Press Release

Not For Distribution to United States News Wire Services or Dissemination in United States

CAVVY ENERGY RELEASES Q2 2026 FINANCIAL AND OPERATING RESULTS, PROVIDES OPERATIONAL UPDATE, AND INCREASES 2026 GUIDANCE

Record Sulphur Revenues Contribute to a NOI Increase of 87% Year Over Year, $39 Million of Debt Repayment, and Improved Financial Guidance

CALGARY, ALBERTA – August 11, 2026 – Cavvy Energy Ltd. ("Cavvy" or the "Company") (TSX:CVVY) is pleased to announce its second quarter 2026 financial and operating results. The Company produced 21,497 boe/d of hydrocarbons, 984 mt/d of sulphur, and generated Net Operating Income[1] ("NOI") of $49.6 million in the second quarter of 2026. Management's discussion and analysis ("MD&A") and unaudited interim condensed consolidated financial statements and notes for the quarter ended June 30, 2026 are available at www.cavvyenergy.com and on SEDAR+ at www.sedarplus.ca.

Q2 2026 HIGHLIGHTS

- Generated NOI of $49.6 million ($0.16 per basic and fully diluted share) and Operating Netback[1] of $25.38/boe, up 87% and 127% respectively from Q2 2025.
- Funds Flow from Operations[1] of $41.9 million ($0.14 per basic and fully diluted share), up 189% from Q2 2025.
- Produced 21,497 boe/d (80% natural gas) and 984 mt/d of sulphur during the quarter, down 18% and 13% respectively from Q2 2025 due to the scheduled Waterton gas plant downtime in June.
- Increased third-party raw gas processing volumes to 151.7 MMcf/d, up 27% compared to Q2 2025, resulting in a 26% increase in third-party gathering, processing and marketing revenue.
- Repaid $39.2 million of senior debt during the quarter, surpassing the previous record quarterly repayment of $37.3 million made in Q1 2026, reducing total debt to $86.8 million at June 30, 2026.

"I am extremely pleased with the successful outcomes of our business strategy to date. Sulphur pricing has continued its historic rise through 2026, remaining elevated as global demand for sulphur remains high and the conflict in the Middle East persists," stated Darcy Reding, President and CEO.

"With Vancouver FOB sulphur prices reaching all-time highs during the second quarter, Cavvy generated funds flow of $41.9 million and repaid $39.2 million of debt, bringing total debt down to $86.8 million at June 30. This substantially beats our original 2026 year-end total debt guidance target of $110 to $125 million mid-way through the year. In addition, our third-party processing volumes and revenues continue to provide a strong foundation to Company cash flows, growing volumes by 27% and revenues by 26% in the quarter when compared to Q2 2025. In June, Cavvy extended the gas handling and processing agreement for a key customer at Caroline and Jumping

---

[1] *Refer to the "non-GAAP measures" in the Company's MD&A.*

Pound to accommodate volumes committed through 2027, representing an incremental $5 million annualized contribution to NOI."

Selected Q2 2026 Financial and Operating Highlights

	2026		2025				2024	
($ 000s unless otherwise noted)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Production								
Natural gas (mcf/d)	**102,711**	118,284	111,834	115,467	126,198	105,338	111,787	115,196
Condensate (bbl/d)	**1,937**	2,302	2,065	2,258	2,507	2,454	2,149	2,191
NGLs (bbl/d)	**2,442**	2,639	2,299	2,454	2,524	2,574	1,788	1,726
Sulphur (mt/d)	**984**	1,089	989	1,120	1,128	1,076	968	1,444
Total production (boe/d) (1)	**21,497**	24,655	23,003	23,956	26,064	22,584	22,568	23,116
Third-party volumes processed (mcf/d) (2)	**151,734**	156,825	136,579	138,544	119,761	90,926	74,650	72,654
Financial								
Natural gas price ($/mcf)								
Realized before hedging (3)	**1.52**	1.99	2.41	0.66	1.73	2.24	1.55	0.77
Realized after hedging (3)	**2.81**	2.93	3.60	3.25	3.23	3.58	3.36	3.43
Benchmark (AECO)	**1.60**	2.01	2.25	0.62	1.72	2.14	1.46	0.68
Condensate price ($/bbl)								
Realized before hedging (3)	**129.71**	92.04	76.62	82.65	84.60	95.15	94.87	92.13
Realized after hedging (3)	**102.86**	85.17	79.75	83.66	85.88	88.29	90.61	84.61
Benchmark (C5 at Edmonton)	**132.05**	97.94	79.61	86.58	87.71	100.24	98.85	97.10
Sulphur price ($/mt)								
Realized before hedging (4)	**877.14**	599.69	304.85	196.11	168.45	111.46	49.00	40.64
Realized after hedging (4)	**478.16**	360.35	43.22	34.59	32.40	17.00	12.09	8.86
Benchmark USD (Vancouver FOB)	**963.43**	508.40	414.47	268.42	271.75	184.42	135.78	97.49
Net income (loss)	**16,150**	3,538	(1,598)	(10,086)	4,147	2,666	(20,921)	7,496
Net income (loss) $ per share, basic and diluted	**0.05**	0.01	(0.01)	(0.03)	0.01	0.01	(0.08)	0.04
Net operating income (5)	**49,647**	41,876	20,785	30,631	26,491	32,550	13,720	19,818
Cashflow provided by (used in) operating	**72,194**	45,412	7,776	4,466	1,599	22,612	(592)	2,260
Funds flow from operations (5)	**41,867**	32,168	13,518	12,898	14,502	21,707	3,341	8,234
Operating netback ($/boe) (5)	**25.38**	18.87	9.82	13.90	11.17	16.02	6.61	9.31
Total assets	**560,421**	537,868	539,136	536,274	553,216	571,470	612,423	615,040
Adjusted working capital deficit (5)	**(46,289)**	(39,490)	(19,769)	(10,631)	(20,144)	(30,540)	(29,777)	(42,658)
Net debt (5)	**(127,626)**	(156,613)	(170,617)	(163,697)	(166,878)	(185,438)	(197,564)	(206,779
Capital expenditures (6)	**3,787**	6,302	10,404	4,022	2,391	6,538	5,800	10,002

