

# Tenaz Energy Corp. Announces Q1 2025 Results

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CALGARY, May 7, 2025 - [Tenaz Energy Corp.](#) ("Tenaz", "We", "Our", "Us" or the "Company") (TSX: TNZ) is pleased to announce financial and operating results for the three months ended March 31, 2025.

The unaudited interim condensed consolidated financial statements and related management's discussion and analysis ("MD&A") are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on Tenaz's website at [www.tenazenergy.com](http://www.tenazenergy.com). Select financial and operating information for the three months ended March 31, 2025 appear below and should be read in conjunction with the related financial statements and MD&A.

## HIGHLIGHTS

### Corporate Update

- We completed the previously announced acquisition of NAM Offshore B.V. ("NOBV") on May 1, 2025 (the "Acquisition"). 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 January 1, 2024 until closing on May 1, 2025, Tenaz Energy received approximately \$15 million at completion. Based on preliminary estimates, net working capital of our TEN subsidiary at close is approximately neutral, excluding the current portion of any future contingent earn-out payments.

### First Quarter Operating and Financial Results

- Production volumes averaged 2,893 boe/d<sup>(1)</sup> in Q1 2025, up 3% from Q4 2024, reflecting lower downtime from our non-operated assets in the Netherlands and initial contributions from Canadian drilling.
- We drilled three gross (2.4 net) wells in Canada, which produced at an initial net rate of approximately 870 boe/d (45% crude oil). Capital cost of the program was \$8.3 million net to Tenaz.
- Funds flow from operations<sup>(2)</sup> ("FFO") for the first quarter was \$1.0 million (\$0.03/share<sup>(2)</sup>) as compared to \$8.3 million (\$0.30/share) in Q4 2024, primarily due to higher interest and transaction costs and the absence of a prior period tax adjustment recorded in Q4 2024.
- Net loss for Q1 2025 was \$5.3 million (\$0.19/share), as compared to net loss of \$0.5 million (\$0.02/share) in Q1 2024. The increase in net loss was primarily driven by interest expense for the senior notes issued in Q4 2024 and transaction costs for the Acquisition.
- We ended Q1 2025 with a \$0.5 million net debt<sup>(2)</sup> position, as compared to a \$10.0 million positive adjusted working capital<sup>(2)</sup> position at the end of 2024, with the change primarily driven by our Q1 Canadian drilling program and transition costs for the Acquisition. We had an unrestricted cash balance of \$135.7 million at the end of Q1 2025.
- In February 2025, we renewed our NCIB and obtained approval to purchase up to 2.5 million additional shares. During Q1, we retired 62 thousand shares at an average cost of \$13.42 per share. Since the beginning of the NCIB program in Q3 2022, we have retired 2.1 million common shares (7.5% of basic common shares) at an average cost of \$3.11/share.

## Guidance

- Pursuant to the close of the Acquisition, we updated our production and capital guidance reflecting its forecasted contribution for the eight-month period following closing. On an annual average basis for 2025, TEN will add approximately 6,100 to 6,400 boe/d to our annual guidance range, resulting in updated guidance of 9,000 to 9,500 boe/d. We plan to invest \$55 to \$61 million in the acquired assets for the remainder of 2025, resulting in consolidated Drilling and Development capital expenditures of \$85 to \$95 million. The revised program is expected to be entirely self-funded within both our Netherlands and Canada business units.

## FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended	
	Mar 31	Dec 31
(\$000 CAD, except per share and per boe amounts)	2025	2024
<b>FINANCIAL</b>		
Petroleum and natural gas sales	17,692	16,285
Cash flow from operating activities	(3,811)	) 23
Funds flow from operations <sup>(2)</sup>	953	8,299
Per share - basic <sup>(2)</sup>	0.03	0.30
Per share - diluted <sup>(2)</sup>	0.03	0.26
Net income (loss)	(5,308)	) (6,037
Per share - basic	(0.19)	) (0.22
Per share - diluted <sup>(3)</sup>	(0.19)	) (0.22
Capital expenditures <sup>(2)</sup>	9,320	4,962
Adjusted working capital (net debt) <sup>(2)</sup>	(497)	) 9,953
Common shares outstanding (000)		
End of period - basic	27,550	27,610
Weighted average for the period - basic	27,595	27,542
Weighted average for the period - diluted	32,715	32,279
<b>OPERATING</b>		
Average daily production		
Heavy crude oil (bbls/d)	951	1,097
Natural gas liquids (bbls/d)	71	78
Natural gas (Mcf/d)	11,225	9,836
Total (boe/d)	2,893	2,814
<b>Netbacks (\$/boe)</b>		
Petroleum and natural gas sales	67.95	62.90
Royalties	(5.38)	) (5.00
Transportation expenses	(3.09)	) (2.99
Operating expenses	(28.45)	) (33.38
Midstream income <sup>(2)</sup>	3.48	4.24
Operating netback <sup>(2)</sup>	34.51	25.77
<b>BENCHMARK COMMODITY PRICES</b>		
WTI crude oil (US\$/bbl) <sup>(4)</sup>	71.42	70.28
WCS (CAD\$/bbl)	84.43	81.32
AECO daily spot (CAD\$/Mcf) <sup>(5)</sup>	2.13	1.48
TTF (CAD\$/Mcf) <sup>(6)</sup>	20.65	19.00

