

Topaz Announces 2026 Guidance And Fourth Quarter 2025 Results Including 10% Reserves Growth And 1.5x Reserve Replacement

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[Topaz Energy Corp.](#) (TSX: TPZ) ("Topaz" or the "Company") is pleased to provide fourth quarter and annual 2025 financial results. Select financial information is outlined below and should be read in conjunction with Topaz's consolidated financial statements ("Financial Statements") and related management's discussion and analysis ("MD&A") as at and for the three months and year ended December 31, 2025, which are available on SEDAR+ at www.sedarplus.ca and on Topaz's website at www.topazenergy.com.

2025 Annual Highlights

- 17% higher royalty production, 20% higher infrastructure revenue and 28% lower cash expenses.⁽⁵⁾
- 7% higher cash flow per share and 15% higher earnings per share.
- Record 91% FCF Margin⁽¹⁾ and 18% higher Excess FCF⁽¹⁾ per share.
- \$2.8 billion of operator-funded capital spending across Topaz's royalty acreage and 10% increase in gross wells completed, including a 17% record (17%) share of 2025 WCSB drilling activity.⁽⁶⁾
- 10% increase (6.2 mmboe) in reserves attributed to 2.4 mmboe from acquisitions and 11.9 mmboe of operator-funded drilling that replaced 1.5 times the 8.2 mmboe produced in 2025.⁽⁷⁾
- 50% increase in Topaz's Clearwater reserves⁽⁸⁾ and approximately 2.0 times higher Clearwater reserve life index attributed to notable waterflood performance that continues to enhance heavy oil recovery.⁽⁹⁾
- \$125.4 million acquisitions including royalty and infrastructure assets in the Alberta Montney, increased royalty and NEBC Montney alongside Tourmaline, and Alberta gross overriding and fee mineral title royalty interests.
- 4% higher dividend per share and approved the 2026 first quarter dividend at \$0.34 per share (\$1.36 per share annually).

2026 Guidance Outlook

2026e Guidance Estimates⁽³⁾⁽¹³⁾

Annual average royalty production (boe/d, 70-72% natural gas) 23,500 - 23,900

Infrastructure processing revenue and other income \$92.0 - \$94.0 million

Dividend (\$1.36 per share)⁽¹²⁾ ~\$210.0 million

Dividend payout ratio⁽¹⁾ (%) 68 %

Exit net debt⁽¹⁾ (before incremental acquisitions) \$420.0 - \$425.0

- Topaz's 2026 guidance estimates include 23,500 to 23,900 boe/d⁽⁴⁾ royalty production and \$92.0 to \$94.0 million infrastructure processing revenue and other income.⁽³⁾⁽¹³⁾ Based on estimated commodity pricing,⁽¹¹⁾ Topaz expects to exit 2025 with net debt⁽¹⁾ between \$420.0 and \$425.0 million.⁽³⁾⁽¹³⁾ Topaz's royalty guidance range purposefully remains flexible to allow adjustments by operators in response to supply/demand and commodity price factors in the WCSB and is based on internal estimates regarding operators' 2026 development pace and performance and therefore could be revised if there are changes in operator plans.

2025 Reserves

- 2025 total proved plus probable developed reserves of 65.7 mmboe⁽⁷⁾ increased 10% from 2024 (59.5 mmboe), and 10% year over year growth in Clearwater and NEBC Montney reserves, respectively.⁽⁸⁾ These core areas together represent 56% of Topaz's 2025 total reserves,⁽⁷⁾ and the associated RLIs have increased over the past two years approximately 2.0 times for Clearwater and 1.3 times for NEBC Montney.⁽⁹⁾ In 2025, 50% of the gross wells spud by Topaz's royalty acreage were in the Clearwater and NEBC Montney, Topaz's high-growth royalty areas. Together they have generated 23% production growth over the past two years.
- Since inception, Topaz has acquired cumulative developed reserves of 53.7 mmboe; 37.6 mmboe of which has been produced to date, and Topaz holds 65.7 mmboe of developed reserves as at December 31, 2025.⁽¹⁰⁾ As a royalty entity not reporting for capital, Topaz does not report future undeveloped reserves. Topaz's 6-year history (1.3 times average annual replacement)⁽⁷⁾ demonstrates that the Company's royalty acquisitions provide both developed and undeveloped reserves of value, despite the limitations in reserve reporting.⁽¹⁴⁾

