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CAVVY RELEASES Q2 2025 FINANCIAL AND OPERATING RESULTS

Third Party Processing Growth and Strong Hedging Gain Bolsters Cash Flow, Drives Debt Reduction

CALGARY, ALBERTA – August 12, 2025 – Cavvy Energy Ltd. (“Cavvy” or the “Company”) (TSX:CVVY) is pleased to announce the release of its second quarter 2025 financial and operating results. The Company produced 26,064 boe/d and generated Net Operating Income¹ (“NOI”) of \$26.5 million during the second quarter of 2025. Management’s discussion and analysis (“MD&A”) and unaudited interim condensed consolidated financial statements and notes for the quarter ended June 30, 2025 are available at www.cavvyenergy.com and on SEDAR+ at www.sedarplus.ca.

Darcy Reding, President and CEO stated “Growing shareholder value remains the top priority for our team. Compared to the second quarter of 2024, and aligned with our strategic objectives, we grew third party processing volumes and revenue by over 120% and continued to optimize our business, including by keeping certain dry gas producing areas shut-in because they are uneconomic at current natural gas prices. Our continuing focus on lowering our debt resulted in net debt reduction of \$18.6 million, to \$166.9 million. As we head towards the end of 2025 our team remains focused on debt reduction, continuous improvement to our cost structure, filling our gas processing facilities, preparing for the expiration of a long-term fixed price sulphur marketing agreement on December 31, 2025, and evaluating opportunities for growth.”

Q2 2025 HIGHLIGHTS

- Generated NOI of \$26.5 million (\$0.09 per basic and fully diluted share) and Funds Flow from Operations¹ of \$14.5 million (\$0.05 per basic and fully diluted share).
- Reduced Net Debt¹ by \$18.6 million from Q1 2025 to \$166.9 million.
- Reduced operating expenses by \$12.6 million (24%) compared to Q2 2024 to \$40.4 million, reflecting both the shut-in of uneconomic production and the continued reduction of operating cost structure.
- Increased third-party processing volumes by 66.0 MMcf/d (123%) compared to Q2 2024 to 119.8 MMcf/d. This yielded higher third-party processing and marketing revenue of \$9.6 million, an increase of \$5.4 million (129%) to compared to Q2 2024.
- Produced 26,064 boe/d (81% natural gas), down 16% from Q2 2024 mainly due to the voluntary shut-in of approximately 9,000 boe/d of uneconomic dry gas production from Q3 2024 through Q2 2025.
- Completed corporate rebranding to Cavvy Energy Ltd. on May 12, 2025, capping our strategic pivot to affirm our identity as a western Canadian based energy company.

¹ Refer to the “non-GAAP measures” section of the Company’s MD&A.

Select Quarterly Figures (\$ 000s unless otherwise noted)	2025		2024				2023	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Production								
Natural gas (mcf/d)	126,198	105,338	111,787	115,196	157,077	175,356	174,211	155,763
Condensate (bbl/d)	2,507	2,454	2,149	2,191	2,472	2,781	2,384	2,020
NGLs (bbl/d)	2,524	2,574	1,788	1,726	2,210	2,613	1,921	2,273
Sulphur (tonne/d)	1,128	1,076	968	1,444	1,376	1,491	1,284	1,124
Total production (boe/d) ⁽¹⁾	26,064	22,584	22,568	23,116	30,861	34,620	33,340	30,253
Third-party volumes processed (mcf/d) ⁽²⁾	119,761	81,777	71,497	66,518	53,763	58,423	67,350	57,363
Financial								
Natural gas price (\$/mcf)								
Realized before Risk Management Contracts	1.73	2.24	1.55	0.77	1.14	2.53	2.32	2.65
Realized after Risk Management Contracts ⁽³⁾	3.23	3.58	3.36	3.43	2.71	3.21	3.12	3.25
Benchmark natural gas price	1.72	2.14	1.46	0.68	1.17	2.48	2.29	2.59
Condensate price (\$/bbl)								
Realized before Risk Management Contracts	84.60	95.15	94.87	92.13	99.96	91.18	97.15	97.47
Realized after Risk Management Contracts ⁽³⁾	85.88	88.29	90.61	84.61	87.75	84.49	86.34	80.49
Benchmark condensate price (\$/bbl)	87.71	100.24	98.85	97.10	105.62	98.43	104.30	106.30
Sulphur price (\$/tonne)								
Realized sulphur price ⁽⁴⁾	32.40	17.00	12.09	8.86	18.43	14.49	22.54	13.34
Benchmark sulphur price	373.11	246.36	180.54	128.47	103.19	94.84	118.29	107.09
Net income (loss)	4,147	2,666	(20,921)	7,496	(19,196)	(6,284)	7,414	(16,254)
Net income (loss) \$ per share, basic	0.01	0.01	(0.08)	0.04	(0.12)	(0.04)	0.06	(0.10)
Net income (loss) \$ per share, diluted	0.01	0.01	(0.08)	0.04	(0.12)	(0.04)	0.04	(0.10)
Net operating income ⁽⁵⁾	26,491	32,550	13,720	19,818	7,652	23,418	25,441	11,650
Cashflow provided by (used in) operating	1,599	22,612	(592)	2,260	(1,555)	7,049	31,983	7,577
Funds flow from operations ⁽⁵⁾	14,502	21,707	2,824	8,234	(4,874)	12,044	14,269	(1,422)
Total assets	553,216	571,470	612,423	615,040	585,940	590,531	638,541	564,921
Adjusted working capital deficit ⁽⁵⁾	(20,144)	(30,540)	(29,777)	(42,658)	(37,986)	(31,671)	(31,830)	(21,454)
Net debt ⁽⁵⁾	(166,878)	(185,438)	(197,564)	(206,779)	(219,204)	(209,964)	(204,046)	(205,536)
Capital expenditures ⁽⁶⁾	2,391	6,538	5,800	10,002	5,003	4,897	9,306	16,363

