

Topaz Announces Strategic Infrastructure Acquisition In The Alberta Montney And Increases 2024 Guidance

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CALGARY, July 2, 2024 - [Topaz Energy Corp.](#) (TSX: TPZ) ("Topaz" or the "Company") is pleased to announce the completion of the acquisition of a 50% non-operated working interest in [Whitecap Resources Inc.](#)'s ("Whitecap") newly commissioned gas and condensate facility, located in the Musreau area of the Alberta Montney (the "Facility"), for total cash consideration of \$100.0 million (the "Facility Acquisition").

Infrastructure Acquisition

The Facility Acquisition is supported by contractual commitments that provide Topaz with fixed, take-or-pay revenue for a seven year term and preferential capacity dedication for a subsequent seven year term, during which Topaz will not be responsible for operating or maintenance costs. The Facility Acquisition is expected to provide \$13.0 to \$14.0 million of annualized 2024 operating margin⁽⁶⁾ processing revenue to Topaz and was funded through Topaz's credit facility.

Whitecap is an existing strategic partner of Topaz, who will retain 50% ownership and continue to operate the Facility, which was recently built to enable further development and production growth in the prolific Alberta Montney resource area. The Facility Acquisition demonstrates Topaz's strategy to invest in new infrastructure assets that are situated in resource areas that provide commodity price-resilient capital development.

2024 Processing Revenue and Other Income Guidance Increase

Topaz's 2024e infrastructure processing revenue and other income is expected to increase from the previously announced range of between \$69.0 and \$71.0 million⁽¹⁾⁽⁵⁾, to a range of \$75.5 to \$78.0 million⁽²⁾⁽⁵⁾. On an annualized basis, the Facility Acquisition provides 19% to 20%⁽³⁾⁽⁵⁾ processing revenue and other income growth and pro forma, Topaz's processing revenue and other income represents approximately 45%⁽⁴⁾⁽⁵⁾ of the Company's current dividend, further enhancing the reliability of the Company's shareholder return strategy. Topaz's 2024e year end net debt to EBITDA⁽⁶⁾ is estimated to increase from 0.8 times to 1.0 times⁽¹⁾⁽⁵⁾⁽⁷⁾, based on Topaz's estimated 2024 year end net debt⁽⁶⁾ range of \$340 million to \$350 million⁽¹⁾⁽⁵⁾⁽⁷⁾. Topaz will provide a comprehensive guidance update along with the upcoming release of the Company's second quarter financial results.

Second Quarter 2024 Results

Topaz is scheduled to release its second quarter 2024 financial results after market close on July 29, 2024. Topaz will host a second quarter conference call on Tuesday, July 30, 2024 starting at 9:00 a.m. MST (11:00 a.m. EST). To join the conference call without operator assistance, participants can register and enter their phone number at <https://emportal.ink/3PwXL6L> to receive an instant automated call back. Alternatively, participants can join by calling a live operator at 416-764-8659 or 1-888-664-8659 (North American toll free). The conference call ID is 21234363.

Additional information

Additional information about Topaz is available on SEDAR+ at www.sedarplus.ca under the Company's profile, and on the Company's website, www.topazenergy.ca.

ABOUT THE COMPANY

Topaz is a unique royalty and infrastructure energy company focused on generating free cash flow growth and paying meaningful sustainable dividends to its shareholders, through its strategic relationship with Canada's largest and most active natural gas producer, [Tourmaline Oil Corp.](#) ("Tourmaline"), an investment-grade senior Canadian E&P company, and leveraging its

relationships to execute complementary acquisitions from other high-quality energy companies. Topaz focuses on top-quality energy resources and assets best positioned to attract capital in order to generate sustainable long-term growth and provide

Topaz's common shares are listed and posted for trading on the TSX under the trading symbol "TPZ" and it is included in the S&P/TSX Composite Index. This is the headline index for Canada and is the principal benchmark measure for the Canadian equity markets, represented by the largest companies on the TSX.

For further information, please visit the Company's website at www.topazenergy.ca. Topaz's SEDAR+ filings are available at www.sedarplus.ca.