Fourth Quarter 2025 Update Financial Overview

- Q4 2025 cash flow of \$80.6 million and a 92% free cash flow (FCF) Margin,⁽¹⁾ provided \$79.7 million of FCF.⁽¹⁾ Q4 2025 cash flow and FCF,⁽¹⁾ each \$0.52 per diluted share,⁽²⁾ increased 6% and 11%, respectively from Q4 2024.
- Generated Q4 2025 royalty production revenue of \$62.5 million (\$29.02 per boe), representing 72% of Topaz's total revenue with 28% (\$24.2 million) contributed by infrastructure assets' processing revenue and other income.
- Topaz's Q4 2025 net income of \$32.7 million was 64% higher than Q4 2024 driven by 15% higher royalty production, higher processing revenue and other income, 4% lower cash expenses, a 47% higher realized hedging gain and a 10% unrealized loss on financial instruments.
- During 2025, Topaz realized a \$19.8 million hedging gain (\$15.1 million or \$0.44 per mcf gain on natural gas contracts) on Topaz's 2026 midpoint royalty production guidance, approximately 22% of natural gas is hedged at a weighted average price of C\$3.18 per mcf and 12% of total liquids is hedged at a weighted average fixed price of US\$67.68/bbl.⁽¹⁸⁾
- Topaz paid a Q4 2025 dividend of \$0.34 per share (\$52.4 million), which represents a 65% payout ratio⁽¹⁾ and a 5.1% annualized yield to the fourth quarter average share price.⁽¹⁶⁾
- Generated \$27.3 million of Excess FCF⁽¹⁾ during Q4 2025 which was allocated to debt repayment and acquisitions; Topaz completed \$10.2 million of acquisitions during the fourth quarter.
- Topaz exited 2025 with \$517.5 million of net debt,⁽¹⁾ representing 1.5x net debt to annualized Q4 2025 EBITDA.⁽¹⁾ As of February 24, 2026, Topaz has approximately \$0.5 billion of available credit capacity⁽¹⁷⁾ which provides financial flexibility for strategic growth opportunities.

Royalty Activity

- Q4 2025 royalty production averaged 23,399 boe/d,⁽⁴⁾ 15% higher than Q4 2024. Topaz's total oil and liquids royalty production of 6,889 bbl/d achieved another record in Q4 2025.⁽⁴⁾
- Fourth quarter drilling activity (190 gross wells spud)⁽¹⁵⁾ was diversified across Topaz's portfolio as follows: 47 Clearwater, NEBC Montney, 54 Deep Basin, 18 Peace River, 6 Central Alberta, 1 AB Montney and 28 SE Saskatchewan/Marathon. 248 gross wells⁽¹⁵⁾ were brought on production during Q4 2025 (7% increase over 231 gross wells brought on production in Q4 2024).
- Based on planned operator drilling activity, Topaz expects that the current 27-30 active drilling rigs on its royalty acreage will be maintained through the first quarter of 2026.⁽³⁾

Infrastructure Activity

- During Q4 2025, Topaz generated \$24.2 million in processing revenue and other income which was 10% higher than Q4 2024. In Q4 2025, Topaz incurred \$1.0 million in operating expenses resulting in a 96% operating margin.⁽¹⁾ During the fourth quarter, infrastructure assets generated 99% utilization and Topaz incurred \$0.9 million in maintenance-related capital expenditures (before capitalized G&A).

Acquisition Activity

- During Q4 2025 the Company completed an acquisition of gross overriding and fee mineral title royalty interests in total cash consideration of \$7.8 million before customary closing adjustments.

Dividend Overview

- Topaz's Board has declared the first quarter 2026 dividend at \$0.34 per share which is expected to be paid on March 13, 2026. The quarterly cash dividend is designated as an "eligible dividend" for income tax purposes.
- Topaz has paid \$6.62 per share in dividends to its shareholders since the inaugural dividend during the first quarter ended December 31, 2025. The unique sustainability of Topaz's 2026e dividend down to \$0.01 per mcf natural gas and bbl crude oil⁽³⁾ is attributable to: (i) the Company's high-margin, stable infrastructure revenue which represents 44% of the 2026e dividend;⁽³⁾ (ii) hedging strategy and financial derivative contracts in place;⁽¹⁸⁾ and (iii) the quality and strength of its diversified asset portfolio.