(1) Total production excludes sulphur.
(2) Third-party volumes processed are raw inlet natural gas volumes reported by activity month.
(3) After hedging positions may include any combination of physical and financial hedges used for pricing and risk management purposes. Refer to the "Risk Management" section of the Company's MD&A for the composition of hedges. The realized natural gas price after hedges in the first quarter of 2025 is normalized to exclude the impact of a hedge monetization.
(4) Sulphur price is based on Vancouver FOB 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.

OPERATIONS UPDATE

As previously disclosed and included in 2026 guidance, scheduled maintenance on the third-party sales gas pipeline required the Waterton gas processing facility to be shut in for 24 days beginning June 9. During this outage, Cavvy completed proactive maintenance which is expected to reduce the duration and defer the timing of the next planned maintenance turnaround at the Waterton facility from 2028 to 2029. Waterton was restarted on July 1, but subsequently required an unplanned outage beginning July 19, expected to last approximately four weeks, to repair a low-pressure vessel critical for sulphur recovery that developed a leak following re-start of the facility.

At the beginning of Q3, management accelerated the start date of the previously disclosed scheduled maintenance turnaround at the Caroline gas processing facility from mid August 2026 to mid July 2026 to proactively address certain maintenance priorities and minimize the risk of downtime or capacity reductions prior to the scheduled turnaround. The estimated duration of the outage remains unchanged at six weeks. The net capital cost of the turnaround is estimated to be $18.2 million, approximately $3.2 million higher than previously forecast, reflecting an increase in project scope necessary to accommodate the growth of Cavvy's third-party processing business.

In June 2026, Cavvy extended the gas handling and processing agreement for a key customer at Caroline and Jumping Pound. The volumes under this agreement are now committed through June 2027 and are expected to contribute approximately $5 million to NOI on an annualized basis.

REVISED 2026 GUIDANCE

Net Operating Income

With record spot sulphur prices, strong hydrocarbon liquids prices and continued growth in the Company's third-party processing revenues, management is increasing 2026 NOI guidance by approximately $45 million to a range of $170 to $180 million. The revised guidance assumes an average unhedged 2026 Vancouver FOB sulphur price of US$743/mt with US$846/mt for the second half of the year, an average unhedged 2026 AECO price of $1.80/GJ, and an average unhedged 2026 WTI price of US$79.54/bbl.

Debt Repayment

Cavvy achieved $76.5 million of debt repayment during the first half of the year due to robust sulphur and liquids pricing. Cavvy is revising the total year-end 2026 debt guidance by approximately $40 million from a range of $110 to $125 million, down to a range of $75 to $85 million, as Cavvy repaid more debt in the first half than anticipated.

Capital Expenditures

The 2026 capital program has been increased by approximately $17 million to a range of $52 to $57 million. The additional capital includes an additional $6.8 million to expand the low risk high return well and facility optimization program, $3.2 million of additional Caroline turnaround scope and cost, $2.8 million of capital maintenance at the Waterton facility and net $4.2 million of other capital expenditures deemed beneficial to the Company's operating strategy.

The Company's Revised 2026 guidance is as follows:

	Revised 2026 Guidance		Previous 2026 Guidance	
($ 000s unless otherwise noted)	Low	High	Low	High
Production (boe/d) (1)	**22,000**	**23,500**	22,000	24,500
Sulphur production (mt/d)	**1,000**	**1,100**	1,000	1,150
Net operating income (2)(3)(4)	**170,000**	**180,000**	125,000	140,000
Capital expenditures (5)	**52,000**	**57,000**	35,000	40,000
Total debt (at YE 2026) (6)	**75,000**	**85,000**	110,000	125,000

(1) Revised production guidance assumes persistence of previously announced shut-ins in Northern AB, while production in Northeast BC is assumed to be on production through periods with supporting AECO pricing in 2026.
(2) Refer to the "Net Operating Income" section of the Company's MD&A for reference to non-GAAP measures.
(3) Assumes unhedged average 2026 AECO price of $1.80/GJ, average unhedged 2026 WTI price of US$79.54/bbl and average unhedged 2026 Vancouver FOB Sulphur price of US$743/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 0.7174.

