HAYWOOD CAPITAL MARKETS

Tenaz Energy Corp.

(TNZ-T)

SECTOR: Energy

STOCK PRICE	$23.86
RATING	BUY
TARGET PRICE	$32.50

CORPORATE UPDATE

2026 Guidance; Capital Accelerating

OUR TAKE: TNZ released its 2026 guidance which we view as overall neutral to our outlook, despite capex coming in at the high end of Street expectations while the mid-point of average production screens as in line with the Street and represents 115% year-over-year growth. Importantly, management emphasized that average production understates the impact of the 2026 capital program, with drilling, workover, and tie-in timing weighting the majority of production additions to late 2026 and into 2027. As a result, the program appears geared toward maximizing exit-rate growth, with the potential to exit 2026 at production levels materially above the annual average, setting up meaningful upside to 2027 production and cash flow.

KEY HIGHLIGHTS

- **2026 outlook.** TNZ has tabled a capital budget of $250 - $275 MM (consensus average: $175 MM; range: $150-$225 MM) and supports average production of 19,500-22,500 boe/d, representing 115% year-over-year growth. The company will direct 80% of capital towards drilling activity, 10% towards workovers, and 10% to long-lead purchases and facility projects. Management expects spending to remain within forecasted funds flow at current strip pricing and noted flexibility to adjust the program as the year progresses. While we expect free cash flow to remain limited in 2026, the program appears structured to drive exit-rates of 27,000 boe/d, setting up a materially higher base for 2027.

- **Activity update.** The Netherlands remains the core growth driver for TNZ, with three jack-up rigs currently active across the DNS portfolio. In the TNZ-operated Joint Development Area (JDA), the Shelf Drilling Winner is drilling the K07-FB-103 well (45.6% working interest). At GEMS, operated by ONE-Dyas, the Borr Prospector 1 is on location preparing to re-enter and complete a partially drilled infill well in the N05 pool (33.3% working interest). In the L10 area, the Noble Resolute has commenced drilling the Eni-operated L10-M4 Malachite well (21.4% working interest). The company's Canadian program, which makes up 4% of the budget, is expected to be composed of three horizontal wells (2.6 net), with two unfracked multi-laterals in the Ellerslie formation and a fracked single lateral in the Sparky formation.

RECOMMENDED ACTION

We Recommend Accumulating Shares at Current Levels

- **We maintain our Buy rating and target of $32.50.** TNZ offers investors a unique value proposition including premium TTF natural gas exposure, Canadian optionality, and international M&A focus. A differentiated opportunity set for a Company of TNZ's size.

PROJECTED RETURN	36%
RISK FACTOR	Very High

SCENARIO ANALYSIS

Downside Scenario	Current Price	Price Target
$15.00	$23.86	$32.50
↓37%		↑36%

KEY STATISTICS AND METRICS

52-Week High/Low	$27.85 / $10.59
YTD Performance	70.4%
Dividend Yield	N/A
Shares O/S	28.4 MM (basic)
Market Capitalization	$677 MM
Net Debt (3Q25)	$55 MM
Enterprise Value	$732 MM
Daily Volume (3 mos.)	78,000
Currency	C$ unless noted

HAYWOOD ESTIMATES (CAD)

	202A	2025E	2026E
Production (boe/d)	2,687	9,773	21,329
% Gas	61%	87%	91%
CAPEX - E&D (MM)	$18.2	$106.7	$262.5
Cash Flow (MM)	$24.5	$123.9	$360.8
CFPS (fd)	$0.79	$3.77	$10.91
D/CF	-0.4x	3.1x	0.8x
EV/DACF	8.5x	8.9x	2.8x
EV/BOE/D	$79,327	$119,781	$50,495

VALUATION

TNZ trades at 2026E EV/DACF multiple of 2.8x versus peers at 4.1x.

