

Topaz Announces Third Quarter 2025 Financial Results Including 15% Royalty Production Growth And New Record Clearwater Production

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[Topaz Energy Corp.](#) (TSX: TPZ) ("Topaz" or the "Company") is pleased to provide third quarter 2025 financial results. Such information is outlined below and should be read in conjunction with Topaz's interim condensed consolidated financial statements ("Financial Statements") and related management's discussion and analysis ("MD&A") as at and for the three and nine months ended September 30, 2025, which are available on SEDAR+ at www.sedarplus.ca and on Topaz's website at www.topazenergy.com.

Highlights

- Generated Q3 2025 cash flow of \$74.8 million (\$0.49 per share⁽²⁾) and free cash flow (FCF)⁽¹⁾ of \$73.0 million (\$0.47 per share⁽²⁾), both of which increased 7% per share⁽²⁾ from the prior year.
- Q3 2025 royalty production of 21,596 boe/d⁽⁴⁾ increased 15% from the prior year, which includes new record heavy oil production of 3,386 bbl/d, 17% higher natural gas (primarily attributed to acquisitions) and 11% higher total oil and gas production.
- Topaz estimates that operators invested \$0.5 billion to \$0.6 billion of development capital across the Company's royalty acreage in Q3 2025 (\$2.0 billion to \$2.1 billion YTD 2025)⁽³⁾. During Q3 2025, 161 gross wells (6.3 net)⁽⁷⁾ were drilled and 100 wells were reactivated across Topaz's royalty acreage, with 52% of the drilling activity in the Montney and Clearwater oil and gas areas.
- Processing revenue of \$21.2 million from Topaz's infrastructure assets increased 16% from the prior year and 5% from the prior quarter.
- Paid the third quarter dividend of \$0.34 per share (70% payout ratio⁽¹⁾) and approved the fourth quarter dividend of \$0.34 per share which represents a 5.5% annualized yield to Topaz's current share price.⁽⁹⁾
- Topaz completed the previously announced NEBC Montney tuck-in royalty acquisition from Tourmaline on September 1, 2025, which fully aligns Topaz to each of Tourmaline's future growth projects under their multi-year NEBC Montney build-out agreement.

Third Quarter 2025 Update Financial Overview

- Topaz generated total revenue and other income of \$76.4 million, 49% from crude and heavy oil royalties, 20% from natural gas royalties, and 31% from the infrastructure portfolio.
- Cash flow of \$74.8 million was 12% higher than Q3 2024 attributed to 16% higher processing revenue and other income, offset by a 13% overall reduction in operating and interest costs.
- Topaz's Q3 2025 FCF Margin of 95% realized a meaningful increase from Q3 2024 (88%) attributed to 30% lower depreciation and amortization expense, a 24% reduction in Topaz's effective borrowing rate under the Company's credit facility and an \$8.7 million non-recurring gain (\$0.06 per share⁽²⁾) realized during the third quarter.
- Paid \$52.3 million in dividends (\$0.34 per share and 70% payout ratio⁽¹⁾) which represents a 5.3% trailing annual dividend yield to the Q3 2025 average share price.⁽⁸⁾
- Topaz exited Q3 2025 with \$535.4 million of net debt⁽¹⁾ (1.6x net debt to Q3 2025 annualized EBITDA⁽¹⁾). As at November 30, 2025, Topaz has over \$0.4 billion of available capacity under the facility.⁽⁶⁾

Royalty Activity, Commodity Pricing & Hedging

- ## Infrastructure Activity

- ## Acquisition Activity

- ## Dividend

- ## Guidance Outlook

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- Topaz reconfirms the Company's 2025e guidance estimates⁽³⁾⁽¹⁴⁾ of average annual royalty production between 2 and 23,000 boe/d⁽³⁾⁽⁴⁾ and processing revenue and other income between \$88.0 and \$92.0 million.⁽³⁾ Based on energy commodity pricing⁽⁵⁾, Topaz expects to exit 2025 with net debt between \$500.0 and \$510.0 million⁽³⁾⁽¹²⁾ (net debt to EBITDA of 1.5x⁽¹⁾⁽³⁾), before consideration of incremental acquisitions, and generate a modest payout ratio at the lower end of the 90% long-term targeted payout range.