FOURTH QUARTER 2025 CONFERENCE CALL

Topaz will host a conference call tomorrow, Wednesday, February 25, 2026 starting at 5:00 a.m. MST (7:00 a.m. EST). To join the conference call without operator assistance, participants can register and enter their phone number at <https://emportal.ink/4kVo0Bf> to receive an instant automated call back. Alternatively, participants can join by calling a live operator at 1-888-510-2154 (North American toll free). The conference call ID is 05815.

ABOUT THE COMPANY

Topaz is a unique royalty and infrastructure energy company focused on generating free cash flow growth and paying reliable and 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 industry relationships to execute complementary acquisitions from other high-quality energy companies. Topaz focuses on top-quartile energy 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 equity 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 year ended December 31, 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	2025	2024	Q4 2025	Q3 2025
Royalty production revenue	241,810	233,426	62,468	52,291
Processing revenue	82,907	66,377	21,930	21,221
Other income ⁽⁴⁾	11,787	12,595	2,320	2,931
Total	336,504	312,398	86,718	76,443
Cash expenses:				
Operating	(6,530)	(7,349)	(1,027)	(1,545)
Marketing	(1,537)	(1,360)	(415)	(307)
General and administrative	(9,274)	(8,220)	(3,338)	(1,864)
Realized gain on financial instruments	19,826	11,316	5,102	8,737
Interest expense	(26,227)	(27,466)	(6,486)	(6,620)
Cash flow	312,762	279,319	80,554	74,844
Per basic share ⁽¹⁾⁽²⁾	\$2.03	\$1.91	\$0.52	\$0.49
Per diluted share ⁽¹⁾⁽²⁾	\$2.03	\$1.90	\$0.52	\$0.49
Cash from operating activities	308,760	276,271	69,143	78,147
Per basic share ⁽¹⁾⁽²⁾	\$2.01	\$1.89	\$0.45	\$0.51
Per diluted share ⁽¹⁾⁽²⁾	\$2.00	\$1.88	\$0.45	\$0.51
Net income ⁽⁹⁾	128,741	105,656	32,694	25,573
Per basic share ⁽²⁾⁽⁹⁾	\$0.84	\$0.72	\$0.21	\$0.17
Per diluted share ⁽²⁾⁽⁹⁾	\$0.83	\$0.72	\$0.21	\$0.17
Adjusted net income ⁽¹⁾⁽⁹⁾	127,231	113,922	32,908	30,337
Per diluted share ⁽¹⁾⁽⁸⁾⁽⁹⁾	\$0.82	\$0.77	\$0.21	\$0.20
EBITDA ⁽⁷⁾	338,719	306,027	86,991	81,412
Per basic share ⁽¹⁾⁽²⁾	\$2.20	\$2.09	\$0.57	\$0.53
Per diluted share ⁽¹⁾⁽²⁾	\$2.19	\$2.08	\$0.56	\$0.53
FCF ⁽¹⁾	307,501	271,989	79,667	72,980
Per basic share ⁽¹⁾⁽²⁾	\$2.00	\$1.86	\$0.52	\$0.47
Per diluted share ⁽¹⁾⁽²⁾	\$1.99	\$1.85	\$0.52	\$0.47
FCF Margin ⁽¹⁾	91 %	87 %	92 %	95 %
Dividends paid	207,687	191,167	52,356	52,303