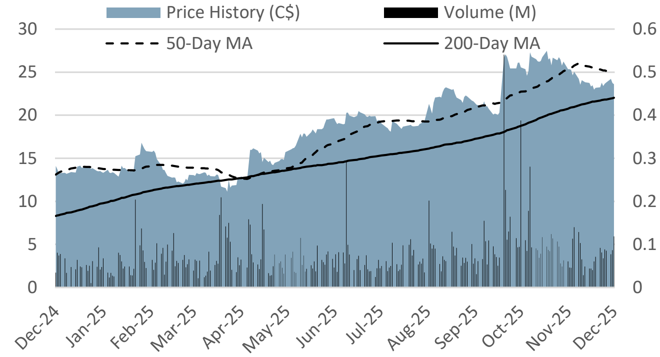
Christopher Jones, CFA, 403-509-1953, cjones@haywood.com

INVESTMENT THESIS

- TNZ offers investors a unique value proposition including low-risk growth, no debt, premium TTF natural gas exposure, Canadian optionality, exploration opportunities, international M&A focus, and valuation support. A differentiated opportunity set for a company of TNZ's size. With a solid balance sheet and a management team capable of finding accretive deals, we believe the company is well positioned to further consolidate European natural gas opportunities as it looks to add size, scale, and increase operatorship in the region.

SCENARIO ANALYSIS

Tenaz Energy Corp. (TNZ-T)



Source: Capital IQ, and Haywood Securities

TARGET PRICE

Our target price of $32.50 per share is based on a 2026E EV/DACF multiple of 3.5x.

DOWNSIDE CASE

Our downside case of $15.00 per share is based on a 2026E EV/DACF multiple of 2.0x.

Our downside scenario price is a theoretical case based on notional valuation metrics and market assumptions. The downside price is solely intended for demonstrative purposes and is not to be regarded as a reflection of all market possibilities. It is not a guarantee that this company's share price will not drop below this price level and hence should not be taken as such.

KEY RISKS

- **Heavy oil exposure:** Just as narrowing WCS differentials are a catalyst to improved sentiment towards the stock, if differentials blow-out for longer-than-expected the stock could remain pressured for an extended period. TNZ receives a ~US$5/b discount to WCS prices.
- **Future access to capital:** Access to capital for Junior producers can be challenging. While future growth is forecasted to be funded with cash flow, growth beyond our base case level could be hindered by the relative strength of capital markets.
- **Commodity price risk:** TNZ is currently has minimal hedges on its future production volumes. As such, cash flow metrics, as well as development plans may be impacted by adverse movements in oil and gas prices.

Company Profile

Tenaz Energy Corp. is a medium to heavy oil weighted producer in central Alberta. The Company was formed through a recapitalization of Altura Energy in combination with a $24.5 MM brokered private placement and a $5 MM non-brokered private placement. Tenaz is focused on acquiring and subsequently exploiting conventional and semi-conventional oil and gas assets in several international regions.

Company Website

www.tenazenergy.com

Key Management

Anthony Marino – President & CEO
Jenson Tan – COO
Bradley Bennett – CFO
David Burghardt – SVP Investor Relations
Jonathan Balkwill – VP Business Development
Jennifer Russell-Houston – VP Geoscience
Adam Iwanicki – VP Marketing
Jamie Gagner – VP General Counsel

Tenaz Energy Corp. (TNZ-T)

tenazenergy.com

OCK DATA	
52-week High-Low (C$)	$27.85 - $10.59
Shares Outstanding (MM)	28.4
Net Debt (MM)	$55.0
Market Cap. (MM)	$677
Enterprise Value (MM)	$732

Rating	Buy	Target Price	$32.50
Current Price	$23.86	Return to Target	36%
Dividend Yield	0.0%	Implied Total Return	36%

PRODUCTION	2022A	2023A	2024A	2025E	2026E
Oil & NGL's (bbls/d)	1,218	981	1,055	1,296	1,865
Nat. Gas (mcf/d)	0	8,748	9,792	50,862	116,783
Boe/d (6:1)	1,218	2,439	2,687	9,773	21,329
% Nat. Gas	*0%*	*60%*	*61%*	*87%*	*91%*

PRICING	2022A	2023A	2024A	2025E	2026E
Crude Oil WTI (US$/bbl)	$94.27	$77.14	$75.72	$65.00	$62.00
Edmonton Light (C$/bbl)	$119.80	$98.96	$98.22	$86.14	$81.94
TTF (US$/mcf)	$0.00	$17.30	$11.20	$11.92	$11.18
AECO (C$/mcf)	$5.41	$2.68	$1.37	$1.72	$3.52
Realized Oil & NGL's ($/bbl)	$99.56	$80.77	$80.29	$74.87	$69.32
Realized Nat. Gas ($/mcf)	$7.21	$11.28	$8.94	$13.55	$14.79
Realized Wellhead ($/boe)	$76.67	$72.86	$64.13	$85.20	$87.03

