

# Topaz Announces First Quarter 2026 Financial Results And Dividend Increase

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[Topaz Energy Corp.](#) (TSX: TPZ) ("Topaz" or the "Company") is pleased to provide first quarter 2026 financial results. This 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 months ended March 31, 2026, which are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on Topaz's website at [www.topazenergy.ca](http://www.topazenergy.ca).

## Highlights

- First quarter average royalty production of 24,609 boe/d<sup>(4)</sup> exceeded the high end of the previously announced 2026 guidance range, and includes 7% higher total oil and liquids from Q1 2025.
- First quarter cash flow of \$80.1 million (\$0.52 per share<sup>(2)</sup>), free cash flow (FCF)<sup>(1)</sup> of \$78.7 million (\$0.51 per share) and net debt<sup>(1)</sup> reduction.
- 55% of first quarter drilling activity was directed into oil-focused plays, with 138 gross wells (5.1 net)<sup>(5)</sup> drilled and 100 reactivated.
- 7% higher processing revenue compared to Q1 2025 and during the quarter, Topaz invested \$2.4 million in certain processing infrastructure for increased fees under the respective processing arrangement.
- Including the \$52.6 million first quarter dividend, Topaz has now distributed \$1.0 billion in dividends, representing 66% of Topaz's current market capitalization and 57% of total revenue.
- Increased the second quarter dividend to \$0.35 per share (\$1.40 per share annualized)<sup>(8)</sup> representing Topaz's trailing annual dividend increase and a 4.6% trailing annualized yield to Topaz's current share price<sup>(6)</sup>.
- 2026 guidance is reconfirmed with annual average royalty production estimated at the high end of the range and net debt<sup>(1)</sup> inclusive of the dividend increase<sup>(3)(11)</sup>.

## First Quarter 2026 Update Financial Overview

- Topaz generated total revenue and other income of \$94.6 million, 55% from total liquids royalties, 20% from natural gas royalties, and 25% from the infrastructure portfolio.
- Cash flow of \$80.1 million was in line with the prior year as 10% higher royalty production, 7% higher processing revenue, and 16% lower interest costs offset 6% lower commodity pricing, initial recognition of cash income tax expense<sup>(9)</sup>, and a non-recurring hedging loss.
- Excess FCF<sup>(1)</sup> of \$26.1 million was allocated to acquisitions (\$2.5 million) and debt reduction, resulting in 5% lower net debt<sup>(1)</sup> from December 31, 2025.
- Paid \$52.6 million in dividends (\$0.34 per share and 66% payout ratio<sup>(1)</sup>) which represents a 4.6% trailing annualized yield to the Q1 2026 average share price<sup>(7)</sup> and generated \$26.1 million of excess FCF<sup>(1)</sup> which was allocated to acquisitions and debt reduction.
- Topaz exited Q1 2026 with \$492.1 million of net debt<sup>(1)</sup> (1.4x net debt to Q1 2026 annualized EBITDA<sup>(1)</sup>). As at March 31, 2026, Topaz has approximately \$0.5 billion of available credit capacity which provides financial flexibility for strategic growth and investment opportunities.

## Dividend Increase

- Topaz's Board approved a quarterly dividend increase and declared the second quarter 2026 dividend at \$0.35 per share which is expected to be paid on June 30, 2026, to shareholders of record on June 15, 2026. The quarterly cash dividend is designated as an "eligible dividend" for Canadian income tax purposes.
- Topaz's 2026e dividend remains sustainable below \$0.01 per mcf natural gas and US\$55.00 per bbl crude oil<sup>(3)</sup> as a result of: (i) the Company's high-margin, stable infrastructure revenue which represents 43% of the 2026e increased dividend; (ii) the Company's hedging strategy and financial derivative contracts in place<sup>(11)</sup>; (iii) lower decline royalty production supported by commodity price recovery; and (iv) diversification between oil and natural gas focused undeveloped royalty acreage.