(1) Total production excludes sulphur.

(2) Third-party volumes processed are raw natural gas volumes reported by activity month, which do not include accounting accruals.

(3) Includes physical commodity and financial risk management contracts inclusive of cash flow hedges, (together "Risk Management Contracts"). The realized natural gas price after Risk Management Contracts shown above is normalized to exclude the impact of the hedge monetization.

(4) Realized sulphur price is net of deductions such as transportation, marketing and storage fees.

(5) Refer to the "Net Operating Income", "Capital Resources", "Funds Flow from Operations" and "Working Capital and Capital Strategy" sections of the Company's MD&A for reference to non-GAAP measures.

(6) Excludes reclamation and abandonment activities.

OUTLOOK

Management's near-term priority remains strengthening our balance sheet while safely and responsibly operating our assets. Delivering on this priority requires continued focus on attracting incremental third-party volumes, implementing cost reduction initiatives, optimizing infrastructure, and executing non-core asset dispositions to maintain profitability during all periods of the commodity cycle. Our long-term strategy requires continuous improvement in the business while identifying opportunities to generate growth for our shareholders.

While guidance remains unchanged at this time, management expects 2025 NOI at or above the high end of the guidance range.

2025 guidance remains unchanged as follows:

(\$ 000s unless otherwise noted)	2025 Guidance	
	Low	High
Total production (boe/d) ⁽¹⁾	23,000	25,000
Net operating income ⁽²⁾⁽³⁾⁽⁴⁾	75,000	95,000
Operating netback (\$/boe) ⁽²⁾⁽³⁾⁽⁴⁾	9.00	11.00
Capital expenditures	25,000	30,000

(1) 2025 production guidance assumes persistence of previously announced shut-ins in Central AB and periodic production of previously announced shut-ins in Northern AB and Northeast BC through 2025.

(2) Refer to the “Net Operating Income” and “Operating Netback” sections of the Company’s MD&A for reference to non-GAAP measures.

(3) Assumes unhedged average 2025 AECO price of \$1.85/GJ and average 2025 WTI price of US\$ 66.92/bbl.

(4) Includes the impact of hedge contracts in place at August 12, 2025.

Specific priorities for 2025 are:

- Sustain a safe and regulatory compliant business
- Minimize facility outages to maximize sales and processing revenue
- Capture opportunities to grow our third-party gathering and processing business
- Meaningfully reduce operating expenses to improve corporate netback
- Deliver attractive ROI on value adding optimization projects included in the 2025 capital program
- Reduce long term debt to improve financial flexibility

Our ongoing priority to grow third-party gathering and processing revenues at our operated facilities has yielded growth in processed volumes at the Caroline Gas Plant over the last four quarters, reflecting strong demand and increased utilization. As a result, third-party processing revenues are forecasted to exceed management’s expectations for the year.