Q3 2025 CONFERENCE CALL

Topaz will host a conference call tomorrow, Tuesday, November 4, 2025 starting at 9:00 a.m. MST (11:00 a.m. EST). The conference call without operator assistance, participants can register and enter their phone number at <https://emportal.com/join/1888510215> to receive an instant automated call back. Alternatively, participants can join by calling a live operator at 1-888-510-2155 (toll free American toll free). The conference call ID is 04114.

ABOUT THE COMPANY

Topaz is a unique royalty and infrastructure energy company focused on generating free cash flow growth and paying 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 resources and assets best positioned to attract capital in order to generate sustainable long-term growth and profitability.

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 markets, represented by the largest companies on the TSX.

Additional information

Additional information about Topaz, including the Financial Statements and MD&A as at and for the three and nine months ended September 30, 2025 are available on SEDAR+ at www.sedarplus.ca under the Company's profile, and on Topaz's website at www.topazenergy.ca.

Selected Financial Information

For the periods ended (\$000s) except per share	YTD 2025	YTD 2024	Q3 2025	Q2 2025	Q1 2025
Royalty production revenue	179,342	173,192	52,291	58,368	68,683
Processing revenue	60,977	47,539	21,221	20,167	19,589
Other income ⁽⁴⁾	9,467	9,488	2,931	2,653	3,883
Total	249,786	230,219	76,443	81,188	92,155
Cash expenses:					
Operating	(5,503)	(5,749)	(1,545)	(2,199)	(1,759)
Marketing	(1,122)	(1,004)	(307)	(370)	(445)
General and administrative	(5,936)	(5,326)	(1,864)	(1,893)	(2,179)
Realized gain on financial instruments	14,724	7,852	8,737	5,166	821
Interest expense	(19,741)	(20,526)	(6,620)	(6,267)	(6,854)
Cash flow	232,208	205,466	74,844	75,625	81,739

Per basic share ⁽¹⁾⁽²⁾	\$1.51	\$1.42	\$0.49	\$0.49	\$0.53
Per diluted share ⁽¹⁾⁽²⁾	\$1.50	\$1.41	\$0.49	\$0.49	\$0.53
Cash from operating activities	239,617	211,341	78,147	80,731	80,739
Per basic share ⁽¹⁾⁽²⁾	\$1.56	\$1.46	\$0.51	\$0.52	\$0.53
Per diluted share ⁽¹⁾⁽²⁾	\$1.55	\$1.45	\$0.51	\$0.52	\$0.52
Net income	51,804	41,960	11,357	28,161	12,286
Adjusted net income ⁽¹⁾	50,080	37,071	16,121	11,734	22,225
Adjusted, per diluted share ⁽¹⁾⁽⁸⁾	\$0.32	\$0.26	\$0.10	\$0.08	\$0.14
EBITDA ⁽⁷⁾	251,728	225,523	81,412	81,801	88,515
Per basic share ⁽¹⁾⁽²⁾	\$1.64	\$1.56	\$0.53	\$0.53	\$0.58
Per diluted share ⁽¹⁾⁽²⁾	\$1.63	\$1.55	\$0.53	\$0.53	\$0.57
FCF ⁽¹⁾	227,834	200,554	72,980	74,017	80,837
Per basic share ⁽¹⁾⁽²⁾	\$1.48	\$1.38	\$0.47	\$0.48	\$0.53
Per diluted share ⁽¹⁾⁽²⁾	\$1.48	\$1.38	\$0.47	\$0.48	\$0.52
FCF Margin ⁽¹⁾	91 %	87 %	95 %	91 %	88 %
Dividends paid	155,331	140,550	52,303	52,283	50,745
Per share ⁽¹⁾⁽⁶⁾	\$1.01	\$0.97	\$0.34	\$0.34	\$0.33
Payout ratio ⁽¹⁾	67 %	68 %	70 %	69 %	62 %
Excess FCF ⁽¹⁾	72,503	60,004	20,677	21,734	30,092
Capital expenditures	4,374	4,912	1,864	1,608	902
Work in progress capital costs	─ 21,295		─ ─ ─		
Acquisitions, excl. decommissioning obligations ⁽¹⁾	115,204	99,189	71,733	26,001	17,470
Weighted average shares - basic ⁽³⁾	153,779	144,875	153,794	153,774	153,77
Weighted average shares - diluted ⁽³⁾	154,413	145,462	154,442	154,401	154,43
Average Royalty Production ⁽⁵⁾					
Natural gas (mcf/d)	92,620	77,386	89,596	93,129	95,195
Light and medium crude oil (bbl/d)	1,990	1,829	1,910	2,133	1,925
Heavy crude oil (bbl/d)	3,285	3,021	3,386	3,314	3,154
Natural gas liquids (bbl/d)	1,373	1,125	1,365	1,320	1,434
Total (boe/d)	22,086	18,874	21,596	22,290	22,380
Total royalty production (% total liquids)	30 %	32 %	31 %	30 %	29 %
Natural gas liquids (% condensate)					

