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CAVVY ENERGY RELEASES Q1 2026 FINANCIAL AND OPERATING RESULTS

Strong Sulphur and Midstream Margins Drive 29% Growth in Net Operating Income, Quarterly Debt Repayment of US\$27 million

CALGARY, ALBERTA – May 7, 2026 – Cavvy Energy Ltd. (“Cavvy” or the “Company”) (TSX:CVVY) is pleased to announce its first quarter 2026 financial and operating results. The Company produced 24,655 boe/d of hydrocarbons, 1,089 mt/d of sulphur, and generated Net Operating Income¹ (“NOI”) of \$41.9 million in the first quarter of 2026. Management’s discussion and analysis (“MD&A”) and unaudited interim condensed consolidated financial statements and notes for the quarter ended March 31, 2026 are available at www.cavvyenergy.com and on SEDAR+ at www.sedarplus.ca.

Q1 2026 HIGHLIGHTS

- Generated NOI of \$41.9 million (\$0.14 per basic and fully diluted share) and Funds Flow from Operations¹ of \$32.2 million (\$0.11 per basic and fully diluted share), up 29% and 48% respectively from Q1 2025.
- Produced 24,655 boe/d (80% natural gas) and 1,089 mt/d of sulphur during the quarter, up 9% and 1% respectively from Q1 2025.
- Increased third-party raw gas processing volumes to 156.8 MMcf/d, up 72% compared to Q1 2025, resulting in a 100% increase in third-party gathering, processing and marketing revenue.
- Repaid US\$27.0 million of senior debt during the quarter, marking the highest quarterly debt repayment in Company history, reducing total debt to US\$88.9 million.
- Reduced cash interest expense by 29% from Q1 2025 through material debt reduction, to \$3.9 million.
- Achieved 100% runtime at all three operated gas processing facilities during the first quarter.
- Simplified capital structure following the exercise of all 24.9 million outstanding share purchase warrants for proceeds of \$3.5 million, in exchange for issuing approximately 18.2 million common shares.

“Exposure to improved sulphur pricing beginning January 1st has proven transformational for Cavvy, as demonstrated by the strong results in the first quarter of 2026,” stated Darcy Reding, President and CEO.

“The Vancouver FOB sulphur price averaged over US\$500/mt during the quarter, helping to generate NOI of \$41.9 million, with sulphur sales contributing 34% of revenue. We are confident the positive momentum from Q1 supports achieving our 2026 debt repayment target of \$50 million.

Cavvy’s midstream business continues to grow with a record high 157 MMcf/d of third-party raw gas volumes processed, representing 12% of revenue generated in the quarter, reinforcing Cavvy’s identity as a uniquely diversified, premiere energy company. Long-term and sustainable value creation for shareholders remains management’s top priority.”

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

Selected Q1 2026 Financial and Operating Highlights

(\$ 000s unless otherwise noted)	2026	2025				2024		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Production								
Natural gas (mcf/d)	118,284	111,834	115,467	126,198	105,338	111,787	115,196	157,077
Condensate (bbl/d)	2,302	2,065	2,258	2,507	2,454	2,149	2,191	2,472
NGLs (bbl/d)	2,639	2,299	2,454	2,524	2,574	1,788	1,726	2,210
Sulphur (mt/d)	1,089	989	1,120	1,128	1,076	968	1,444	1,376
Total production (boe/d) ⁽¹⁾	24,655	23,003	23,956	26,064	22,584	22,568	23,116	30,861
Third-party volumes processed (mcf/d) ⁽²⁾	156,825	136,579	138,544	121,319	90,926	74,650	72,654	55,688
Financial								
Natural gas price (\$/mcf)								
Realized before Risk Management Contracts ⁽³⁾	1.99	2.41	0.66	1.73	2.24	1.55	0.77	1.14
Realized after Risk Management Contracts ⁽³⁾	2.93	3.60	3.25	3.23	3.58	3.36	3.43	2.71
Benchmark natural gas price (AECO)	2.01	2.25	0.62	1.72	2.14	1.46	0.68	1.17
Condensate price (\$/bbl)								
Realized before Risk Management Contracts ⁽³⁾	92.04	76.62	82.65	84.60	95.15	94.87	92.13	99.96
Realized after Risk Management Contracts ⁽³⁾	85.17	79.75	83.66	85.88	88.29	90.61	84.61	87.75
Benchmark condensate price (C5 at Edmonton)	97.94	79.61	86.58	87.71	100.24	98.85	97.10	105.62
Sulphur price (\$/mt)								
Realized before Risk Management Contracts ⁽⁴⁾	599.69	304.85	196.11	168.45	111.46	49.00	40.64	51.94
Realized after Risk Management Contracts ⁽⁴⁾	360.35	43.22	34.59	32.40	17.00	12.09	8.86	18.43
Benchmark USD (Vancouver FOB)	508.40	414.47	268.42	271.75	184.42	135.78	97.49	73.82
Net income (loss)	3,538	(1,598)	(10,086)	4,147	2,666	(20,921)	7,496	(19,196)
Net income (loss) \$ per share, basic and diluted	0.01	(0.01)	(0.03)	0.01	0.01	(0.08)	0.04	(0.12)
Net operating income ⁽⁵⁾	41,876	20,785	30,631	26,491	32,550	13,720	19,818	7,652
Cashflow provided by (used in) operating activities	45,412	7,776	4,466	1,599	22,612	(592)	2,260	(1,555)
Funds flow from operations ⁽⁵⁾	32,168	13,518	12,898	14,502	21,707	3,341	8,234	(4,874)
Operating netback (\$/boe) ⁽⁵⁾	18.87	9.82	13.90	11.17	16.02	6.61	9.31	2.74
Total assets	537,868	539,136	536,274	553,216	571,470	612,423	615,040	585,940
Adjusted working capital deficit ⁽⁵⁾	(39,490)	(19,769)	(10,631)	(20,144)	(30,540)	(29,777)	(42,658)	(37,986)
Net debt ⁽⁵⁾	(156,613)	(170,617)	(163,697)	(166,878)	(185,438)	(197,564)	(206,779)	(219,204)
Capital expenditures ⁽⁶⁾	6,302	10,404	4,022	2,391	6,538	5,800	10,002	5,003