The legacy fixed price sulphur contract, entered into in 2019, expires on December 31, 2025. Under this contract, the Company receives a fixed price of approximately \$6/tonne for the majority of its sulphur production capability of approximately 1,400 tonnes per day. On January 1, 2026, the Company will receive market price for all sulphur production, less normal deductions for transportation, handling, and marketing. The expiration of this contract represents a significant potential revenue opportunity beginning in 2026. As of August 12, 2025, the spot west coast sulphur price was US\$252.50/tonne, prior to processing, transportation and marketing costs.

Due to the current outlook for North American natural gas prices, Cavvy is not planning to resume drilling operations in 2025, although may participate in a low working interest, non-operated, liquids rich gas drilling prospect in Central AB. The Company will only develop its portfolio of high impact conventional Foothills drilling opportunities once natural gas prices sustainably recover and the Company has achieved its deleveraging target.

HEDGE POSITION

Cavvy hedges to mitigate commodity price, interest rate and foreign exchange volatility to protect the cash flow required to fund the Company’s operations, capital requirements and debt service obligations, while maintaining exposure to commodity price upside. Cavvy continues to execute its risk management program governed by its hedge policy and in compliance with the thresholds required by senior lenders.

The Company has 110,000 GJ/d of its 2025 natural gas production hedged at a weighted average fixed price of \$3.32/GJ, and 1,679 bbl/d of its 2025 condensate production hedged with a weighted average floor price of CAD\$84.42/bbl and a weighted average ceiling price of CAD\$92.32/bbl. The Company’s aggregate hedge position for 2025 totals 19,055 boe/d, or approximately 80% of the production guidance range.

As of June 30, 2025, the Company is hedged in accordance with the requirements of its senior loan agreements. The discounted unrealized gain on the Company's hedge portfolio at August 12, 2025 was approximately \$52.5 million using the forward strip on August 11, 2025.

The tables below summarize the hedge portfolio as of August 12, 2025:

2025-2026 Hedge Portfolio ⁽¹⁾	Q125	Q225	Q325	Q425	2025	Q126	Q226	Q326	Q426	2026
AECO Natural Gas Sales										
Total Hedged (GJ/d)	110,000	110,000	110,000	110,000	110,000	78,500	71,854	68,340	65,025	70,886
Avg Hedge Price (C\$/GJ)	\$3.32	\$3.32	\$3.32	\$3.32	\$3.32	\$3.32	\$3.34	\$3.40	\$3.41	\$3.36
WTI / C5+ Sales										
Total Hedged (bbl/d)	1,721	1,692	1,663	1,641	1,679	1,622	1,529	1,364	1,350	1,465
Avg Collar Cap Price (C\$/bbl)	\$92.73	\$92.45	\$92.03	\$92.05	\$92.32	\$91.69	\$90.94	\$91.67	\$91.68	\$91.48
Avg Collar Floor Price (C\$/bbl)	\$84.14	\$84.25	\$84.61	\$84.67	\$84.42	\$84.09	\$83.83	\$85.64	\$85.70	\$84.82
Power Purchases										
Total Hedged (MW)	53	54	54	54	54	45	45	45	45	45
Avg Hedge Price (C\$/MWh)	\$79.19	\$79.10	\$79.07	\$79.08	\$79.11	\$75.87	\$75.88	\$75.88	\$75.88	\$75.88

2027-2028 Hedge Portfolio ⁽¹⁾	Q127	Q227	Q327	Q427	2027	Q128	Q228	Q328	Q428	2028
AECO Natural Gas Sales										
Total Hedged (GJ/d)	63,340	28,154	-	-	22,637	-	-	-	-	-
Avg Hedge Price (C\$/GJ)	\$3.41	\$3.40	-	-	\$3.41	-	-	-	-	-
WTI / C5+ Sales										
Total Hedged (bbl/d)	1,171	1,151	1,125	1,125	1,143	785	750	-	-	382
Avg Collar Cap Price (C\$/bbl)	\$91.40	\$88.80	\$90.05	\$90.05	\$90.08	\$90.40	\$86.50	-	-	\$88.50
Avg Collar Floor Price (C\$/bbl)	\$84.37	\$84.08	\$90.05	\$90.05	\$87.14	\$90.40	\$86.50	-	-	\$88.50
Power Purchases										
Total Hedged (MW)	25	25	25	25	25	-	-	-	-	-
Avg Hedge Price (C\$/MWh)	\$70.19	\$70.19	\$70.19	\$70.19	\$70.19	-	-	-	-	-

(1) Includes forward physical sales contracts and financial derivative contracts as of August 12, 2025

CONFERENCE CALL DETAILS

A conference call and webcast to discuss the results will be held on Wednesday, August 13, 2025, at 8:30 a.m. MDT / 10:30 a.m. EDT. To participate in the webcast or conference call, you are asked to register using one of the links provided below.