## 2026 Guidance Update

- First quarter royalty production of 24,609 boe/d<sup>(4)</sup> exceeded the high end of Topaz's 2026 guidance range<sup>(10)</sup>, reflecting performance and production attributed to significant Q4 2025 operator development activity. Consistent with prior estimates that production will normalize during the second and third quarters in part due to spring break-up conditions typically restrict accessibility. Based on operator plans, 15 to 18 drilling rigs will remain active across Topaz's royalty range through spring break-up<sup>(3)</sup>, following which activity is expected to resume to 22 to 27 drilling rigs<sup>(3)</sup>. Topaz's royalty range purposefully remains flexible to allow for adjustments by operators in response to supply/demand and commodity factors in the WCSB.
- Topaz reconfirms the previously announced range of annual average royalty production and processing revenue and income, however, does expect that annual average royalty production will track at the upper end of the range, driven by oil-focused activity while allowing for prudent natural gas-focused capital discipline. Based on updated estimates, second quarter dividend increase, Topaz's 2026 exit net debt<sup>(1)</sup> is estimated at \$407.0 million<sup>(3)</sup><sup>(11)</sup>, before considering incremental acquisitions. Topaz expects to maintain a modest payout ratio at the lower end of the 60% - 90% long-term targeted range to maintain flexibility to fund strategic growth opportunities.

### 2026e Guidance Update<sup>(3)</sup>

	Q4 2025 Guidance <sup>(10)</sup>	2026e Update <sup>(11)</sup>
	US\$65/bbl WTI/C\$2.25/mcf AECO	US\$80/bbl WTI/C\$1.75/mcf AECO
Annual average royalty production	23,500 to 23,900 boe/d	23,900 boe/d
Infrastructure processing revenue and income	\$92.0 to \$94.0 million	\$93.0 million
Dividend <sup>(8)</sup>	~\$210.0 million	~\$215.0 million
Dividend payout ratio <sup>(1)</sup> (%)	68 %	65 %
Exit net debt <sup>(1)</sup> (before incremental acquisitions)	\$420.0 to \$425.0 million	\$407.0 million

### Royalty Activity

- Q1 2026 average royalty production of 24,609 boe/d<sup>(4)</sup> includes record natural gas of 105.7 mmcf/d and record oil of 6,998 bbl/d, 11% and 7%, respectively, higher than the prior year.
- During the quarter, Topaz generated \$71.2 million royalty production revenue which increased 4% from the prior year, up from the prior quarter.
- Topaz estimates that operators invested \$0.5 billion to \$0.6 billion of development capital across the Company's royalty range in Q1 2026, with drilling activity (138 gross wells spud<sup>(5)</sup>) diversified as follows: 48 Clearwater, 31 NEBC, 23 Montney, 23 Deep Basin, 8 Peace River, 11 SE Saskatchewan, and 13 in Central AB (including 9 gross wells in the oil-focused play).
- During Q1 2026, 131 gross wells were brought on production<sup>(5)</sup> and as of March 31, 2026, another 86 gross wells were drilled but not yet completed.

### Infrastructure Activity

- During Q1 2026, Topaz generated \$23.4 million in processing revenue and other income. The infrastructure asset utilization was 98% and Topaz incurred \$1.4 million in operating expenses, providing a 92% operating margin<sup>(1)</sup>. Topaz also incurred \$0.6 million in maintenance-related capital expenditures (before capitalized G&A).
- During Q1 2026, the Company elected to participate (based on Topaz's proportionate working interest) in modifications for two jointly owned natural gas processing facilities. Topaz contributed total cash consideration of \$2.4 million, including customary closing adjustments, and received a proportionate increase to the respective take-or-pay fixed fee processing arrangement.

### Q1 2026 CONFERENCE CALL

Topaz will host a conference call tomorrow, Wednesday, May 6, 2026 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.com> to receive an instant automated call back. Alternatively, participants can join by calling a live operator at 1-888-510-2155 (American toll free). The conference call ID is 54193.