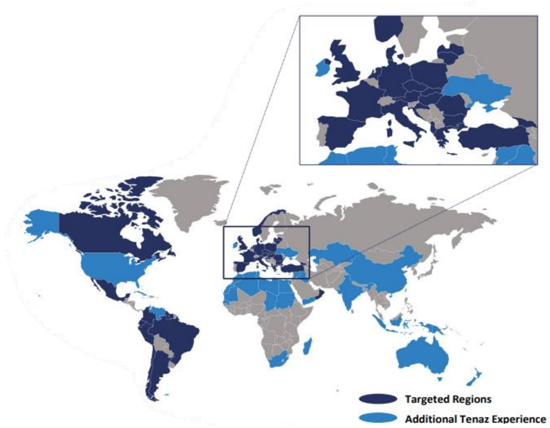
NETBACKS ($/boe)	2022A	2023A	2024A	2025E	2026E
Revenue	$76.67	$72.86	$64.13	$85.20	$87.03
Hedging	-$3.20	$0.66	$0.00	$0.00	$0.09
Royalties	$13.37	$5.45	$5.38	$1.83	$1.13
Operating & Trans. Costs	$20.98	$28.78	$35.21	$35.54	$27.00
Field Netback	$39.12	$39.29	$23.55	$47.83	$58.99
Cash Netback	$27.53	$35.68	$24.99	$37.18	$46.34

FINANCIALS	2022A	2023A	2024A	2025E	2026E
Funds Flow (MM)	$8.6	$28.0	$24.5	$123.9	$360.8
CFPS - diluted	$0.30	$0.96	$0.79	$3.77	$10.91
E&D Capex (MM)	$17.1	$24.9	$18.2	$106.7	$262.5
Capex (MM)	$51.8	-$60.3	$56.6	$398.7	$262.5
Net Debt (MM)	-$14.0	-$49.3	-$10.0	$386.0	$287.7

PAYOUT ANALYSIS	2022A	2023A	2024A	2025E	2026E
Dividends (DPS)	$0.00	$0.00	$0.00	$0.00	$0.00
Annual Dividend (MM)	$0.0	$0.0	$0.0	$0.0	$0.0
Basic Payout	0%	0%	0%	0%	0%
Total Payout	199%	89%	74%	86%	73%

VALUATION	2022A	2023A	2024A	2025E	2026E
P/CF	6.3x	3.2x	9.1x	6.3x	2.2x
EV/DACF	4.6x	1.5x	8.5x	8.9x	2.8x
Net Debt/CF	-1.6x	-1.8x	-0.4x	3.1x	0.8x
EV/BOE/D	$32,732	$16,443	$79,327	$119,781	$50,495

AREAS OF OPERATIONS



RESERVES (MMboe)	2022A	2023A	2024A
PDP	3.0	3.7	3.8
Proved	8.8	9.3	10.2
Proved + Probable	13.6	14.6	16.7
RLI (2P)	30.6	16.4	17.0

MANAGEMENT	DIRECTORS
Anthony Marino (CEO)	Marty Proctor (Chairman)
Jenson Tan	Anna Alderson
Bradley Bennett	John Chambers
David Burghardt	Mark Rollins
Jonathan Balkwill	Varinia Radu
Jennifer Russel-Houston	Anthony Marino
Jamie Gagner	

[1] SHARE OWNERSHIP	Basic	FD
Management & Directors	10.6%	22.7%

Priced as of December 17, 2025

ource: FactSet

Source: FactSet, Company Reports, and Haywood Securities Inc.