(1) Total production excludes sulphur.

(2) Third-party volumes processed are raw inlet natural gas volumes reported by activity month.

(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 in the first quarter of 2025 is normalized to exclude the impact of a hedge monetization.

(4) Sulphur price is based on FOB Vancouver and is net of customary deductions such as transportation, handling, marketing, and storage fees.

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

(6) Excludes reclamation and abandonment activities.

OUTLOOK

The Company's 2026 guidance is unchanged as follows:

(\$ 000s unless otherwise noted)	2026 Guidance	
	Low	High
Production (boe/d) ⁽¹⁾	22,000	24,500
Sulphur production (mt/d)	1,000	1,150
Net operating income ⁽²⁾⁽³⁾⁽⁴⁾	125,000	140,000
Capital expenditures ⁽⁵⁾	35,000	40,000
Total debt (at YE 2026) ⁽⁶⁾	110,000	125,000

(1) Production guidance assumes persistence of previously announced shut-ins in Central AB and Northern AB, while Northeast BC is assumed to be on production through periods with supportive AECO pricing in 2026.

(2) Refer to the "Non-GAAP and Other Financial Measures" section of the Company's MD&A for reference to non-GAAP measures.

(3) Assumes unhedged average 2026 AECO price of \$3.15/GJ, average unhedged 2026 WTI price of US\$60.90/bbl and average unhedged 2026 Vancouver FOB Sulphur price of US\$237.50/mt

(4) Includes the impact of hedge contracts and the 2026 structured sulphur pricing agreement

(5) Excludes asset retirement and decommissioning expenditures

(6) Assumes USD/CAD exchange rate of 0.7210

Key priorities for 2026 remain:

- Sustain a safe and regulatory compliant business.
- Capture additional opportunities to grow third-party gathering and processing business value.
- Minimize facility outages to maximize sales and processing revenue.
- Reduce long-term debt to improve financial flexibility and position the Company to refinance its 2027 debt maturities.
- Identify and high-grade both organic and acquisition opportunities to replenish Cavvy's resource base and increase development upside.

Revenue diversification is one of Cavvy's strengths and a key differentiator allowing Cavvy to better withstand commodity price volatility. During the first quarter, the escalating Middle East conflict contributed to an increase in both sulphur and NGL prices, while AECO gas prices have simultaneously fallen sharply. Third-party processing volumes and revenues at the Caroline and Jumping Pound facilities and third-party sulphur re-melting and processing at Shantz are increasingly important to Cavvy's business.

Senior debt repayment of US\$27.0 million occurred in the first quarter, and another meaningful principal repayment is expected in the second quarter. De-leveraging has been Cavvy's top priority over the past several years, and management will continue to direct free cash flow primarily towards debt repayment. At the end of Q2, Cavvy will receive a prepayment for two-thirds of estimated second half sulphur sales (one-third fixed and one-third collared) under the previously announced sulphur pricing agreement, which will continue to support debt repayment and drive interest savings.

The Company's 2026 capital program is highlighted by the scheduled maintenance turnaround at the Caroline Facility in the third quarter of 2026, capital maintenance at the Waterton Facility during the third-party pipeline maintenance outage in June, and the execution of certain high return, short payback well and facility optimization projects. In the first quarter, Cavvy incurred \$6.8 million in reclamation and abandonment expenditures, proactively managing asset retirement obligations.