To register to participate via webcast please follow this link:

<https://edge.media-server.com/mmc/p/iyksgwmj>

Alternatively, to register to participate by telephone please follow this link:

<https://register-conf.media-server.com/register/BI38015d898a634532b5e63d29d3cae388>

A replay of the webcast will be available two hours after the conclusion of the event and may be accessed using the webcast link above.

ABOUT CAVVY ENERGY

Cavvy Energy is a Canadian energy company headquartered in Calgary, Alberta. The Company is a significant upstream producer and midstream custom processor of natural gas, NGLs, condensate, and sulphur from Western Canada. Cavvy's vision is to provide responsible, affordable natural gas and derived products to meet society's energy security needs.

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Forward-Looking Statements

Certain of the statements contained herein including, without limitation, management plans and assessments of future plans and operations, Cavvy's outlook, strategy and vision, intentions with respect to future acquisitions, dispositions and other opportunities, including exploration and development activities, Cavvy's ability to market its assets, plans and timing for development of undeveloped and probable resources, Cavvy's goals with respect to the environment, relations with Indigenous people and promoting equity, diversity and inclusion, estimated abandonment and reclamation costs, plans regarding hedging, plans regarding the payment of dividends, wells to be drilled, the weighting of commodity expenses, expected production and performance of oil and natural gas properties, results and timing of projects, access to adequate pipeline capacity and third-party infrastructure, growth expectations, supply and demand for oil, natural gas liquids and natural gas, industry conditions, government regulations and regimes, capital expenditures and the nature of capital expenditures and the timing and method of financing thereof, may constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws (collectively "**forward-looking statements**"). Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "continue", "focus", "endeavor", "commit", "shall", "propose", "might", "project", "predict", "vision", "opportunity", "strategy", "objective", "potential", "forecast", "estimate", "goal", "target", "growth", "future", and similar expressions may be used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management.

Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, the risks associated with oil and gas exploration, development, exploitation, production, processing, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of resources estimates, environmental risks, competition from other producers, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals, ability to access sufficient capital from internal and external sources and the risk factors outlined under "Risk Factors" and elsewhere herein. The recovery and resources estimate of Cavvy's reserves provided herein are estimates only and there is no guarantee that the estimated resources will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

Forward-looking statements are based on a number of factors and assumptions which have been used to develop such forward-looking statements, but which may prove to be incorrect. Although Cavvy believes that the expectations reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements because Cavvy can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Cavvy operates; the timely receipt of any required regulatory approvals; the ability of Cavvy to obtain and retain qualified staff, equipment and services in a timely and cost efficient manner; the ability of the operator of the projects which Cavvy has an interest in to operate the field in a safe, efficient and effective manner; the ability of Cavvy to obtain financing on acceptable terms; the ability to replace and expand oil and natural gas resources through acquisition, development and exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of Cavvy to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Cavvy operates; timing and amount of capital expenditures; future sources of funding; production levels; weather conditions; success of exploration and development activities; access to gathering, processing and pipeline systems; advancing technologies; and the ability of Cavvy to successfully market its oil and natural gas products.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Cavvy's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR+ website (www.sedarplus.ca), and at Cavvy's website (www.Cavvyenergy.com).

Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and Cavvy assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws.

Forward-looking statements contained herein concerning the oil and gas industry and Cavvy's general expectations concerning this industry are based on estimates prepared by management using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which Cavvy believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While Cavvy is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

Additional Reader Advisories

Barrels of oil equivalent (“boe”) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Abbreviations

Natural Gas

Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
AECO	Alberta benchmark price for natural gas
GJ	Gigajoule

Power

MW	Megawatt
MWh	Megawatt hour

Liquids

bbbl/d	barrels per day
boe/d	barrels of oil equivalent per day
WTI	West Texas Intermediate
Mbbl	Thousand barrels
MMbbl	Million barrels
MMboe	Million barrels of oil equivalent
C2	Ethane
C3	Propane
C4	Butane
C5/C5+	Condensate / Pentane

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