(1)

The term barrels of oil equivalent ("boe") may be misleading, particularly amounts have been calculated by using the conversion ratio of six thousand to one barrel (1 bbl) of crude oil. Refer to "Barrels of Oil Equivalent" included in this press release.

(2)

This is a non-GAAP and other financial measure. Refer to "Non-GAAP and Other Financial Measures" section "Advisories".

(3)

Per share metrics calculated using the weighted average common share

(4)

WTI represents posting price of West Texas Intermediate ("WTI") crude oil

- (5) AECO is the natural gas price index for Alberta.  
(6) TTF is the price for natural gas in the Netherlands.

## PRESIDENT'S MESSAGE

After closing the NOBV acquisition on May 1, we have now embarked on our journey as a significant European natural gas operator. Through great cooperation and diligent work among the NOBV staff, our Calgary team, NAM and Shell, we were able to close two months ahead of our original schedule.

Our people are the most important determinant of our long-term success. On behalf of our Board of Directors, we extend the warmest of welcomes to all new members of the Tenaz team, both from NOBV and from other organizations, that have joined us. We are extraordinarily fortunate to have the team we do.

NOBV has been renamed Tenaz Energy Netherlands B.V. ("TEN"). 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. Based on preliminary estimates, net working capital of our TEN subsidiary at close is approximately neutral, excluding the current portion of any future contingent earn-out payments.

TEN is the entity that will execute our corporate vision in the Dutch North Sea ("DNS"). This region offers many opportunities to deliver safe, secure and low-emission energy for Europe in an era of persistent supply uncertainty. The Dutch government is reinforcing its commitment to accelerate responsible natural gas development in the DNS. The recent sector agreement between the offshore gas industry and the Ministry of Climate and Green Growth marks a key step in unlocking the region's full gas potential. By streamlining approval processes and fostering industry-government collaboration, the agreement paves the way for more efficient and accelerated development of critical energy resources, enhancing both economic growth and energy security.

Our extensive transition activities were executed with strong collaboration among a wide group of technical and commercial vendors, ranging from local oil and gas service companies to large international firms. Notably, vendors such as SAP and PwC Canada played key roles in supporting our industry-leading, full-suite greenfield implementation of cloud-standard SAP as our enterprise resource planning ("ERP") system. In addition to our ERP rollout, we successfully executed software solutions for hydrocarbon accounting, permit-to-work, real-time data collection, and gas dispatching, among other systems. These investments enabled a safe and seamless transition of operatorship to Tenaz and also established a scalable IT platform for our future growth.

Our business model seeks to secure advantage in two ways that are differentially present in the international asset market. First, purchase multiples are typically lower outside of North America, implying higher base rates-of-return on the initial acquisition investment. In our view, the Acquisition has been demonstrated to be an example of this first aspect. The second step is having a greater opportunity to improve the production and unit cost profile after becoming operator of the acquired assets. Often, the types of assets we pursue have been historically underinvested, usually as a result of not being core to larger-company sellers. We believe this opportunity is present in the TEN assets, and now we begin execution of our operating plans to realize this potential.

Prior to the Acquisition, NOBV had a low level of capital activity. Our objective is to ramp up investment as rapidly as is efficient and practicable, while maintaining our top priority of safe operation. We recognize that the more capital-intensive activities such as drilling and barge-based workovers have a significant lead time for final design, permitting and contracting. During the transition period, Tenaz conducted preparatory work for the optimization and development program initially identified during our evaluation of the acquired assets. We are now conducting a tender process for key services including barges, drilling services and long-lead materials. Our aspiration is to commence these activities in Q4 2025, including the spudding of the first well on our DNS operated assets. Subject to rig availability and permitting timelines, we intend to execute a multi-well drilling campaign targeting production growth in 2026 and beyond. Our infrastructure, including both offshore platforms and onshore processing, is generally underutilized. We have a number of technically-mature drilling prospects which, if successful, could generate production growth with minimal incremental infrastructure investment. This aspiration for increased investment, including drilling during 2025, drives our revised capital investment guidance.

At present, the TTF marker price stands at approximately €34.25/MWh (\$15.70/Mcf), with the forward price for the second half of 2025 at €35.75/MWh (\$16.40/Mcf). We are approximately 52% hedged for our 2025 TTF exposure at an average price of €35.45/MWh (\$16.30/Mcf).

