

## Q1 Results: Expanding Capital Program to Accelerate Growth

### ACTION: Maintain BUY. Increasing Target Price

Yesterday, Tenaz reported strong Q1/26 results highlighted by continued production growth, strong operating netbacks, and a very active drilling and workover program across its Dutch North Sea (“DNS”) portfolio. During the quarter, Tenaz participated in three DNS wells, completed additional workover activity, and commenced a three-well drilling program in Canada. Subsequent to quarter-end, two new DNS wells were brought onstream while two additional wells commenced drilling operations.

Given continued strength in European gas pricing and the company’s growing inventory of high-return projects, management increased 2026 capital guidance to approximately \$300mm from the prior \$250–275mm range. Production guidance for 2026 remains unchanged at 19,500–22,500 boe/d, as most of the incremental capital is expected to drive additional growth into 2027.

We maintain our **BUY** recommendation and increase our target price to \$80.00 per share (from \$70.00) based on a 4.0x multiple of our new 2027 EV/DACF forecast.

**TEN Operated Drilling Activities:** The company completed drilling the K07-FB-103 well (45.6% W.I.), which previously tested at a gross peak rate of 23 MMcf/d with a condensate-gas ratio of 13 bbl/MMscf. The well was tied-in subsequent to quarter-end and is currently producing at an average gross rate of 7.8 MMcf/d (3.6 MMcf/d net), in line with management’s expectations. The Shelf Drilling Winner rig has since moved to the K17 platform where drilling operations are underway on the K17-FA-103 well (60% W.I.). The well is expected to reach a measured depth of approximately 5,500 metres, with first production targeted for Q4/26. Following this well, Tenaz plans to drill an additional horizontal K17 well before continuing drilling activities across other operated licenses. The company has extended the Shelf Drilling Winner rig contract for an additional two years.

**TEN Workover Activities:** Tenaz completed further workover activity at the K15-A platform (45.6% W.I.), adding approximately 7 MMcf/d gross (~3.2 MMcf/d net). Management noted that the operated asset base has seen limited workover investment in recent years and that the company has identified a large inventory of additional workover opportunities across the portfolio. These projects are highly capital-effective production additions, with management indicating IRRs greater than 100% and payouts of less than one year. To support an expanded workover and completion program, Tenaz has secured the Triton-10 jack-up barge under a multi-year contract beginning in Q3/26.

**GEM Non-operated Drilling Program:** Last year, the N05-A-01 discovery well was placed on production and continues to produce at a stabilized rate of 74 MMcf/d gross (~24.6 MMcf/d net to Tenaz’s 33.3% interest). Operator ONE-Dyas completed drilling the N05-A-03 development well during the quarter, with the well subsequently brought onstream in Q2/26 at a stabilized production rate of 40 MMcf/d gross (13.3 MMcf/d net). Drilling of a second development well (N05-A-02) is currently underway. Following completion of this well, ONE-Dyas is expected to drill both an extension well and an exploration well from the N05-A platform during the second half of 2026, likely targeting the N05-A-Noord and Diamant prospects. These are considered large, high-confidence exploration targets, with independent engineers assigning combined gross mean unrisks prospective resources of 254 Bcf (103 Bcf net to Tenaz).

**Malachite:** At the non-operated L10 license, Eni drilled the Malachite structure (21.4% W.I.) to a measured depth of 4,719 metres. The well tested at a gross rate of 14.5 MMcf/d at a 1,755 psi flowing wellhead pressure and is expected to be tied back through the

### RATING & TARGET PRICE

Rating	BUY
Price	C\$61.30
Price Target	C\$80.00
Market Cap (\$M)	C\$1,974.00
Projected Return	30.5%

### MARKET DATA

TNZ-TSX	C\$61.30
52 Week Range	C\$0.33 - C\$0.07
Basic Shares O/S (mm)	32.1
Fully Diluted O/S (mm)	34.0
Enterprise Value (\$M)	C\$2,364.0
Net Debt (\$M)	C\$389.4

### ESTIMATES

		2025E	2026E	2027E
FFO (\$MM)	Q1	1.0	64.6	147.6
	Q2	17.2	88.9	160.0
	Q3	40.2	115.7	170.0
	Q4	62.1	118.9	173.7
	FY	120.4	388.1	651.2
Production	Q1	2,893	16,184	31,523
	Q2	7,998	21,431	33,857
	Q3	11,832	25,264	35,190
	Q4	15,556	26,431	35,790
	FY	9,609	22,348	34,098

### UPCOMING EVENTS/CATALYSTS

Results from drilling program in the DNS.