Per share ⁽¹⁾⁽⁶⁾	\$1.35	\$1.30	\$0.34	\$0.34
Payout ratio ⁽¹⁾	66 %	68 %	65 %	70 %
Excess FCF ⁽¹⁾	99,814	80,822	27,311	20,677
Capital expenditures	5,261	7,330	887	1,864
Work in progress capital costs				
Acquisitions, excl. decommissioning obligations ⁽¹⁾	125,438	430,569	10,234	71,733
Weighted average shares - basic ⁽³⁾	153,806	146,521	153,885	153,794
Weighted average shares - diluted ⁽³⁾	154,424	147,131	154,538	154,442
Average Royalty Production ⁽⁵⁾				
Natural gas (mcf/d)	94,241	79,029	99,052	89,596
Light and medium crude oil (bbl/d)	1,974	1,791	1,928	1,910
Heavy crude oil (bbl/d)	3,343	3,083	3,515	3,386
Natural gas liquids (bbl/d)	1,391	1,180	1,446	1,365
Total (boe/d)	22,417	19,227	23,399	21,596
Total royalty production (% total liquids)	30 %	31 %	29 %	31 %
Natural gas liquids (% condensate)	70 %	69 %	71 %	69 %
Realized Commodity Prices				
Natural gas (\$/mcf)	\$1.55	\$1.42	\$2.08	\$0.61
Light and medium crude oil (\$/bbl)	\$81.74	\$92.57	\$74.92	\$81.64
Heavy crude oil (\$/bbl)	\$72.52	\$82.13	\$63.00	\$73.43
Natural gas liquids (\$/bbl)	\$80.93	\$90.11	\$73.87	\$80.18
Total (\$/boe)	\$29.56	\$33.17	\$29.02	\$26.32
Benchmark Pricing				
Natural Gas				
AECO 5A (CAD\$/mcf)	\$1.68	\$1.46	\$2.23	\$0.63
AECO 7A (CAD\$/mcf)	\$1.86	\$1.44	\$2.34	\$1.00
Westcoast station 2 (CAD\$/mcf)	\$1.02	\$1.19	\$1.85	\$0.47
Crude Oil, Heavy Oil and Natural Gas Liquids				
NYMEX WTI (USD\$/bbl)	\$64.81	\$75.72	\$59.14	\$64.95
Edmonton Par (CAD\$/bbl)	\$85.78	\$97.80	\$76.69	\$86.52
WCS differential (USD\$/bbl)	\$11.18	\$14.72	\$11.19	\$10.36
Edmonton Condensate (CAD\$/bbl)				

\$87.89

\$98.88

\$78.83

\$86.36

CAD\$/USD\$	\$0.7156	\$0.7301	\$0.7169	\$0.7261
Selected statement of financial position results (\$000s) except share amounts			At Dec. 31, 2025	At Sep. 30, 2025
Total assets ⁽⁹⁾			2,221,715	2,230,374
Working capital			55,999	(26,633)
Adjusted working capital (deficit) ⁽¹⁾			53,274	(30,773)
Net debt ⁽¹⁾			517,494	535,412
Common shares outstanding ⁽³⁾			153,990	153,831

(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): Q4 2025 - 0.05, Q3 2025 - 0.05, Q2 2025: 0.09, Q1 2025: 0.08, Q4 2024: 0.3; 2025

NOTE REFERENCES

This news release refers to financial reporting periods as follows: "Q4 2025" refers to the three months ended December 31, 2025; "Q4 2024" refers to the three months ended December 31, 2024; "2025" refers to the year ended December 31, 2025; and "2024" refers to the year ended December 31, 2024. In addition, "2026e" refers to estimated amounts or results for the year ending December 31, 2026.

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

1) See "Non-GAAP and Other Financial Measures".

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

2. Calculated using the weighted average number of diluted common shares outstanding during the respective period.

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

3. See "Forward-Looking Statements".

(9) Prior period figures are adjusted, refer to "Voluntary Change in Accounting Policy" in the MD&A.

4. See "Supplemental Information Regarding Product Types".

5. Annual financial results (2025 relative to 2024). "Infrastructure revenue" refers to processing revenue and other income and "cash expenses" refers to operating, marketing, G&A, cash interest, offset by realized gains on financial instruments.

6. During 2025, 694 gross wells (25.3 net) were spud across Topaz's royalty acreage, a 10% increase from 2024 (630 gross, 23.2 net). Topaz's 694 gross wells spud in 2025 represents 17% of the 4,051 wells rig released across the WCSB (excluding oil sands/in situ) (Source: Rig Locator, geoSCOUT and Peters & Co. Limited). \$2.8 billion (2025 operator spending) is estimated by Topaz based on wells spud, royalty rates and estimated capital costs.

7. Based on Topaz's December 31, 2025 external independent reserve report whereby total proved plus probable developed reserves of 65.7 mmboe increased 10% from December 31, 2024 (59.5 mmboe). As a royalty entity not responsible for capital, Topaz's reserves do not include future drilling locations attributed to undeveloped acreage. Topaz's 2025 reserve replacement (excluding acquisitions) is calculated as: extensions and improved recovery (10.3 mmboe) plus technical revisions net of economic factors (1.6 mmboe), divided by 2025 production (8.2 mmboe) for 1.5 times replacement.

8. Based on Topaz's December 31, 2025 external independent reserve report whereby Clearwater total proved plus probable developed reserves increased from 5.1 mmboe (2024) to 7.7 mmboe (2025) and NEBC Montney total proved plus probable developed reserves increased from 26.2 mmboe (2024) to 28.8 mmboe (2025).