70 %

72 %

71 %

70 %

Realized Commodity Prices⁽⁵⁾

Natural gas (\$/mcf)	\$1.36	\$1.43	\$0.61	\$1.38	\$2.06
Light and medium crude oil (\$/bbl)	\$83.96	\$93.14	\$81.64	\$79.45	\$91.39
Heavy crude oil (\$/bbl)	\$75.96	\$82.61	\$73.43	\$72.31	\$82.61
Natural gas liquids (\$/bbl)	\$83.44	\$90.52	\$80.18	\$78.97	\$90.78
Total (\$/boe)	\$29.75	\$33.49	\$26.32	\$28.78	\$34.10

Benchmark Pricing

Natural Gas

AECO 5A (CAD\$/mcf)	\$1.50	\$1.45	\$0.63	\$1.69	\$2.16
AECO 7A (CAD\$/mcf)	\$1.69	\$1.43	\$1.00	\$2.07	\$2.02
Westcoast station 2 (CAD\$/mcf)	\$0.74	\$1.28	\$0.47	\$0.46	\$1.27

Crude Oil, Heavy Oil and Natural Gas Liquids

NYMEX WTI (USD\$/bbl)	\$66.70	\$77.54	\$64.95	\$63.71	\$71.42
Edmonton Par (CAD\$/bbl)	\$88.81	\$98.68	\$86.52	\$84.32	\$95.60
WCS differential (USD\$/bbl)	\$11.18	\$15.45	\$10.36	\$10.50	\$12.66
Edmonton Condensate (CAD\$/bbl)	\$90.90	\$93.41	\$86.36	\$86.85	\$99.49
CAD\$/USD\$	\$0.7152	\$0.7352	\$0.7261	\$0.7226	\$0.696

Selected statement of financial position results
(\$000s) except share amounts

	At Sept. 30, 2025	At Jun. 30, 2025	At Mar. 31, 2025
Total assets	1,847,360	1,834,377	1,857,400
Working capital	(26,633)	50,640	46,694
Adjusted working capital (deficit) ⁽¹⁾	(30,773)	40,319	49,448
Net debt (cash) ⁽¹⁾	535,412	485,166	480,730
Common shares outstanding ⁽³⁾	153,831	153,774	153,774

(1) Refer to "Non-GAAP and Other Financial Measures".

(2) Calculated using basic or diluted weighted average shares outstanding during the period.

(3) Shown in thousand shares outstanding.

(4) Includes interest income (\$mm): Q3 2025 - \$0.05, Q2 2025: \$0.09, Q1 2025: \$0.08, Q4 2024: \$0.3, Q3 2024: \$0.1; YTD 2024: \$0.8.

(5) Refer to "Supplemental Information Regarding Product Types."

(6) Cumulative dividend paid as per the number of outstanding shares on the respective quarterly dividend dates.

(7) Defined term under the Company's Syndicated Credit Facility.

(8) Adjusted to exclude the impact of non-cash, unrealized gains or losses on financial instruments.

NOTE REFERENCES

This news release refers to financial reporting periods in abbreviated form as follows: "Q3 2025" refers to the three months ended September 30, 2025; "YTD 2025" refers to the nine months ended September 30, 2025; "Q3 2024" refers to the three months ended September 30, 2024; and "YTD 2024" refers to the nine months ended September 30, 2024. In addition, "2025e" refers to estimated amounts or results for the year ending December 31, 2025.