Additional Acquisitions (tba)

### ANALYST INFORMATION

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existing L10-M platform. Following completion of operations, the rig is expected to return later in 2026 to drill a sidetrack well in the K12 block.

**Canadian Operations:** During Q1/26, Tenaz completed two multi-lateral Ellerslie wells (1.8 net), which are currently producing at a combined rate of approximately 450 boe/d gross (395 boe/d net, 85% oil). The company also drilled and completed a horizontal Sparky well (87.5% W.I.) with a 1,600 metre lateral and 39 frac stages. The well was tied-in during Q2/26 and is currently producing at approximately 245 boe/d gross (215 boe/d net, 72% oil), with production expected to improve as the well cleans up.

**Strong Natural Gas Prices:** The recent escalation in the Middle East conflict and continued disruption to LNG exports through the Strait of Hormuz have driven European natural gas prices sharply higher. As the largest natural gas producer in the Dutch sector of the North Sea, Tenaz stands to benefit materially from continued strength in European gas markets. Based on the company's updated hedge book, approximately 55% of expected 2026 TTF production is hedged at an average price of €31.77/MWh (~C\$14.98/mcf), while approximately 36% of 2027 production is hedged at €33.60/MWh (~C\$15.84/mcf). While these hedges provide downside protection and support cash flow stability, the majority of Tenaz's future production remains exposed to spot TTF pricing, allowing the company to capture significant upside in the current high-price environment.

**2027 Forecast Adjustments:** Based upon increase 2026 capital budget and drilling activity, we are increasing our 2027 average production forecast to 34,000 boe/d (from 33,065 boe/d) and our funds flow forecast to \$651mm (from C\$612mm).

**IMPACT: Positive. Increasing Target Price.**

Tenaz delivered an exceptionally active Q1/26, with multiple drilling rigs operating across the Dutch North Sea, continued success from its operated and non-operated drilling programs, expanding workover activity, and increasing production across the portfolio. With additional wells expected onstream during the second half of 2026 and a growing inventory of highly capital-efficient drilling and workover opportunities, we expect operational momentum to remain strong into 2027. Combined with continued strength in European natural gas prices, we believe Tenaz remains well positioned to deliver meaningful production and cash flow growth over the next several years. Maintain **BUY**.