### 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 three months ended March 31, 2026 are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) under the Company's profile, and on Topaz's website at [www.topazenergy.ca](http://www.topazenergy.ca).

#### Selected Financial Information

For the three months ended (\$000s) except per share	Q1 2026	Q1 2025	Q4 2025	Q3 2025	Q2 2025
Royalty production revenue	71,215	68,683	62,468	52,291	58,368
Processing revenue	21,037	19,589	21,930	21,221	20,167
Other income <sup>(4)</sup>	2,321	3,883	2,320	2,931	2,653
Total	94,573	92,155	86,718	76,443	81,188
Cash expenses:					
Operating	(1,755)	(1,759)	(1,027)	(1,545)	(2,199)
Marketing	(472)	(445)	(415)	(307)	(370)
General and administrative	(2,198)	(2,179)	(3,338)	(1,864)	(1,893)
Realized gain (loss) on financial instruments	(1,786)	821	5,102	8,737	5,166
Current income tax expense	(2,500)				
Interest expense	(5,725)	(6,854)	(6,486)	(6,620)	(6,267)
Cash flow	80,137	81,739	80,554	74,844	75,625
Per basic share <sup>(1)(2)</sup>	\$0.52	\$0.53	\$0.52	\$0.49	\$0.49
Per diluted share <sup>(1)(2)</sup>	\$0.52	\$0.53	\$0.52	\$0.49	\$0.49
Cash from operating activities	83,404	80,739	69,143	78,147	80,731
Per basic share <sup>(1)(2)</sup>	\$0.54	\$0.53	\$0.45	\$0.51	\$0.52
Per diluted share <sup>(1)(2)</sup>	\$0.54	\$0.52	\$0.45	\$0.51	\$0.52
Net income	34,039	28,011	32,694	25,573	42,463
Per basic share <sup>(2)</sup>	\$0.22	\$0.18	\$0.21	\$0.17	\$0.28

Per diluted share <sup>(2)</sup>	\$0.22	\$0.18	\$0.21	\$0.17	\$0.28
Adjusted net income <sup>(1)</sup>	38,162	37,950	32,908	30,337	26,036
Per basic share <sup>(1)(2)</sup>	\$0.25	\$0.25	\$0.21	\$0.20	\$0.17
Per diluted share <sup>(1)(8)</sup>	\$0.25	\$0.25	\$0.21	\$0.20	\$0.17
EBITDA <sup>(7)</sup>	88,289	88,515	86,991	81,412	81,801
Per basic share <sup>(1)(2)</sup>	\$0.57	\$0.58	\$0.57	\$0.53	\$0.53
Per diluted share <sup>(1)(2)</sup>	\$0.57	\$0.57	\$0.56	\$0.53	\$0.53
FCF <sup>(1)</sup>	78,683	80,837	79,667	72,980	74,017
Per basic share <sup>(1)(2)</sup>	\$0.51	\$0.53	\$0.52	\$0.47	\$0.48
Per diluted share <sup>(1)(2)</sup>	\$0.51	\$0.52	\$0.52	\$0.47	\$0.48
FCF Margin <sup>(1)</sup>	83 %	88 %	92 %	95 %	91 %
Dividends paid	52,568	50,745	52,356	52,303	52,283
Per share <sup>(1)(6)</sup>	\$0.34	\$0.33	\$0.34	\$0.34	\$0.34
Payout ratio <sup>(1)</sup>	66 %	62 %	65 %	70 %	69 %
Excess FCF <sup>(1)</sup>	26,115	30,092	27,311	20,677	21,734
Capital expenditures	1,454	902	887	1,864	1,608
Acquisitions, excl. decommissioning obligations <sup>(1)</sup>	2,452	17,470	10,234	71,733	26,001
Weighted average shares - basic <sup>(3)</sup>	154,609	153,770	153,885	153,794	153,770
Weighted average shares - diluted <sup>(3)</sup>	155,269	154,430	154,538	154,442	154,400
Average Royalty Production <sup>(5)</sup>					
Natural gas (mcf/d)	105,659	95,195	99,052	89,596	93,129
Light and medium crude oil (bbl/d)	1,918	1,925	1,928	1,910	2,133
Heavy crude oil (bbl/d)	3,657	3,154	3,515	3,386	3,314
Natural gas liquids (bbl/d)	1,423	1,434	1,446	1,365	1,320
Total (boe/d)	24,609	22,380	23,399	21,596	22,290
Total royalty production (% total liquids)	28 %	29 %	29 %	31 %	30 %
Natural gas liquids (% condensate)	68 %	70 %	71 %	69 %	70 %
Realized Commodity Prices					
Natural gas (\$/mcf)	\$2.01	\$2.06	\$2.08	\$0.61	\$1.38
Light and medium crude oil (\$/bbl)	\$89.35	\$91.39	\$74.92	\$81.64	\$79.45
Heavy crude oil (\$/bbl)	\$77.11	\$82.61	\$63.00	\$73.43	\$72.31
Natural gas liquids (\$/bbl)					