Figure 1: Changes to Estimates

		2025E			2026E		
Production		**Prior**	**Revised**	**Δ %**	**Prior**	**Revised**	**Δ %**
Liquids	(bbl/d)	1,296	1,296	0%	1,774	1,865	5%
Natural Gas	(mcf/d)	50,862	50,862	0%	111,104	116,783	5%
Total	**(boe/d)**	9,773	9,773	0%	20,292	21,329	5%
% Liquids	(%)	13%	13%		9%	9%	
Netbacks							
Realized Price	($/Boe)	$85.20	$85.20	0%	$87.01	$87.03	0%
Hedging Gain (Loss)	($/Boe)	$0.00	$0.00	0%	$0.09	$0.09	nm
Royalties	($/Boe)	$1.83	$1.83	0%	$1.13	$1.13	0%
Operating Costs	($/Boe)	$33.24	$33.24	0%	$25.00	$25.00	0%
Transportation Costs	($/Boe)	$2.30	$2.30	0%	$2.00	$2.00	0%
Midstream Income	($/Boe)	$1.54	$1.54	0%	$0.50	$0.48	-5%
Operating Netback	**($/Boe)**	**$49.37**	**$49.37**	0%	**$59.47**	**$59.46**	0%
G&A	($/Boe)	$7.49	$7.49	0%	$3.00	$3.00	0%
Interest	($/Boe)	$0.98	$2.28	132%	$1.89	$3.61	91%
Cash Taxes	($/Boe)	$3.02	$2.43	-20%	$9.78	$6.52	-33%
Cash Netback	**($/Boe)**	**$37.88**	**$37.18**	-2%	**$44.80**	**$46.34**	3%
Other Metrics							
CFPS (f.d.)	($/sh)	$3.84	$3.77	-2%	$10.03	$10.91	9%
Cash Flow	($MM)	$126.4	$123.9	-2%	$331.8	$360.8	9%
E&D Capex	($MM)	$106.7	$106.7	0%	$150.0	$262.5	75%
Net Debt/(Cash)	($MM)	$383.5	$386.0	1%	$201.7	$287.7	43%

Source: Haywood Securities Inc.

Figure 2: Comparable Companies

Company	Ticker	Price	Div. Yield [1]	Market Cap	Net Debt [2]	EV	EV/DACF		D/CF		FCF Yield [3]		Total Payout		CFPS Growth	
							2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
		(C$/Sh)	(%)	($MM)	($MM)	($MM)	(x)		(x)		(%)		(%)		(%)	
Advantage Energy Ltd.*	AAV	$11.51	0.0%	$1,921	$572	$2,494	5.8x	4.6x	1.7x	1.0x	1%	9%	95%	65%	56%	29%
Birchcliff Energy Corp.	BIR	$7.14	1.7%	$1,950	$519	$2,470	5.2x	3.6x	1.1x	0.4x	6%	12%	78%	66%	77%	39%
International Petroleum Corp.*	IPCO	$24.23	0.0%	$2,718	$635	$3,353	9.4x	11.0x	2.4x	2.4x	-5%	3%	172%	63%	-31%	-19%
Peyto Exploration & Development*	PEY	$22.10	6.0%	$4,489	$1,222	$5,711	6.2x	5.6x	1.4x	1.0x	8%	10%	88%	80%	16%	10%
Parex Resources Inc.	PXT	$17.49	8.6%	$1,689	$13	$1,702	2.9x	3.1x	0.1x	0.2x	7%	6%	98%	102%	-28%	-3%
Spartan Delta Corp.	SDE	$7.83	0.0%	$1,568	$179	$1,747	8.5x	5.5x	0.9x	0.7x	-8%	-2%	160%	110%	7%	56%
Vermilion Energy Inc.*	VET	$11.36	4.6%	$1,741	$1,385	$3,126	2.8x	3.2x	1.4x	1.4x	19%	16%	74%	78%	-17%	-5%
Valeura Energy Inc.*	VLE	$7.90	0.0%	$834	$-	$834	2.0x	2.4x	-1.1x	-1.3x	9%	9%	71%	72%	-20%	1%
Avg/Total			**2.6%**		**$546**		**5.5x**	**4.1x**	**1.3x**	**0.8x**	**7%**	**9%**	**92%**	**75%**	**-5%**	**5%**
Tenaz Energy Corp.	**TNZ**	**$23.86**	**0.0%**	**$677**	**$55**	**$732**	**8.9x**	**2.8x**	**3.1x**	**0.8x**	**3%**	**15%**	**86%**	**73%**	**377%**	**189%**

Priced as of December 17, 2025

* Non-covered company values are based on company disclosures and FactSet consensus estimates.

[1] Base dividend yield is an average. Other colums are medians.

[2] Net debt is as of latest reported quarter.

[3] FCF after dividends and capex divided by current market cap.

Source: Haywood Securities Inc., FactSet

Significant Investment Risks

- **Operational Risk.** There is no assurance that exploration expenditures made by a company will result in new discoveries of oil or natural gas in commercial quantities. Companies cannot guarantee that they will be able to continue to acquire adequate reserves to maintain and grow production levels; as well, there is a risk that reserves will deplete faster than they are replenished. Future oil and gas exploration and development may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net different revenues to return a profit after drilling, operating and other costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining government approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity, or other geological and mechanical conditions. There is the risk for the Company, and all E&P companies, that future decommissioning cost, including the timing to incur such costs, could be greater than estimated.

