purpose-built financing structure. Tenaz has entered into a new lending relationship wit replace and upsize our existing revolving credit facility. The new credit facility includes a $20 million revolving facility an additional $90 million of debt capacity under a delayed draw term loan, which can be drawn to fund closing of the Acqu drawn, the term loan will be repayable within twelve months of draw down. In time, we intend to replace the delayed dra loan with other debt financing sources aligned with our long-term target capital structure.

Over the next year, Tenaz will work with NAM to prepare for the transition at closing. The transition includes the establi the business processes, IT systems, and commercial arrangements for NOBV to operate in the Dutch North Sea. Durin transition, NOBV's operations will continue to be managed by NAM. The existing Tenaz team is excited to work with ou colleagues to ensure safe, environmentally benign and profitable operation upon closing.

On our existing Netherlands assets, ENI and its partners in the L10 field continue to assess the technical merits and co viability of carbon capture and storage ("CCS") in the L10 reservoir. If commercially viable, the L10 CCS project has the store 96 million tonnes ("mt") of CO_2 (10.9 mt net to Tenaz) with contemplated annual capacity of up to 5 mt per annum respect to the NOBV assets, CCS potential has been retained by NAM. Tenaz will work with NAM to facilitate the re-us and reservoirs for CCS at the end of productive life of the hydrocarbon reservoirs.

Both our existing non-operated Netherlands and the NOBV assets sell natural gas based on the TTF index. Prompt TT have increased approximately 20% since the Acquisition was announced. The prompt price for TTF (September 2024 c currently â‚¬40.01/MWh ($17.63/Mcf). For calendar 2025, TTF forwards currently average â‚¬41.54/MWh ($18.26/Mcf).

In Canada, while production was down from Q1 2024, our four gross (3.35 net) LWB wells drilled last year are generally on their type curves after their production plateaus. During Q2 2024, our Canadian team focused on the assimilation of recently-purchased Watelet gas plant and additional leasehold around LWB.

As stated in our previous communications, we intend to expand in our regions of strategic interest by pursuing additiona value-adding transactions. We believe the international oil and gas asset market is well-populated with projects that are with our strategy. We are optimistic about our transaction pipeline and confident in our capability to bring additional ass Tenaz portfolio at the same time we conduct transition activities for the NOBV assets. We also believe that the combina forma free cash flow, operating capability, and financial robustness demonstrated with the NOBV acquisition should en attractiveness as an acquisition counterparty to prospective sellers of assets.

As we have also stated before, we make no guarantees with respect to timing or certainty of additional transactions, bu that our business model can continue to produce value-adding acquisitions for our existing shareholders. Our ongoing organizational strengthening reflects this confidence and illustrates our readiness to execute such transactions. Finally, management and Board of Directors of Tenaz remain aligned with the rest of our shareholders through our growing ow Tenaz shares.

/s/ Anthony Marino
President and Chief Executive Officer
August 8, 2024

About Tenaz Energy Corp.

Tenaz is an energy company focused on the acquisition and sustainable development of international oil and gas asset has domestic operations in Canada along with offshore natural gas assets in the Netherlands. The domestic operations a semi-conventional oil project in the Rex Member of the Mannville Group at Leduc-Woodbend in central Alberta. The N natural gas assets are located in the Dutch sector of the North Sea. Additional information regarding Tenaz is available SEDAR+ and its website at www.tenazenergy.com. Tenaz's Common Shares are listed for trading on the Toronto Stoc under the symbol "TNZ".

ADVISORIES
Non‐GAAP and Other Financial Measures

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

Non-GAAP Financial Measures
Funds flow from operations ("FFO")

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

($000)	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
Cash flow from operating activities	(11,920)	6,218	957	(5,702)	6,074
Change in non-cash operating working capital	14,895	(2,900)	1,294	11,995	2,201
Decommissioning liabilities settled	1,445	2,597	209	4,042	542
Midstream income	1,401	1,128	901	2,529	1,818
Funds flow from operations	5,822	7,043	3,361	12,865	10,635

Capital Expenditures

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

($000)	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
Exploration and evaluation	467	518	880	985	916
Property, plant and equipment	2,034	3,298	5,087	5,332	5,734
Capital expenditures	2,501	3,816	5,967	6,317	6,650

Free Cash Flow ("FCF")

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

($000)	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
Funds flow from operations	5,822	7,043	3,361	12,865	10,635
Less: Capital expenditures	(2,501)	(3,816)	(5,967)	(6,317)	(6,650)
Free cash flow	3,321	3,227	(2,606)	6,548	3,985

Midstream Income

Tenaz considers midstream income an integral part of determining operating netback. Operating netbacks assists man and investors with evaluating operating performance. Tenaz's midstream income consists of the income from its associ Noordtgastransport B.V. and excludes the amortization of fair value increment of NGT that is included in the equity inve

the balance sheet. Under IFRS, investments in associates are accounted for using the equity method of accounting. Inc
associate is Tenaz's share of the investee's net income and comprehensive income.