NOTE REFERENCES

1. Based on Topaz 2024e guidance estimates as provided in the Company's April 29, 2024 news release, adjusted for the Facility Acquisition, as applicable.
2. Topaz's 2024e guidance increase is based on estimated processing revenue of \$6.5 to \$7.0 million from the Facility Acquisition for the period July 1, 2024 through December 31, 2024.
3. Calculated using the annualized processing revenue estimate of \$13.0 to \$14.0 million attributed to the Facility Acquisition, relative to Topaz's 2024e processing revenue and other income guidance estimate of \$69.0 million to \$71.0 million as provided in the Company's April 29, 2024 news release.
4. Calculated based on Topaz's pro forma, annualized processing revenue and other income estimate of \$82.0 million to \$85.0 million and Topaz's 2024e estimated dividend payment of \$185.4 million (based on 144.9 million shares outstanding as at June 26, 2024 (\$1.28 per share)). No amounts have been included in respect of the Clearwater Natural Gas Gathering Infrastructure, which is expected to be constructed and commissioned during the fourth quarter of 2024. Topaz will provide a project update in conjunction with the Company's release of second quarter financial results, scheduled for July 29, 2024.
5. See "Forward-Looking Statements".
6. See "Non-GAAP and Other Financial Measures."
7. Estimated based on a recent commodity price forecast for 2024: C\$2.04 per mcf natural gas (AECO); US\$80.32 per bbl crude oil (NYMEX WTI).

FORWARD-LOOKING STATEMENTS

This news release contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") that relate to the Company's current expectations and views of future events. These forward-looking statements relate to future events or the Company's future performance. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "intends", "plans", "forecast", "projection", "strategy", "objective" and "outlook") are not historical facts and are forward-looking statements and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements. No assurance can be given that expectations will prove to be correct and such forward-looking statements included in this news release should not be relied upon. These statements speak only as of the date of this news release. In particular and without limitation, this news release contains forward-looking statements pertaining to the following: Topaz's future growth outlook, guidance and strategy; the anticipated benefits to be derived from the Facility Acquisition including the expected amount of annualized processing revenue attributable to the Facility Acquisition; the intended purpose of the Facility; Topaz's investment strategy in new infrastructure assets that are situated in resource areas that attract commodity price-resilient capital development; Topaz's infrastructure processing revenue and other income, annualized growth and net debt and net debt to EBITDA expectations; anticipated timing for the release of the Company's second quarter 2024 financial results; the intention to provide a full guidance update and a project update in respect of the Clearwater Natural Gas Gathering Infrastructure in conjunction with the Company's release of its second quarter financial results; the forecasts described under the heading "2024 Processing and Other Income Guidance Increase" and the assumptions and estimates described under the heading "Note References" above; and the Company's business as described under the heading "About the Company" above.

Forward-looking statements are based on a number of assumptions including those highlighted in this news release, including future commodity prices, capital expenditures, infrastructure ownership capacity utilization and operator development plans, and is subject to a number of risks and uncertainties, many of which are beyond the Company's control, which could

actual results and events to differ materially from those that are disclosed in or implied by such forward-looking statements.

Such risks and uncertainties include, but are not limited to, the failure to complete acquisitions on the terms or on the time announced or at all and the failure to realize some or all of the anticipated benefits of acquisitions including the Facility and estimated processing and other income associated therewith, and the factors discussed in the Company's recently Management's Discussion and Analysis (See "Forward-Looking Statements" therein), 2023 Annual Information Form ("AIF") and "Factors" and "Forward-Looking Statements" therein) and other reports on file with applicable securities regulatory authorities may be accessed through the SEDAR+ website (www.sedarplus.ca) or Topaz's website (www.topazenergy.ca).

Statements relating to "reserves" are also deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and the reserves can be profitably produced in the future.

Without limitation of the foregoing, future dividend payments, if any, and the level thereof is uncertain, as the Company's policy and the funds available for the payment of dividends from time to time is dependent upon, among other things, cash flow, financial requirements for the Company's operations and the execution of its growth strategy, fluctuations in working capital and the timing and amount of capital expenditures, debt service requirements and other factors beyond the Company's control. Further, the ability of Topaz to pay dividends will be subject to applicable laws (including the satisfaction of the solvency test contained in applicable corporate legislation) and contractual restrictions contained in the instruments governing its indebtedness, including its credit facility.