Turning to Canada, we executed a three gross (2.4 net) well drilling program using unstimulated horizontal wells in Q1. The wells were put on production late in the quarter. In aggregate, the wells had an initial net rate of 870 boe/d (45% oil), while facing some remaining constraints for oil battery capacity and natural gas handling. While our Rex formation sites typically have excess processing capacity, our 2025 program was conducted in the Glauconite and Ellerslie pools with less battery capacity. As a result, battery constraints are still being addressed at two of the new wellsites to allow the wells to produce to their full potential. The Canadian drilling program had a capital cost of \$8.3 million net to Tenaz, including drilling, completion, equipping, tie-in and facility expansion.

Individual results from the Canadian wells were as follows:

- Single-leg horizontal drilled in the Glauconite A Pool at Watelet. This well was drilled to a depth of 1,480 meters total vertical depth ("TVD") and 3,842 meters total measured depth ("MD"), with a total lateral length of 2,160 meters, successfully extending the pool by more than one mile. The initial gross rate was 610 boe/d (57% gas) at 87.5% working interest.
- Multi-lateral horizontal well in the Glauconite D Pool waterflood at Leduc Woodbend. The three-leg multi-lateral was drilled to a TVD of 1,388 meters and a MD of 4,151 meters, with 2,530 meters of open lateral in the Glauconitic Sand. Initial gross rate was 90 boe/d (30% gas) at 52.4% working interest.
- Multi-lateral horizontal well in the Ellerslie A Pool at Watelet. The four-leg multi-lateral was drilled to a depth of 1,478 meters TVD, 6,221 meters MD, with 4,473 meters of productive length in the Ellerslie reservoir, which was extended to the east of prior wells. The well had an initial gross rate of 300 boe/d (40% gas) at 100% working interest.

With respect to the Watelet gas plant we purchased a year ago, throughput has increased from approximately 6 MMcf/d at the time of purchase to approximately 10 MMcf/d today. The increase in throughput has been achieved through a combination of higher Tenaz equity production, primarily from the recently drilled wells, and increased third-party processing business.

While Canadian production during Q1 averaged 1,924 boe/d, it currently stands at approximately 2,450 boe/d, reflecting about 930 boe/d from the three new wells, which is in line with our budget expectations. We believe that performance from the new wells can be optimized once battery constraints are ameliorated.

Q1 2025 funds flow from operations ("FFO") totaled \$1.0 million, impacted by \$6.1 million in combined transaction costs and interest expense during the quarter. Cash flows produced by the acquired assets from the January 1, 2024 economic effect date until the closing date of May 1, 2025 were accounted for as an adjustment to cash-at-closing. Had closing occurred on January 1, 2025, incremental FFO from the acquired assets for Q1 2025 would have been approximately \$51 million. Tenaz expects to generate positive free cash flow for the remainder of 2025, half of which will be directed to contingent earn-out obligations. Our balance sheet will reflect our estimate of the contingent earn-out obligations as of our Q2 2025 report.

Tenaz ended Q1 2025 with net debt of approximately \$0.5 million, primarily due to Canadian capital investment and transaction costs for the Acquisition. Liquidity remains strong, bolstered by senior notes issued in November 2024 and approximately €15 million received subsequent to Q1 2025 when we closed the Acquisition. Our current unrestricted cash balance is now approximately \$151 million. Further enhancing liquidity, we have a \$20 million undrawn revolving credit facility from National Bank of Canada.

Within our officer corps, Senior Vice President David Burghardt will be shifting responsibilities now that the Acquisition has closed. Mr. Burghardt had been responsible for management of our non-operated Netherlands assets, which will now be consolidated within our TEN subsidiary. Mr. Burghardt will shift to the newly-created position of SVP, Investor Relations. He is well suited to this role given his capital market experience as President and CEO of our predecessor Altura Energy, his knowledge of Tenaz' assets and ongoing business model, and his history of working in Europe for Vermilion Energy before he founded Altura. Tenaz will now put greater focus on investor relations and corporate marketing, reflective of increased

market capitalization and broader investor interest as Tenaz has grown.

We continue to return value to shareholders through our NCIB program and maintain a strong acquisition pipeline. Despite macro volatility, we believe market conditions remain favorable for disciplined acquisitions. In closing, our Board and employees remain aligned with shareholders. We are committed to driving long-term value and disciplined execution in 2025 and beyond.

/s/ Anthony Marino

President and Chief Executive Officer  
May 7, 2025

About Tenaz Energy Corp.