1. See "Non-GAAP and Other Financial Measures".
2. Calculated using the weighted average number of diluted common shares outstanding during the respective period.
3. See "Forward-Looking Statements."
4. See "Supplemental Information Regarding Product Types."
5. Estimated based on C\$2.55 per mcf natural gas (AECO) and US\$65.00 per bbl crude oil (NYMEX WTI).
6. Topaz's \$700.0 million credit facility includes a \$300.0 million accordion feature (for a total \$1.0 billion facility) that may be advanced by Topaz but remains subject to agent consent. As at November 3, 2025 Topaz had \$553.5 million net borrowings against the Company's credit facility, providing approximately \$446.5 million available, subject to agent consent. Refer to Note 8 of the Financial Statements for Topaz's Q3 2025 covenant calculations.
7. May include non-producing injection wells.
8. Calculated based on Topaz's average share price on the TSX during Q3 2025 of \$25.47 per share.
9. Calculated based on Topaz's closing share price on the TSX on October 31, 2025 of \$24.90.
10. Topaz's future dividends remain subject to board of director approval.
11. Refer to the MD&A for a complete listing of financial derivative contracts in place. Coverage estimates are calculated based on Topaz's YTD 2025 average royalty production.
12. Estimate is based on Topaz's previously announced 2025 guidance estimates (average royalty production of 21,000 - 23,000 boe/d⁽³⁾⁽⁴⁾, before consideration of any incremental acquisitions, and processing revenue and other income between \$88.0 and \$92.0 million⁽³⁾), which guidance remains unchanged other than the Company's 2025e exit net debt (net debt to EBITDA) as disclosed herein which has changed primarily due to an increase in the amount drawn under the Company's credit facility in connection the NEBC Montney tuck-in royalty acquisition from Tourmaline on September 30, 2025.
13. Clearwater Q3 2025 average royalty production of 3,555 boe/d is comprised of 3,261 bbl/d oil, 1,604 mcf/d natural gas and 25 bbl/d natural gas liquids).
14. Management's assumptions underlying the Company's 2025e guidance estimates include:
 - i. Being subject to any significant, potential changes to the Company's key operators' 2025 capital budgets and/or operational, weather or wildfire-related issues that may impact the 2025 estimated production range;
 - ii. Topaz's internal estimates regarding development pace and production performance including estimates of operators' 2025 capital development plans including capital allocated to waterflood and other long-term value-enhancing projects and excluding exploration spending; all of which being subject to key operators' revisions to 2025 capital budgets and/or operational, weather or wildfire-related issues that may impact 2025 production;
 - iii. Management's estimates for fixed and variable processing fees based on 95% utilization, third party income, and infrastructure utilization and cost estimates based on historic information and adjusted for inflation;
 - iv. No incremental, (i.e. not previously announced) acquisition activity;
 - v. Estimated 2025e expenses and expenditures of \$7.0-\$9.0mm of cash G&A; \$7.0-\$9.0mm of operating expenses; \$5.0-\$7.0mm capital expenditures (excluding acquisitions); 1% marketing fee on certain royalty production; estimated annual borrowing and standby interest costs at a rate of 5.5%; and no estimated corporate income tax attributed to the Company's year-end 2024 tax pools (refer to page 25 "Tax Horizon" within Topaz's 2024 Annual Information Form available through the SEDAR+ website (www.sedarplus.ca) or Topaz's website (www.topazenergy.ca).
 - vi. 2025 estimated total dividends of approximately \$208.0 million based on 153.8 million shares outstanding at November 3, 2025 (\$1.35 per share);

- vii. Topaz's outstanding financial derivative contracts included in its most recently filed MD&A; and
- viii. The assumptions contained under the heading "Financial Outlook".