9. Reserve life index ("RLI") is used as a measure of how long reserves are expected to produce at the current rate of production and is calculated as total year end reserves (boe) divided by annualized fourth quarter production (boe/d). From year end 2023 to 2025, Topaz's Clearwater RLI has increased from 3 to 6 years (approximately 2.0 times increase) and NEBC Montney RLI has increased from 8 to 10 years (approximately 1.3 times increase).
10. Based on Topaz's external independent reserve reports for 2020-2025 and derived from disclosure contained in the Company's Annual Information Forms (see "Reconciliation of Company Gross Reserves by Principal Product Type") available on SEDAR+ and refer to note reference 7 above.
11. Estimated based on C\$2.25 per mcf natural gas (AECO) and US\$65.00 per bbl crude oil (NYMEX WTI).
12. Topaz's future dividends remain subject to board of director approval.
13. Management's assumptions underlying the Company's 2026e guidance estimates include:
 - i. Topaz's internal estimates regarding development pace and production performance including estimates of operators' 2026 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 2026 capital budgets and/or operational, weather or wildfire-related issues that may impact the 2026 estimated royalty production range;
 - ii. 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;
 - iii. No incremental, (i.e. not previously announced) acquisition activity;
 - iv. Estimated 2026e expenses and expenditures of \$8.0mm cash G&A; \$7.0mm of operating expenses; \$4.0-\$5.0mm capital expenditures (excluding acquisitions); 1% marketing fee on certain royalty production; estimated annual borrowing and standby interest costs at a combined rate of 4.75%; and \$25.0 to \$30.0 million estimated corporate income tax;
 - v. 2026 estimated total dividends of approximately \$210.0 million based on 154.6 million shares outstanding at February 24, 2026 (\$1.36 per share);
 - vi. Topaz's outstanding financial derivative contracts included in its most recently filed MD&A; and
 - vii. The assumptions contained under the heading "Financial Outlook".

FORWARD-LOOKING STATEMENTS

14. Topaz's royalty acquisition costs are depleted on a ratio of production to total reserves. During Q4 2025, the Company voluntarily changed its depletion policy (retrospectively) to more closely align depletion expense with the related underlying reserves as Topaz does not record undeveloped reserves due to royalty interests. This news release contains forward-looking statements and forward-looking information, collectively "forward-looking statements", which are the Company's representations and views of future events. These forward-looking statements relate to future events or the Company's future performance. Any developed and undeveloped reserves, whereby the portion of value attributable to undeveloped reserves is then transferred into the depletion calculation as development occurs, the policy change impacts will likely result in depletion expense, deferred tax expense, net income, and classified as Topaz's royalty assets. It is estimated to impact current or prior period cash flow of cash expenses. Refer to the financial statements and MD&A (see "Voluntary Change in Accounting Policy").
15. May include non-producing injection wells.
16. Calculated based on Topaz's average share price on the TSX during Q4 2025 of \$26.55 per share. 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 range for 2026; estimated processing revenue and other income for 2026; anticipated exit 2026 net debt levels; dividend amounts, and that may be advanced by Topaz but remains subject to agent consent. As at February 24, 2026 Topaz had \$537.5 million net borrowings against the Company's credit facility, providing approximately \$462.5 million available, subject to agent consent.
17. Refer to the MD&A for a complete listing of financial derivative contracts in place. Coverage estimates are calculated based on Topaz's 2026 midpoint guidance estimate.
18. Refer to the MD&A for a complete listing of financial derivative contracts in place. Coverage estimates are calculated based on Topaz's 2026 midpoint guidance estimate.

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), 2025 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, 2026 and range of year-end exit net debt and net debt to EBITDA for 2026, which are based on, among other things, the various assumptions as to as to production levels and capital expenditures and other assumptions disclosed in this news release including under the heading "2026 Guidance Outlook" and "Note References" above and are based on the following key assumptions: Topaz's estimated capital expenditures (excluding acquisitions) of \$4.0 to \$5.0 million in 2026; the Company's tax pool balances at year-end 2025 and the resulting future tax horizon; the working interest owners' anticipated 2026 capital plans attributable to Topaz's undeveloped royalty lands; estimated average annual royalty production range of 23,500 to 23,900 boe/d in 2026; 2026 average infrastructure ownership capacity utilization of 95%; December 31, 2026 exit net debt range between, 2026 average commodity prices of: \$2.25/mcf (AECO 5A), US\$65.00/bbl (NYMEX WTI), US\$12.00/bbl (WCS oil differential), US\$3.00/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 Financial Statements 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 Financial Statements: (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:

