TENAZ ENERGY CORP. ANNOUNCES TERMINATION OF SDX ENERGY PLC ACQUISITION

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CALGARY, AB, July 29, 2022 /CNW/ - Tenaz Energy Corp. ("**Tenaz**", "**we**", "**our**", "**us**" or the "**Company**") (TSX: TNZ) would like to provide an update regarding the proposed acquisition of SDX Energy Plc ("**SDX**").

Earlier today, SDX announced the results of its Meeting of Shareholders to consider the Scheme of Arrangement (the "**Scheme**") to amalgamate Tenaz and SDX. As a percentage of issued and outstanding SDX shares, 20.2% voted in favor with 21.6% against the Scheme at the SDX meeting. SDX had earlier announced, as reflected in a press release by Tenaz on July 18, 2022, that a shareholder group representing 25.7% of the issued and outstanding shares of SDX intended to vote against the Scheme. The results of the vote, as represented by SDX, did not meet the required threshold of 75% of voted shares in favour of the Scheme.

As of today, approximately 43% of the issued and outstanding shares of Tenaz had been voted on our Share Issuance Resolution regarding the proposed combination. Of the voted Tenaz shares, 99.995% were in favor of the resolution. However, based on the results of the SDX vote, Tenaz will no longer hold its Special Meeting of Shareholders, which had been scheduled for this afternoon. Consequently, the Share Issuance Resolution will not come into effect, and there will be no resulting share issuance.

As announced on July 18, 2022, Tenaz had reserved the right to elect to implement the transaction by way of a Takeover Offer in compliance with UK and Canadian regulatory requirements. We have completed our evaluation of this alternative and have determined that it is not in the best interests of Tenaz shareholders to proceed with a Takeover Offer.

Although a Takeover Offer may have resulted in the tendering of a majority of SDX shares, this outcome would not have achieved our strategic objectives for the combination. Among other factors, our assessment is that Tenaz's ownership of a simple majority of shares, rather than owning SDX in its entirety, would result in the following disadvantages as compared to our original plan:

- It is likely that SDX would continue to exist as a separate corporate entity with a sizable minority interest. Moreover, unless and until 75% of the voted shares of SDX would support delisting, it is highly likely that SDX would have to retain its AIM listing and remain a publicly-traded company.
- SDX would continue to have significant corporate general and administrative costs that were part of the targeted cost reductions by Tenaz had the Scheme become effective. In addition, the Takeover Offer would have incurred additional transaction costs that can be better employed by Tenaz in alternative corporate uses.
- Most fundamentally, the resulting acquisition of SDX shares, despite majority control, would not constitute the type of clean and meaningful acquisition that we are seeking in our business model. The magnitude of cost, elapsed time and management focus required is not warranted by the expected share ownership in SDX in the event of a successful Takeover Offer.

We appreciate the support of Tenaz shareholders throughout the SDX transaction process, as evinced by the positive vote in respect of our Share Issuance Resolution. As a result of the termination of the acquisition, we will unlock approximately $40 million (including approximately $16 million generated from our recently established credit facility with ATB Financial) that was held in escrow for the SDX transaction.

Tenaz will now proceed with an application for a Normal Course Issuer Bid ("**NCIB**") program as we announced at the time of our Q1 2022 report. The NCIB will be subject to acceptance by the Toronto Stock Exchange (the "**TSX**") and, if accepted, will be made in accordance with the applicable rules of the TSX and Canadian securities laws. Details of the NCIB will be discussed along with our second quarter results on August 8, 2022. In addition, we continue to advance value-adding acquisition opportunities and to develop our Leduc-Woodbend semi-conventional oil asset.

About Tenaz Energy Corp.

Tenaz is an energy company focused on the acquisition and sustainable development of international oil and gas assets capable of returning free cash flow to shareholders. In addition, Tenaz conducts development of a semi-conventional oil project in the Rex member of the Upper Mannville group at Leduc-Woodbend in central Alberta.

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”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “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: an NCIB program, potential acquisition opportunities and development of our Leduc-Woodbend semi-conventional oil asset.

The forward-looking information and statements contained in this press release reflect several material factors and expectations and assumptions of the Company including, without limitation: satisfaction of all conditions to the transaction and receipt of all necessary approvals; the performance of the SDX assets; the continued performance of the Company’s oil and gas properties in a manner consistent with its past experiences; and the continued availability of adequate debt and equity financing and cash flow from operations to fund its planned expenditures. The Company 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: the ability of management to execute its business plan or realise anticipated benefits from the transaction; the risks of not obtaining court, shareholder, regulatory and other approvals for the transaction; the ability of management to successfully integrate the SDX’s business and assets; 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; and certain other risks detailed from time to time in the Company’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 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.

For further information:

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