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 use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "believes", "estimated", "intends", "plans", "forecast", "projection", "strategy", "objective" and "outlook") are not historical facts and may be 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 these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly 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 strategic plans; estimated annual average royalty production for 2025; estimated processing revenue and other income for 2025; anticipated exit 2025 net debt levels and 2025 net debt to EBITDA levels; dividend amounts, dividend increases (including the intention to increase dividends) and the estimated payout ratio; the sustainability of the dividend and the rationale for such sustainability; the anticipated capital expenditure and drilling plans; the estimated amount of development capital invested by operators across the Company's royalty acreage and their drilling activity; the number of drilling rigs to be active on Topaz's royalty acreage during the fourth quarter of 2025; the future declaration and payment of dividends and the timing and amount thereof; the forecasts described under the headings "Third Quarter 2025 Update" (including under the sub-heading "Dividend") and the assumptions and estimates described under the heading "Guidance Outlook" and "Note References" above and under the heading "Financial Outlook" below; 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 cause 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, potential political, geopolitical and economic instability; trade policy, barriers, disputes or wars (including new tariffs or changes to existing international trade arrangements); the failure to complete acquisitions on the terms or on the timing announced or at all and the failure to realize some or all of the anticipated benefits of acquisitions including estimated royalty production, royalty production revenue and FCF per share growth, and the factors discussed in the Company's most recently filed Management's Discussion and Analysis (See "Forward-Looking Statements" therein), 2024 Annual Information Form (See "Risk Factors" and "Forward-Looking Statements" therein) and other reports on file with applicable securities regulatory authorities and 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 that 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 dividend policy and the funds available for the payment of dividends from time to time is dependent upon, among other things, FCF, 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 average royalty production range and processing

revenue and other income range for the year ending December 31, 2025 and estimated year-end exit net debt and net debt to EBITDA for 2025 based on YTD 2025 average royalty production and YTD 2025 annualized processing revenue and other income, which are based on, among other things, the various assumptions as to production levels and capital expenditures and other assumptions disclosed in this news release including under the heading "Guidance Outlook" and "Note References" above and are based on the following key assumptions: Topaz's estimated capital expenditures (excluding acquisitions) of \$5.0 to \$7.0 million in 2025; the Company's tax pool balances at year-end 2024 and the resulting future tax horizon; the working interest owners' anticipated 2025 capital plans attributable to Topaz's undeveloped royalty lands; estimated average annual royalty production range of 21,000 to 23,000 boe/d in 2025; 2025 average infrastructure ownership capacity utilization of 95%; December 31, 2025 exit net debt (midpoint) range between \$500.0 and \$510.0 million, recent commodity price and exchange rate forecast for October to December 2025 of: C\$2.55/mcf (AECO 5A), US\$65.00/bbl (NYMEX WTI), US\$12.00/bbl (WCS oil differential), US\$3.50/bbl (MSW oil differential) and US\$/CAD\$ foreign exchange 0.73.

To the extent such estimates constitute financial outlooks, they are included to provide readers with an understanding of the estimated revenue, net debt and the other metrics described above for the year ending December 31, 2025 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 where required, reconciled with the nearest GAAP measure below.

Non-GAAP Measures and Ratios

The non-GAAP financial measure used herein does not have a standardized meaning prescribed by GAAP. Accordingly, the Company's use of this term may not be comparable to similarly defined measures presented by other companies. Investors are cautioned that the non-GAAP financial measure 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.

Non-GAAP Financial Measures

This news release makes reference to the terms "adjusted net income", "acquisitions, excluding decommissioning obligations" and "operating margin", which are considered non-GAAP financial measures under NI 52-112; defined as a financial measure disclosed by an issuer that depicts the historical or expected future financial performance, financial position, or cash flow of an entity, and is not disclosed in the financial statements of the issuer.

Other Financial Measures

Capital management measures

Capital management measures are defined as financial measures disclosed by an issuer that are intended to enable an individual to evaluate the entity's objectives, policies and processes for managing the entity's capital, are not a component of a line item or a line item on the primary financial statements, and which are disclosed in the notes to the financial statements. The Company's capital management measures disclosed in the Company's interim condensed consolidated financial statements as at and for the three and nine months ended September 30, 2025 include adjusted working capital, net debt (cash), free cash flow (FCF) and Excess FCF.

Supplementary financial measures

This news release makes reference to the terms "adjusted net income per basic or diluted share", "cash flow per basic or diluted share", "FCF per basic or diluted share", "EBITDA per basic or diluted share", "FCF margin", "operating margin percentage" and "payout ratio" which are all considered supplementary financial measures under NI 52-112; defined as a financial measure disclosed by an issuer that is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of an entity, is not disclosed in the financial statements of the issuer, and is not a non-GAAP financial measure or non-GAAP financial ratio.