($000)	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
Income from associate	1,160	888	901	2,048	1,818
Plus: Amortization of fair value increment of NGT	241	240	-	481	-
Midstream income	1,401	1,128	901	2,529	1,818

Non-GAAP Financial Ratio

Operating Netback

Tenaz calculates operating netback on a dollar or per boe basis, as petroleum and natural gas sales less royalties, ope
and transportation costs, plus midstream income (income from associate, as described above). Operating netback is a
benchmark and a measure of performance for Tenaz that provides investors with information that is commonly used by
oil and natural gas producers. The measurement on a per boe basis assists management and investors with evaluating
performance on a comparable basis. Tenaz's operating netback is disclosed in the "Operating Netback" section of the M

Capital Management Measure

Adjusted working capital (net debt)

Management views adjusted working capital (net debt) as a key industry benchmark and measure to assess the Compa
financial position and liquidity. Adjusted working capital (net debt) is calculated as current assets less current liabilities,
the fair value of derivative instruments. Tenaz's adjusted working capital (net debt) is disclosed in the "Capital Resource
Liquidity" section of the MD&A.

Supplementary Financial Measures

- "DD&A expense per boe", "Operating expense per boe", "Royalties per boe", and "Transportation expense per bo
comprised of the respective line item from the consolidated statements of net income, as determined in accordan
IFRS, divided by the Company's or business units' total production.
- "Funds flow from operations per basic share" is comprised of funds flow from operations divided by basic weighte
Common Shares.
- "Funds flow from operations per diluted share" is comprised of funds flow from operations divided by diluted weig
average Common Shares.
- "Realized heavy crude oil price", "Realized natural gas liquids price", "Realized natural gas price", and "Realized
and natural gas sales price" are comprised of commodity sales from the respective commodity, as determined in
with IFRS, divided by the Company's production of the respective commodity.
- "Royalties as a percentage of sales" is comprised of royalties, as determined in accordance with IFRS, divided by
sales from production as determined in accordance with IFRS.

Barrels of Oil Equivalent

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

Forward‐looking Information

This press release contains certain forward-looking information and statements within the meaning of applicable securi
The use of any of the words "expect", "anticipate", "budget", "forecast", "guidance", "continue", "estimate", "objective", "
"may", "will", "project", "should", "believe", "plans", "potential", "intends", "strategy" and similar expressions are intended
forward-looking information or statements. In particular, but without limiting the foregoing, this press release contains
forward-looking information and statements pertaining to: the NCIB and expected share buybacks thereunder; Tenaz's
plans; activities and budget for 2024, and our anticipated operational and financial performance; expected well perform
expected economies of scale; forecasted average production volumes and capital expenditures for 2024; the ability to g
assets domestically and internationally; statements relating to a potential CCS project; and the Company's strategy.

In addition, this press release contains forward-looking information and statements pertaining to the acquisition of NAM

B.V. including, without limitation: the timing of closing; expected production, cash flow and free cash flow; expectations
estimated cash to close, and sources of funding thereof including future financing (and the nature thereof); transaction
exploration and development potential including workover and optimization projects, potential development drilling loca
exploration leads and prospects.

The forward-looking information and statements contained in this press release reflect several material factors and exp
and assumptions of Tenaz including, without limitation: the continued performance of Tenaz's oil and gas properties in
consistent with its past experiences; that Tenaz will continue to conduct its operations in a manner consistent with past
expectations regarding future development; the general continuance of current industry conditions; the continuance of e
(and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; expectations regar
acquisition opportunities; the accuracy of the estimates of Tenaz's reserves and resource volumes; certain commodity p
other cost assumptions; the continued availability of oilfield services; and the continued availability of adequate debt an
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 stat
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 press release are not guarantees of future performanc
should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties an
factors that may cause actual results or events to differ materially from those anticipated in such forward-looking inform
statements including, without limitation: changes in commodity prices; changes in the demand for or supply of Tenaz's
unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regu
matters; changes in development plans of Tenaz or by third party operators of Tenaz's properties, increased debt levels
service requirements; inaccurate estimation of Tenaz's oil and gas reserve volumes; limited, unfavorable or a lack of ac
capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; a failure to obtain r
approvals as proposed or at all and certain other risks detailed from time to time in Tenaz's public documents.

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

Tenaz Energy Corp., investors@tenazenergy.com;
Anthony Marino, President and Chief Executive Officer, Direct: 587 330 1983;
Bradley Bennett, Chief Financial Officer, Direct: 587 330 1714

SOURCE Tenaz Energy Corp.