Figure 1: Summary and Forecast

Tenaz Energy Corp.													TNZ	
Share Data			Market Value					Stock Price			Target Price			
Basic Shares (mm):	32.2		Market Cap. (\$ mm):		\$ 1,974		Close:	\$61.30		Target: \$70.00				
Diluted Shares (mm):	35.2		Enterprise Value (\$ mm):		\$ 2,364		High:	\$69.10		Proj. Return: 14.2%				
Fully Diluted (mm):	35.2		Net Debt (W.C.) (\$ mm):		\$ 389		Low:	\$14.01						
Production		2024A	Q1/25A	Q2/25A	Q3/25A	Q4/25A	2025A	Q1/26A	Q2/26E	Q3/26E	Q4/26E	2026E	2027E	2028E
Oil	bb/d	988	951	1,244	1,282	1,176	1,165	1,042	1,800	1,800	1,800	1,613	2,125	2,300
NGL's	bb/d	68	71	103	111	375	164	331	331	331	331	331	290	290
Natural Gas	mmcf/d	9.8	11.2	39.9	62.6	84.0	49.7	88.9	115.8	138.8	145.8	122.4	190.1	207.0
Boe/d	6:1	2,688	2,893	7,998	11,832	15,556	9,609	16,184	21,431	25,264	26,431	22,348	34,098	37,090
Funds Flow & Earnings (C\$)		2024A	Q1/25A	Q2/25A	Q3/25A	Q4/25A	2025A	Q1/26A	Q2/26E	Q3/26E	Q4/26E	2026E	2027E	2028E
<b>Funds Flow</b>	<b>\$ mm</b>	<b>24.5</b>	<b>1.0</b>	<b>17.2</b>	<b>40.2</b>	<b>62.1</b>	<b>120.4</b>	<b>64.6</b>	<b>88.9</b>	<b>115.7</b>	<b>118.9</b>	<b>388.1</b>	<b>651.2</b>	<b>727.2</b>
Funds Flow/Share	\$/share	\$0.91	\$0.03	\$0.61	\$1.42	\$2.12	\$4.27	\$2.02	\$2.76	\$3.59	\$3.62	\$12.02	\$19.85	\$22.16
Funds Flow/FD Share	\$/share	\$0.81	\$0.03	\$0.53	\$1.22	\$1.92	\$3.82	\$1.89	\$2.61	\$3.40	\$3.49	\$11.39	\$19.11	\$21.34
\$/Barrel of Oil Equivalent (C\$)		2024A	Q1/25A	Q2/25A	Q3/25A	Q4/25A	2025A	Q1/26A	Q2/26E	Q3/26E	Q4/26E	2026E	2027E	2028E
Revenue	\$/boe	64.04	67.95	82.58	87.86	82.17	82.98	91.51	107.66	107.12	107.08	104.53	100.51	100.50
Operating & Transport Costs	\$/boe	35.10	31.54	35.12	38.68	33.56	35.33	33.88	33.88	33.88	33.88	33.91	29.71	29.70
G&A	\$/boe/d	9.73	9.18	1.92	2.53	1.43	2.45	1.16	1.54	1.29	1.23	1.31	0.96	0.88
Funds Flow Netback	\$/boe	24.93	3.66	23.65	36.93	43.37	34.34	44.33	45.59	49.79	48.88	47.57	52.32	53.57
Valuation Metrics (C\$)		2024A	Q1/25A	Q2/25A	Q3/25A	Q4/25A	2025A	Q1/26A	Q2/26E	Q3/26E	Q4/26E	2026E	2027E	2028E
FD Funds Flow Multiple		76.1x	526.1x	29.1x	12.6x	8.0x	16.0x	8.1x	5.9x	4.5x	4.4x	5.4x	3.2x	2.9x
EV/DA CF Multiple		65.8x	96.9x	22.1x	10.3x	7.6x	15.0x	8.0x	6.0x	4.6x	4.5x	5.3x	2.8x	2.0x
EV/Production	C\$/mboe/d	879	817	296	200	152	246	146	110	94	89	106	69	64
EV/boe reserves	C\$/boe	25.83												
Commodity Price		2024A	Q1/25A	Q2/25A	Q3/25A	Q4/25A	2025A	Q1/26A	Q2/26E	Q3/26E	Q4/26E	2026E	2027E	2028E
WTI	US\$/bbl	75.74	71.42	63.68	64.97	59.14	64.76	72.43	90.00	75.50	72.00	77.48	72.00	72.00
TTF	C\$/Mcf	18.44	20.65	16.27	15.45	15.45	16.96	19.58	19.53	19.53	19.53	19.54	17.08	17.08
Realized Oil Price	C\$/bbl	81.75	83.23	75.82	77.30	69.82	76.19	84.09	108.19	88.30	83.50	91.01	88.77	88.77
Realized Corporate NGL Price	C\$/bbl	56.30	52.47	48.93	56.26	49.34	51.58	87.71	90.90	84.53	83.00	85.40	66.60	66.60
Corporate Natural Gas	C\$/mcf	8.93	10.09	14.20	14.92	14.00	14.09	15.35	18.17	18.31	18.34	17.75	17.01	17.00
Total boe	C\$/boe	63.98	67.81	83.26	87.88	82.28	85.34	91.52	108.43	107.60	107.49	103.64	100.85	100.84
Exchange Rate	US\$/per C\$	0.73	0.70	0.72	0.73	0.72	0.72	0.73	0.73	0.73	0.73	0.73	0.73	0.73
Capex and Capital Structure		2024A	Q1/25A	Q2/25A	Q3/25A	Q4/25A	2025A	Q1/26A	Q2/26E	Q3/26E	Q4/26E	2026E	2027E	2028E
Capex	C\$ mm	18.2	9.3	10.8	13.1	84.2	117.4	92.0	76.0	65.0	65.0	298.0	280.0	340.0
Capex/Cash Flow	%	74%	978%	63%	33%	136%	98%	142%	85%	56%	55%	77%	43%	47%
Weighted Average Basic	mm	27.0	27.6	28.0	28.4	29.3	28.2	31.9	32.2	32.2	32.8	32.3	32.8	32.8
Dilutive Shares	mm	30.5	32.7	32.7	33.1	32.4	31.5	34.1	34.1	34.1	34.1	34.1	34.1	34.1
Market Cap	C\$ mm	1,667.8	1,692	1,740	1,739	1,949	1,949	1,974	1,974	1,974	2,121	2,011	2,121	2,121
Enterprise Value	C\$ mm	1,657.8	1,692	1,841	1,794	2,294	2,294	2,364	2,351	2,300	2,392	2,282	1,996	1,598
Net Debt (Inc. Contingent Payments)	C\$ mm	(10.0)	0.5	100.2	55.0	345.2	345.2	389.4	376.5	325.8	270.8	270.8	(125.4)	(522.6)
Net Debt/Cash Flow	C\$ mm	na	0.1x	1.5x	0.3x	1.4x	2.9x	1.5x	1.1x	0.7x	0.6x	0.7x	na	na
Net Asset Value		C\$/mm C\$/share		Reserve Estimate (December 31, 2025)				Risky Resources (December 31, 2025)						
Reserves (P + P)		1,644	\$51.04	Proven		67%	61,200	Contingent		(mboe)		24,100		
Working Capital (Net Debt)		389	\$12.09	Probable		33%	30,300	Prospective				101,125		
Acquisition		-		P+P			91,500	Total				125,225		
Net Asset Value (Basic)		1,254	\$38.95											
Dilution		1	\$0.03											
<b>Core NAV/FD Share</b>		<b>1,256</b>	<b>\$35.68</b>											
Price to core NAV			1.72x											
Risky Resource Value (C\$)		863	\$24.52											
<b>Risky NAV/FD share</b>		<b>2,119</b>	<b>\$60.20</b>											
Price to risky NAV (multiple)			1.02x											
				Reserve Life Index										
				Production										
						2025	2026							
				Proven		17.4	7.5							
				P+P		26.1	11.2							