The following terms are financial measures as defined under the Company's Syndicated Credit Facility, presented in the Company's interim condensed consolidated financial statements as at and for the three and nine months ended September 30, 2025: (i) consolidated senior debt, (ii) total debt, (iii) EBITDA and (iv) capitalization.

Cash flow, FCF, FCF margin, and Excess FCF

Management uses cash flow, FCF, FCF margin and Excess FCF for its own performance measures and to provide investors with a measurement of the Company's efficiency and its ability to generate the cash necessary to fund or increase dividends, fund future growth opportunities and/or to repay debt; and furthermore, uses per share metrics to provide investors with a measure of the proportion attributable to the basic or diluted weighted average common shares outstanding.

Cash flow is a GAAP measure which is derived of cash from operating activities excluding the change in non-cash working capital and is presented in the consolidated statements of cash flows. FCF is a capital management measure presented in the notes to the consolidated financial statements and is defined as cash flow, less capital expenditures. The supplementary financial measure "FCF margin", is defined as FCF divided by total revenue and other income (expressed as a percentage of total revenue and other income). The capital management measure "Excess FCF", is defined as FCF less dividends paid. The supplementary financial measures "cash flow per basic or diluted share" and "FCF per basic or diluted share" are calculated by dividing cash flow and FCF, respectively, by the basic or diluted weighted average common shares outstanding during the period.

A summary of the reconciliation from cash from operating activities (per the consolidated statements of cash flows) to cash flow (per the consolidated statements of cash flows), cash flow per basic or diluted share, FCF, Excess FCF, FCF per basic or diluted share and FCF margin is set forth below:

	Three months ended		Nine months ended	
(\$000s)	Sept.30, 2025	Sept.30, 2024	Sept.30, 2025	Sept.30, 2024
Cash from operating activities	78,147	71,253	239,617	211,341
Exclude net change in non-cash working capital	3,303	4,281	7,409	5,875
Cash flow	74,844	66,972	232,208	205,466
Less: Capital expenditures	1,864	2,183	4,374	4,912
FCF	72,980	64,789	227,834	200,554
Less: dividends paid	52,303	47,827	155,331	140,550
Excess FCF	20,677	16,962	72,503	60,004
Cash flow per basic share ⁽¹⁾	\$0.49	\$0.46	\$1.51	\$1.42
Cash flow per diluted share ⁽¹⁾	\$0.49	\$0.46	\$1.50	\$1.41
FCF per basic share ⁽¹⁾	\$0.47	\$0.45	\$1.48	\$1.38
FCF per diluted share ⁽¹⁾	\$0.47	\$0.44	\$1.48	\$1.38
FCF	72,980	64,789	227,834	200,554
Total Revenue and other income	76,443	73,597	249,786	230,219
FCF Margin	95 %	88 %	91 %	87 %

(1) As noted, calculated using the basic or diluted weighted average number of shares outstanding during the respective periods.

Adjusted net income

Management uses adjusted net income for its own performance measure and to provide investors with a measurement of the Company's net income prior to the non-cash effects of unrealized gains and losses on financial instruments. Adjusted net income is calculated as net income per the consolidated statement of net income and comprehensive income, less unrealized gains (losses) on financial instruments. The supplementary financial measures "adjusted net income per basic or diluted share" is calculated by dividing adjusted net income by the basic or diluted weighted average common shares outstanding during the period.

A summary of the reconciliation from net income to adjusted net income and adjusted net income per basic and diluted share is set forth below:

	Three months ended		Nine months ended	
(\$000s)	Sept.30, 2025	Sept.30, 2024	Sept.30, 2025	Sept.30, 2024
Net Income	11,357	18,040	51,804	41,960
Unrealized gains (losses) on financial derivatives	(4,764)	9,788	1,724	4,889
Adjusted net income	16,121	8,252	50,080	37,071
Adjusted net income per basic share ⁽¹⁾	\$0.10	\$0.06	\$0.33	\$0.26
Adjusted net income per diluted share ⁽¹⁾	\$0.10	\$0.06	\$0.32	\$0.26

(1) As noted, calculated using the basic or diluted weighted average number of shares outstanding during the respective periods.