Topaz does not undertake any obligation to update such forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

FINANCIAL OUTLOOK

Also included in this news release are estimates of the infrastructure processing revenue and other income range for the year ending December 31, 2024 and the annual contribution from the Facility Acquisition of such amount and net debt range for the year ending December 31, 2024 are based on, among other things, the various assumptions disclosed in this news release including under the heading "Infrastructure Processing Revenue and Other Income Guidance Increase" and "Note References" above and are based on the key assumptions disclosed in the Company's April 29, 2024 press release under the heading "Financial Outlook". To the extent the estimates constitute financial outlooks, they were approved by management and the board of directors of Topaz on June 10, 2024 and are included to provide readers with an understanding of the estimated infrastructure processing revenue and other income described above for the year ending December 31, 2024 based on the assumptions described herein and readers are cautioned that the information may not be appropriate for other purposes.

NON-GAAP AND OTHER FINANCIAL MEASURES

Certain financial terms and measures contained in this news release are "specified financial measures" (as such term is defined in National Instrument 52-112 - Non-GAAP and Other Financial Measures Disclosure ("NI 52-112")). The specified financial measures referred to in this news release are comprised of "non-GAAP financial measures", "capital management measures" and "supplementary financial measures" (as such terms are defined in NI 52-112). These measures are defined, qualified, and reconciled, required, reconciled with the nearest GAAP measure in Topaz's most recently filed Management's Discussion and Analysis ("MDA").

Non-GAAP Measures and Ratios

The non-GAAP financial measures do not have a standardized meaning prescribed by GAAP. Accordingly, the Company's non-GAAP financial measures may not be comparable to similarly defined measures presented by other companies. Investors are cautioned that the non-GAAP financial measures should not be considered in isolation nor as an alternative to net income (loss) or other financial information determined in accordance with GAAP, as an indication of the Company's performance.

This new release incorporates the term "operating margin". Operating margin is a non-GAAP financial measure derived from infrastructure processing revenue and other income, less operating expenses. Operating margin is used by management to analyze the profitability of its infrastructure assets.

Other Financial Measures

Capital management measures

Capital management measures are defined as financial measures disclosed by an issuer that are intended to enable an investor to understand the issuer's capital management strategy.

to evaluate the entity's objectives, policies and processes for managing the entity's capital, are not a component of a line item on the primary financial statements, and which are disclosed in the notes to Topaz's most recently filed consolidated financial statements. The Company's capital management measures as disclosed in the notes to the Interim Consolidated Financial Statements include adjusted working capital, net debt (cash) and free cash flow (FCF).

This news release references net debt. "Net debt" is calculated as total debt outstanding less adjusted working capital.

Supplementary financial measures

The following terms are financial measures as defined under the Company's Syndicated Credit Facility, presented in the Topaz's most recently filed consolidated financial statements: (i) consolidated senior debt, (ii) total debt, (iii) EBITDA and capitalization. This new release references EBITDA. "EBITDA" is calculated as consolidated net income or loss from operations, excluding extraordinary items, plus interest expense, income taxes, and adjusted for non-cash items and gains/losses on dispositions.

This news release also references operating margin percentage. Operating margin percentage is a supplemental financial measure, calculated as operating margin (a non-GAAP financial measure derived from processing revenue and other income less operating expenses), expressed as a percentage of total processing revenue and other income. Operating margin and operating margin percentage are used by management to analyze the profitability of its infrastructure assets.

For additional information, including a summary of the reconciliation of the non-GAAP terms referred to in this news release to their corresponding GAAP term, refer to "Non-GAAP and Other Financial Measures" in Topaz's most recently filed Management's Discussion and Analysis which may be accessed through the SEDAR+ website (www.sedarplus.ca) or Topaz's website (www.topazenergy.ca).

OIL AND GAS METRICS

This news release contains certain oil and gas metrics which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included in this document to provide readers with additional measures to evaluate the Company's performance; however, such measures are not reliable indicators of the Company's future performance. Future performance may not compare to the Company's performance in previous periods and therefore such metrics should not be used for comparison. For further information, please contact: Topaz Energy Corp. - Marty Staples, President and Chief Executive Officer, (587) 747-4830; Cheree Stephenson, VP Finance and CFO, (587) 747-4830

GENERAL

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See also "Advisories and Forward-Looking Statements" and "Non-GAAP and Other Financial Measures" in the most recent Management's Discussion and Analysis.

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