(\$000s)	Three months ended		Years ended	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Cash from operating activities	69,143	64,930	308,760	276,271
Exclude net change in non-cash working capital (11,411)		(8,923)	(4,002)	(3,048)
Cash flow	80,554	73,853	312,762	279,319
Less: Capital expenditures	887	2,418	5,261	7,330
FCF	79,667	71,435	307,501	271,989
Less: dividends paid	52,356	50,617	207,687	191,167
Excess FCF	27,311	20,818	99,814	80,822
Cash flow per basic share ⁽¹⁾	\$0.52	\$0.49	\$2.03	\$1.91
Cash flow per diluted share ⁽¹⁾	\$0.52	\$0.49	\$2.03	\$1.90
FCF per basic share ⁽¹⁾	\$0.52	\$0.47	\$2.00	\$1.86
FCF per diluted share ⁽¹⁾	\$0.52	\$0.47	\$1.99	\$1.85
FCF	79,667	71,435	307,501	271,989
Total Revenue and other income	86,718	82,179	336,504	312,398
FCF Margin	92 %	87 %	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:

(\$000s)	Three months ended		Years ended	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Net Income ⁽²⁾	32,694	19,874	128,741	105,260
Unrealized gains (losses) on financial derivatives	(214)	(13,155)	1,510	(8,260)
Adjusted net income	32,908	33,029	127,231	113,000
Adjusted net income per basic share ⁽¹⁾	\$0.21	\$0.22	\$0.83	\$0.77
Adjusted net income per diluted share ⁽¹⁾	\$0.21	\$0.22	\$0.82	\$0.77

(1) Calculated using basic and diluted weighted average shares outstanding.

(2) Prior period figures are adjusted, refer to "Voluntary Change in Accounting Policy" in the MD&A.

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. A summary of the reconciliation of operating margin and operating margin percentage, for infrastructure assets, is set forth below:

(\$000s)	Three months ended		Years ended	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Processing revenue	21,930	18,838	82,907	66,377
Other income	2,320	3,107	11,787	12,595
Total	24,250	21,945	94,694	78,972
Operating Expense	1,027	1,600	6,530	7,349
Operating Margin	23,223	20,345	88,164	71,623
Operating Margin %	96 %	93 %	93 %	91 %

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 Dec. 31, 2025	As at Dec. 31, 2024
Working capital	55,999	51,758
Exclude fair value of financial instruments	2,725	4,614
Exclude work in progress capital costs	─ (1,228)	
Adjusted working capital	53,274	48,372
Less: bank debt	570,768	540,396
Net Debt	517,494	492,024

EBITDA and EBITDA per basic or diluted share

EBITDA, as defined under the Company's Syndicated Credit Facility and disclosed in note 9 of the Financial Statements, 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:

(\$000s)	Three months ended		Years ended	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Net income ⁽²⁾	32,694	19,874	128,741	105,656
Unrealized (gain) loss on financial instruments	214	13,155	(1,510)	8,266
Share-based compensation	4,368	2,998	7,341	5,362
Finance expense	6,684	7,085	26,993	28,080
Depletion and depreciation ⁽²⁾	32,341	31,123	135,129	124,559
Deferred tax expense ⁽²⁾	10,739	6,558	42,295	34,862
Less: interest income	(49)	(289)	(270)	(758)
EBITDA	86,991	80,504	338,719	306,027
EBITDA per basic share (\$/share) ⁽¹⁾	\$0.57	\$0.53	\$2.20	\$2.09
EBITDA per diluted share (\$/share) ⁽¹⁾	\$0.56	\$0.53	\$2.19	\$2.08

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

(2) Prior period figures are adjusted, refer to "Voluntary Change in Accounting Policy" in the MD&A.

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		Years ended	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Cash flow (\$000s)	80,554	73,853	312,762	279,319
Dividends (\$000s)	52,356	50,617	207,687	191,167
Payout Ratio (%)	65 %	69 %	66 %	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		Years ended	
(\$000s)	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Acquisitions (consolidated statements of cash flows)	10,234	331,380	125,438	430,569
Acquisitions (excluding non-cash decommissioning obligations)	10,234	331,380	125,438	430,569

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.