Operating margin and operating margin percentage

Operating margin (infrastructure assets) is a non-GAAP financial measure derived from processing revenue and other income, less operating expenses. Operating margin percentage (infrastructure assets) is a supplemental financial measure, calculated as operating margin (infrastructure assets), expressed as a percentage of total processing revenue and other income. Operating margin (royalty assets) is a non-GAAP financial measure derived from royalty production revenue, less marketing expenses. Operating margin percentage (royalty assets) is a supplemental financial measure, calculated as operating margin (royalty assets), expressed as a percentage of total royalty production revenue. Operating margin and operating margin percentage are used by management to analyze the profitability of its infrastructure assets and royalty assets. A summary of the reconciliation of operating margin and operating margin percentage, for infrastructure and royalty assets, are set forth below:

Operating margin and operating margin percentage (infrastructure assets)

	Three months ended		Nine months ended	
(\$000s)	Sept.30, 2025	Sept.30, 2024	Sept.30, 2025	Sept.30, 2024
Processing revenue	21,221	18,279	60,977	47,539
Other income	2,931	2,626	9,467	9,488
Total	24,152	20,905	70,444	57,027
Operating expenses	1,545	2,209	5,503	5,749
Operating margin (infrastructure assets)	22,607	18,696	64,941	51,278
Operating margin % (infrastructure assets)	94 %	89 %	92 %	90 %

Operating margin and operating margin percentage (royalty assets)

	Three months ended		Nine months ended	
(\$000s)	Sept.30, 2025	Sept.30, 2024	Sept.30, 2025	Sept.30, 2024
Royalty production revenue	52,291	52,692	179,342	173,192
Marketing expenses	307	279	1,122	1,004
Operating margin (royalty assets)	51,984	52,413	178,220	172,188
Operating margin % (royalty assets)	99 %	99 %	99 %	99 %

Adjusted working capital and net debt

Management uses the terms "adjusted working capital" and "net debt" to measure the Company's liquidity position and capital flexibility, as such these terms are considered capital management measures. "Adjusted working capital" is calculated as current assets less current liabilities, adjusted for financial instruments and work in progress capital costs. "Net debt" is calculated as total debt outstanding less adjusted working capital.

A summary of the reconciliation from working capital, to adjusted working capital and net debt is set forth below:

(\$000s)	As at Sep. 30, 2025	As at Dec. 31, 2024
Working capital	(26,633)	51,758
Exclude fair value of financial instruments	4,140	4,614
Exclude work in progress capital costs	─ (1,228)	
Adjusted working capital	(30,773)	48,372
Less: bank debt	504,639	540,396
Net Debt	535,412	492,024

EBITDA and EBITDA per basic or diluted share

EBITDA, as defined under the Company's Syndicated Credit Facility and disclosed in note 8 of the Interim Condensed Consolidated Financial Statements as at and for the three and nine months ended September 30, 2025, is considered by the Company as a capital management measure which is used to evaluate the Company's operating performance, and provides investors with a measurement of the Company's cash generated from its operations, before consideration of interest income or expense. "EBITDA" is calculated as consolidated net income or loss from continuing operations, excluding extraordinary items, plus interest expense, income taxes, and adjusted for non-cash items and gains or losses on dispositions.

EBITDA per basic or diluted share is a supplementary financial measure that is calculated by dividing EBITDA by the basic or diluted weighted average common shares outstanding during the period and provides investors with a measure of the proportion of EBITDA attributed to the basic or diluted weighted average common shares outstanding.

A summary of the reconciliation of net income (per the Financial Statements), to EBITDA, is set forth below:

	Three months ended		Nine months ended	
(\$000s)	Sept.30, 2025	Sept.30, 2024	Sept.30, 2025	Sept.30, 2024
Net income	11,357	18,040	51,804	41,960
Unrealized (gain) loss on financial instruments	4,764	(9,788)	(1,724)	(4,889)
Share-based compensation	1,350	1,143	2,973	2,364
Finance expense	6,824	7,263	20,309	20,995
Depletion and depreciation	52,197	49,678	157,247	148,070
Deferred income tax expense	4,972	7,759	21,340	17,492
Less: interest income	(52)	(111)	(221)	(469)
EBITDA	81,412	73,984	251,728	225,523
EBITDA per basic share (\$/share) ⁽¹⁾	\$0.53	\$0.51	\$1.64	\$1.56
EBITDA per diluted share (\$/share) ⁽¹⁾	\$0.53	\$0.51	\$1.63	\$1.55

(1) As noted, calculated using the basic or diluted weighted average number of shares outstanding during the respective periods.