- **Resource/Reserve Estimate Risk.** The process of estimating oil and gas reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each reservoir, including production/decline rates, capital expenditures, and future commodity prices. As a result, such estimates are inherently imprecise. In addition, reserves may be subject to downward or upward revisions based upon production history, results of future exploration and development, prevailing oil and gas prices, and other factors.

- **Key Employee Risk.** A significant portion of share value can be attributed to a management team's experience and reputation. As such, the loss of a team member can have a considerable adverse impact on the Company's valuation.

- **Regulatory Risk.** Regulatory risk is present on both the supply and demand side of operations. Extensive controls and regulations may be imposed from all levels of government, and amended from time to time, with these controls materially affecting the operations of each junior company.

- **Commodity Price Risk.** Oil and gas prices are determined by global supply and demand, in addition to other factors. Fluctuations in these prices could have a material, adverse impact on the operations, financial condition, proven and/or probable reserves, and future development of undeveloped land. Declines in prices directly impact revenue, cash flow, and earnings.

- **Asset Concentration Risk.** The entirety of TNZ's production is focused on one area in central Alberta. As a result, weather related issues or infrastructure curtailments could have a greater impact on operations vs. producers with diverse asset bases.

- **Financial Risk.** The nature of operations creates exposure to financial risk, including interest rate fluctuations, changes in the Canadian/U.S. dollar exchange rate, and access to equity and debt markets. Commodities priced in U.S. dollars means revenue and cash flows earned on production are susceptible to declining in an environment with a strengthening Canadian dollar. As well, financial risk includes credit risk pertaining to counterparties with which the company conducts its financial transactions and relating to joint ventures and the counterparties that purchase the commodities that the company produces. To mitigate financial risk, companies can maintain a conservative approach to their debt levels relative to cash flow, create flexible capital expenditure programs, and reduce reliance on any single financial counterparty.

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Important Information and Legal Disclosures

Analyst Certification

I, Christopher Jones, hereby certify that the views expressed in this report (which includes the rating assigned to the issuer's shares as well as the analytical substance and tone of the report) accurately reflect my/our personal views about the subject securities and the issuer. No part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations.

Important Disclosures

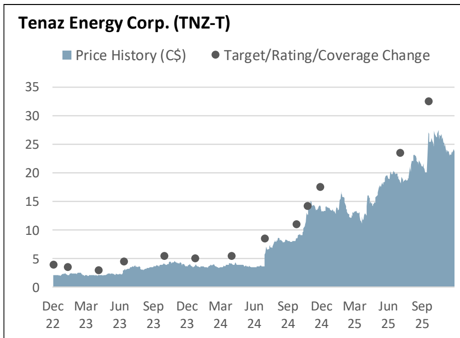
Of the companies included in the report the following Important Disclosures apply:

- Haywood Securities, Inc. has reviewed lead projects of Birchcliff Energy Ltd. (BIR-T) and Parex Resources Inc. (PXT-T) and a portion of the expenses for this travel may have been reimbursed by the issuer.
- Haywood Securities Inc. or one of its subsidiaries has managed or co-managed or participated as selling group in a public offering of securities for Spartan Delta Corp. (SDE-T) in the last 12 months.

Distribution of Ratings (as of December 18, 2025)

	%	#	IB Clients (TTM)
Buy	73.6%	67	100.0%
Hold	2.2%	2	0.0%
Sell	0.0%	0	0.0%
Tender	1.1%	1	0.0%
UR	4.4%	4	0.0%
Dropped (TTM)	18.7%	17	0.0%

Price Chart, Rating and Target Price History (as of December 18, 2025)



Date	Target(C$)	Rating
10-7-25	$32.50	Buy
7-22-25	$23.50	Buy
12-17-24	$17.50	Buy
11-12-24	$14.25	Buy
10-15-24	$11.00	Buy
7-19-24	$8.50	Buy
4-19-24	$5.50	Buy
1-11-24	$5.00	Buy
10-18-23	$5.50	Buy
7-4-23	$4.50	Buy
4-24-23	$3.00	Buy
1-30-23	$3.50	Buy
12-21-22	$4.00	Buy

Initiated Coverage: 2/11/2019; 10:1 Share consolidation: 12/21

B: Buy; H: Hold; S: Sell; T: Tender; UR: Under Review
Source: Capital IQ and Haywood Securities

Link to Research Policy: http://haywood.com/what-we-offer/research/research-policy