Source: Company reports and Research Capital Corp.

## Company Description:

Tenaz Energy is an international oil and gas exploration and production company with operations in Canada and the Netherlands. Following its recent acquisition of the TEN assets and the GEMS assets, Tenaz is now the largest natural gas producer in the Dutch North Sea, with a portfolio of long-life, low-decline assets supported by underutilized infrastructure and significant reinvestment potential. In Canada, the company is developing a multi-zone oil (Rex, Sparky, Glauconite and Ellerslie) resource play in the Leduc-Woodbend area of Alberta. Tenaz continues to pursue strategic acquisitions in Europe, South America, and the MENA region to complement its disciplined growth strategy.

## Risks:

**FINANCIAL RISK** | Tenaz is targeting assets with an investment size of \$100 to \$500 million which will likely require significant additional funding.

**PRODUCTION CONCENTRATION RISK**: Production from the GEMS asset is currently concentrated in a two high-rate well. Any unplanned downtime or operational issue affecting this well could temporarily reduce production volumes and have a modest impact on cash flow.

**COMMODITY PRICE RISK** | Periods of significant weakness in the price of oil and natural gas would negatively affect Tenaz's cash flow and ultimately its ability to spend capital to maintain ongoing operations.

**REGULATORY POLICY RISK** | Tenaz operates in Alberta Canada, the Netherlands and Germany and as such it is impacted by regulations and policy changes that the province implements. In the near-term, Tenaz expects to complete an acquisition located outside of Canada. The company could be impacted by further changes in government policies, regulations, or taxation.

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