HEDGE POSITION

The Company has 66,682 GJ/d of its remaining 2026 natural gas production hedged at a weighted average fixed price of $3.40/GJ, and 1,482 bbl/d of its remaining 2026 condensate production hedged with a weighted average floor price of $85.71/bbl and a weighted average ceiling price of $91.20/bbl. The Company's aggregate hedge position for the remainder of 2026 totals 12,015 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 which expires at the end of 2026.

On July 31, 2026, Cavvy entered into a new one-year fixed-price sulphur forward sales agreement. The agreement fixes 200,000 mt of sulphur sales (~50% of estimated 2027 production) at a price of US$525/mt[2] beginning on January 1, 2027, with the balance receiving spot Vancouver FOB[2] market price.

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 June 30, 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 $18.0 million using the forward strip on August 10, 2026.

The tables below summarize the hedge portfolio as of August 11, 2026:

2026-2027 Hedge Portfolio (1)	Q326	Q426	2026	Q127	Q227	Q327	Q427	2027
AECO Natural Gas Sales								
Total Hedged (GJ/d)	68,340	65,025	71,140	63,340	28,154	-	-	22,637
Avg Hedge Price (C$/GJ)	$3.40	$3.41	$3.36	$3.41	$3.40	-	-	$3.41
WTI / $C5^+$ Sales								
Total Hedged (bbl/d)	1,364	1,600	1,528	1,821	1,551	1,525	1,525	1,605
Avg Collar Cap Price (C$/bbl)	$91.67	$90.80	$91.26	$90.64	$89.43	$90.37	$90.37	$90.22
Avg Collar Floor Price (C$/bbl)	$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	$225	-	-	-	-	-
1/3 Sales Avg Collar Cap Price (US$/mt)	$250	$250	$250	-	-	-	-	-
Avg Collar Floor Price (US$/mt)	$205	$205	$205	-	-	-	-	-
Total Hedged (mt/d)				548	548	548	548	548
Avg Hedge Price (US$/mt)				$525	$525	$525	$525	$525
Power Purchases								
Total Hedged (MW)	55	55	55	45	45	45	45	45
Avg Hedge Price (C$/MWh)	$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
WTI / $C5^+$ Sales										
Total Hedged (bbl/d)	1,385	1,350	850	850	1,107	850	850	850	850	850
Avg Collar Cap Price (C$/bbl)	$88.57	$86.35	$88.38	$88.38	$87.82	$86.59	$86.59	$86.59	$86.59	$86.59
Avg Collar Floor Price (C$/bbl)	$88.57	$86.35	$88.38	$88.38	$87.82	$86.59	$86.59	$86.59	$86.59	$86.59
Power Purchases										
Total Hedged (MW)	15	15	15	15	15	-	-	-	-	-
Avg Hedge Price (C$/MWh)	$60.60	$60.60	$60.60	$60.60	$60.60	-	-	-	-	-

(1) Includes forward physical sales contracts and financial derivative contracts as of August 11, 2026.

[2] *Less customary transportation and handling deductions.*

CONFERENCE CALL DETAILS

A conference call and webcast to discuss the results will be held on Wednesday, August 12, 2026, 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/6c7n6m6b

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

https://register-conf.media-server.com/register/BIe3b498e5a8a347daa1d8ee1c52bdee2b

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:

Darcy Reding, President & Chief Executive Officer
Telephone: (403) 261-5900

Adam Gray, Chief Financial Officer
Telephone: (403) 261-5900

Investor Relations
investors@cavvyenergy.com

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		**Liquids**	
Mcf	Thousand cubic feet	bbl/d	Barrels per day
Mcf/d	Thousand cubic feet per day	boe/d	Barrels of oil equivalent per day
MMcf/d	Million cubic feet per day	WTI	West Texas Intermediate
AECO	Alberta benchmark price for natural gas	Mbbl	Thousand barrels
GJ	Gigajoule	MMbbl	Million barrels
Power		MMboe	Million barrels of oil equivalent
MW	Megawatt	C2	Ethane
MWh	Megawatt hour	C3	Propane
Sulphur		C4	Butane
mt	Metric tonne	C5/C5+	Condensate / Pentane
mt/d	Metric tonne per day		
FOB	Free on board		

Neither the TSX nor its Regulation Services Provider (as that term is defined in policies of the TSX) accepts responsibility for the adequacy or accuracy of this release