Tenaz is an energy company focused on the acquisition and sustainable development of international oil and gas assets. Tenaz is the second largest operator of natural gas assets in the Dutch sector of the North Sea and develops crude oil and natural gas at Leduc-Woodbend in Alberta. Additional information regarding Tenaz is available on SEDAR+ and at [www.tenazenergy.com](http://www.tenazenergy.com). Tenaz's Common Shares are listed for trading on the Toronto Stock Exchange 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-GAAP financial measures" and operating netback which is considered a "non-GAAP financial ratio." These terms do not have a standardized meaning prescribed by GAAP. In addition, this press release contains the term adjusted working capital (net debt), which is considered a "capital management measure." Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Investors are cautioned that these measures should not be construed as an alternative to net income (loss) determined in accordance with GAAP and these measures should not be considered to be more meaningful than GAAP measures in evaluating the Company's performance.

### Funds flow from operations

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

(\$000)	Q1 2025	Q4 2024	Q1 2024
Cash flow (used in) from operating activities	(3,811 )	23	6,218
Change in non-cash operating working capital	2,895	6,114	(2,900 )
Decommissioning liabilities settled	585	1,065	2,597
Midstream income	1,381	1,097	1,128
Amortization of deferred financing costs	(97 )	-	-
Funds flow from operations <sup>(1)</sup>	953	8,299	7,043

(1) FFO per share (basic) is calculated as FFO divided by the weighted average common shares outstanding. Diluted FFO per share adjusts for the impact of potentially dilutive securities using the treasury stock method. For the periods presented, FFO per share was as follows: Q1 2025: \$0.04 basic, \$0.03 diluted; Q4 2024: \$0.30 basic, \$0.26 diluted; Q1 2024: \$0.26 basic, \$0.24 diluted.

### Capital Expenditures

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

(\$000)	Q1 2025	Q4 2024	Q1 2024
Exploration and evaluation expenditures	311	501	518
Property, plant and equipment expenditures	9,009	4,461	3,298
Capital expenditures	9,320	4,962	3,816

#### Free Cash Flow ("FCF")

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

(\$000)	Q1 2025	Q4 2024	Q1 2024
Funds flow from operations	953	8,299	7,043
Less: Capital expenditures	(9,320 )	(4,962 )	(3,816 )
Free cash flow	(8,367 )	3,337	3,227

#### Midstream Income

Tenaz considers midstream income an integral part of determining operating netbacks. Operating netbacks assists management and investors with evaluating operating performance. Tenaz's midstream income consists of the income from its associate, Noordtgastransport B.V. and excludes the amortization of fair value increment of NGT that is included in the equity investment on the balance sheet. Under IFRS Accounting Standards, investments in associates are accounted for using the equity method of accounting. Income from associate is Tenaz's share of the investee's net income and comprehensive income.

(\$000)	Q1 2025	Q4 2024	Q1 2024
Income from associate	1,144	917	888
Plus: Amortization of fair value increment of NGT	237	180	240
Midstream income	1,381	1,097	1,128

#### Adjusted working capital (net debt)

Management views adjusted working capital (net debt) as a key industry benchmark and measure to assess the Company's financial position and liquidity. Adjusted working capital (net debt) is calculated as current assets less current liabilities and long term debt, excluding the fair value of derivative instruments. Tenaz's adjusted working capital (net debt) as at March 31, 2025 and December 31, 2024 is summarized below:

(\$000)	March 31, 2025	December 31, 2024
Current assets	191,401	188,537
Current liabilities	(53,744 )	(40,304 )
Net current assets	137,657	148,233
Fair value of derivative instruments	218	(5 )
Long-term debt	(138,372 )	(138,275 )
Adjusted working capital (net debt)	(497 )	9,953

#### Operating Netback

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

## Per Share Ratios

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

## Barrels of Oil Equivalent

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

## Forward-looking Information and Statements

This press release 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 press release contains forward-looking information and statements pertaining to our beliefs about the regulatory approach to natural gas development in the DNS; matters relating to TEN including expectations for our business, operations and our financial position; Tenaz's capital plans and activities, and our anticipated operational and financial performance; expected well performance; optimization and development opportunities; our production and capital guidance including forecast average production volumes and capital expenditures for 2025; the ability to grow our assets domestically and internationally; and the Company's business model and strategy.

The forward-looking information and statements contained in this press release and report reflect several material factors and expectations and assumptions of Tenaz including, without limitation: the continued performance of Tenaz's oil and gas properties in a manner consistent with its past experiences; that Tenaz will continue to conduct its operations in a manner consistent with past operations; expectations regarding future development; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty, tariff and regulatory regimes; expectations regarding future acquisition opportunities; the continued availability of oilfield services; and the continued availability of adequate debt and equity financing and cash flow from operations to fund its planned expenditures.

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

The forward-looking information and statements included in this press release are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of Tenaz's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Tenaz or by third party operators of Tenaz's properties; increased debt levels or debt service requirements; inaccurate estimation of Tenaz'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 Tenaz's public documents.

The forward-looking information and statements contained in this press release speak only as of the date of this press release, and Tenaz 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.

For further information, contact:

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

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