Due to the current outlook for natural gas prices, Cavvy is not planning to resume development drilling in 2026. 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

The Company has 68,394 GJ/d of its remaining 2026 natural gas production hedged at a weighted average fixed price of \$3.38/GJ, and 1,498 bbl/d of its remaining 2026 condensate production hedged with a weighted average floor price of \$85.07/bbl and a weighted average ceiling price of \$91.11/bbl. The Company's aggregate hedge position for the remainder of 2026 totals 12,302 boe/d, or approximately 53% of the midpoint hydrocarbon production guidance. For the remainder of 2026, one-third of the Company's 2026 sulphur sales will be sold at a fixed price of US\$225/mt, one-third collared with a floor price of US\$205/mt and ceiling price of US\$250/mt, and the remaining one-third sold at Vancouver FOB spot price, consistent with the terms of the existing one-year sulphur sales agreement.

Cavvy may hedge 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.

As of March 31, 2026, the Company is hedged in accordance with the requirements of its senior loan agreements. The discounted unrealized gain on the Company's hydrocarbon hedge portfolio is approximately \$20.9 million using the forward strip on May 6, 2026.

The tables below summarize the hedge portfolio as of May 7, 2026:

2026-2027 Hedge Portfolio ⁽¹⁾	Q226	Q326	Q426	2026	Q127	Q227	Q327	Q427	2027	
AECO Natural Gas Sales										
Total Hedged (GJ/d)	71,854	68,340	65,025	71,140	63,340	28,154	-	-	22,637	
Avg Hedge Price (C\$/GJ)	\$3.34	\$3.40	\$3.41	\$3.36	\$3.41	\$3.40	-	-	\$3.41	
WTI / C5+ Sales										
Total Hedged (bbl/d)	1,529	1,364	1,600	1,528	1,821	1,551	1,525	1,525	1,605	
Avg Collar Cap Price (C\$/bbl)	\$90.94	\$91.67	\$90.80	\$91.26	\$90.64	\$89.43	\$90.37	\$90.37	\$90.22	
Avg Collar Floor Price (C\$/bbl)	\$83.83	\$85.64	\$85.77	\$84.81	\$86.12	\$85.93	\$90.37	\$90.37	\$88.09	
Sulphur Sales										
1/3 Sales Avg Fixed Price (US\$/mt)	\$225	\$225	\$225	\$225	-	-	-	-	-	
1/3 Sales Avg Collar Cap Price (US\$/mt)	\$250	\$250	\$250	\$250	-	-	-	-	-	
Avg Collar Floor Price (US\$/mt)	\$205	\$205	\$205	\$205	-	-	-	-	-	
Power Purchases										
Total Hedged (MW)	55	55	55	55	45	45	45	45	45	
Avg Hedge Price (C\$/MWh)	\$71.80	\$71.80	\$71.80	\$71.80	\$63.33	\$63.33	\$63.33	\$63.33	\$63.33	
2028 Hedge Portfolio ⁽¹⁾	Q128	Q228	Q328	Q428	2028	Q129	Q229	Q329	Q429	2029
AECO Natural Gas Sales										
Total Hedged (GJ/d)	-	-	-	-	-	-	-	-	-	-
Avg Hedge Price (C\$/GJ)	-	-	-	-	-	-	-	-	-	-
WTI / C5+ Sales										
Total Hedged (bbl/d)	1,385	1,350	600	600	982	600	600	600	600	600
Avg Collar Cap Price (C\$/bbl)	\$88.57	\$86.35	\$86.17	\$86.17	\$87.08	\$84.67	\$84.67	\$84.67	\$84.67	\$84.67
Avg Collar Floor Price (C\$/bbl)	\$88.57	\$86.35	\$86.17	\$86.17	\$87.08	\$84.67	\$84.67	\$84.67	\$84.67	\$84.67
Sulphur Sales										
1/3 Sales Avg Hedge Price (US\$/mt)	-	-	-	-	-	-	-	-	-	-
1/3 Sales Avg Collar Cap Price (US\$/mt)	-	-	-	-	-	-	-	-	-	-
Avg Collar Floor Price (US\$/mt)	-	-	-	-	-	-	-	-	-	-
Power Purchases										
Total Hedged (MW)	15	15	15	15	15	-	-	-	-	-
Avg Hedge Price (C\$/MWh)	\$60.60	\$60.60	\$60.60	\$60.60	\$60.60	-	-	-	-	-

(1) Includes forward physical sales contracts and financial derivative contracts as of May 7, 2026

CONFERENCE CALL DETAILS

A conference call and webcast to discuss the results will be held on Friday, May 8, 2026, at 1:30 p.m. MDT / 3:30 p.m. EDT, following Cavvy's Annual General Meeting of shareholders. 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/24tjxx4n>

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

<https://register-conf.media-server.com/register/Blc3835a1486ce43b184ab59bfb81edfd2>

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 an integrated Canadian upstream and midstream energy company headquartered in Calgary, Alberta. Cavvy's objective is to create long term shareholder value through development, production, processing, and marketing of natural gas, natural gas liquids, and sulphur while providing superior service to the Company's third-party customers through our strategic, company-owned gathering and processing infrastructure located in western Canada.

For further information, visit www.cavvyenergy.com, or please contact:

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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

Sulphur

mt	Metric tonne
mt/d	Metric tonne per day
FOB	Free on board

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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