Payout ratio

"Payout ratio", a supplementary financial measure, represents dividends paid, expressed as a percentage of cash flow and provides investors with a measure of the percentage of cash flow that was used during the period to fund dividend payments. Payout ratio is calculated as cash flow divided by dividends paid.

A summary of the reconciliation from cash flow to payout ratio is set forth below:

	Three months ended		Nine months ended	
	Sept.30, 2025	Sept.30, 2024	Sept.30, 2025	Sept.30, 2024
Cash flow (\$000s)	74,844	66,972	232,208	205,466
Dividends (\$000s)	52,303	47,827	155,331	140,550
Payout Ratio (%)	70 %	71 %	67 %	68 %

Acquisitions, excluding decommissioning obligations

"Acquisitions, excluding decommissioning obligations", is considered a non-GAAP financial measure, and is calculated as: acquisitions (per the consolidated statements of cash flows) plus non-cash acquisitions but excluding non-cash decommissioning obligations.

A summary of the reconciliation from acquisitions (per the consolidated statements of cash flow) to acquisitions, excluding decommissioning obligations is set forth below:

	Three months ended		Nine months ended	
(\$000s)	Sept.30, 2025	Sept.30, 2024	Sept.30, 2025	Sept.30, 2024
Acquisitions (consolidated statements of cash flows)	71,733	115,204	115,204	99,100
Non-Cash acquisitions				
Acquisitions (excluding non-cash decommissioning obligations)	71,733	115,204	115,204	99,100

BOE EQUIVALENCY

Per barrel of oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil equivalent (6:1). Barrel of oil equivalents (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, as the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

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 news release 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 and future performance may not compare to the Company's performance in previous periods and therefore such metrics should not be unduly relied upon.

INFORMATION REGARDING PUBLIC ISSUER COUNTERPARTIES

Certain information contained in this news release relating to the Company's public issuer counterparties which include Tourmaline and others, and the nature of their respective businesses is taken from and based solely upon information published by such issuers. The Company has not independently verified the accuracy or completeness of any such information.

CREDIT RATINGS

This news release makes reference to Tourmaline's credit rating. Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. Credit ratings are not recommendations to purchase, hold or sell securities and do not address the market price or suitability of a specific security for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

SUPPLEMENTAL INFORMATION REGARDING PRODUCT TYPES

This news release includes references to actual and estimated average royalty production. The following table is intended to provide supplemental information about the product type composition for each of the production figures that are provided in this news release:

For the three months ended Sep. 30, 2025 Jun. 30, 2025 Mar. 31, 2025 Dec. 31, 2024 Sept. 30, 2024

Average daily production

Light and Medium crude oil (bbl/d)	1,910	2,133	1,925	1,678	1,834
Heavy crude oil (bbl/d)	3,386	3,314	3,154	3,266	3,093
Conventional Natural Gas (mcf/d)	53,784	55,345	56,360	46,901	41,687
Shale Gas (mcf/d)	35,812	37,784	38,835	37,022	34,679
Natural Gas Liquids (bbl/d)	1,365	1,320	1,434	1,346	1,057
Total (boe/d)	21,596	22,290	22,380	20,279	18,712

For the year ended 2025 (Estimate) ⁽¹⁾⁽²⁾ 2024 (Actual) 2023 (Actual)

Average daily production

Light and medium crude oil (bbl/d)	1,683	1,791	1,727
Heavy crude oil (bbl/d)	3,275	3,083	2,740
Conventional natural gas (mcf/d)	51,500	43,269	42,043
Shale gas (mcf/d)	42,178	35,760	37,177
Natural gas liquids (bbl/d)	1,430	1,180	1,181
Total (boe/d)	22,000	19,227	18,853

(1) Represents the 2025e midpoint guidance estimate.

(2) Topaz's estimated royalty production is based on the estimated commodity mix; drilling location and corresponding royalty rate; and capital development activity on Topaz's royalty acreage by the working interest owners, all of which are outside of Topaz's control.

SOURCE Topaz Energy Corp

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