\$88.12

\$90.78

\$73.87

**\$80.18**

\$78.97



Total (\$/boe)	\$32.16	\$34.10	\$29.02	\$26.32	\$28.78
Benchmark Pricing					
Natural Gas					
AECO 5A (CAD\$/mcf)	\$2.01	\$2.16	\$2.23	\$0.63	\$1.69
AECO 7A (CAD\$/mcf)	\$2.49	\$2.02	\$2.34	\$1.00	\$2.07
Westcoast station 2 (CAD\$/mcf)	\$1.88	\$1.27	\$1.85	\$0.47	\$0.46
Crude Oil, Heavy Oil and Natural Gas Liquids					
NYMEX WTI (USD\$/bbl)	\$71.93	\$71.42	\$59.14	\$64.95	\$63.71
Edmonton Par (CAD\$/bbl)	\$93.58	\$95.60	\$76.69	\$86.52	\$84.32
WCS differential (USD\$/bbl)	\$14.12	\$12.66	\$11.19	\$10.36	\$10.50
Edmonton Condensate (CAD\$/bbl)	\$97.20	\$99.49	\$78.83	\$86.36	\$86.85
CAD\$/USD\$	\$0.7291	\$0.6969	\$0.7169	\$0.7261	\$0.7222
Selected statement of financial position results (\$000s) except share amounts	At Mar. 31, 2026	At Mar. 31, 2025	At Dec. 31, 2025	At Sep. 30, 2025	At Jun. 30, 2025
Total assets	2,202,235	2,204,513	2,221,715	2,230,374	2,199,374
Working capital	47,096	46,694	55,999	(26,633)	50,640
Adjusted working capital (deficit) <sup>(1)</sup>	47,864	49,448	53,274	(30,773)	40,319
Net debt (cash) <sup>(1)</sup>	492,051	480,730	517,494	535,412	485,160
Common shares outstanding <sup>(3)</sup>	154,740	153,774	153,990	153,831	153,774

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

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

#### NOTE REFERENCES

(3) Shown in thousand shares outstanding.

This news release refers to financial reporting periods in abbreviated form as follows: "Q1 2026" refers to the three months ended March 31, 2026; "Q1 2025" refers to the three months ended March 31, 2025. In addition, "2026e" refers to estimated amounts or results for the year ending December 31, 2026.

(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.

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. May include non-producing injection wells.
6. Calculated based on Topaz's closing share price on the TSX on April 28, 2026 of \$30.57.
7. Calculated based on Topaz's average share price on the TSX during Q1 2026 of \$29.52.
8. Topaz's future dividends remain subject to board of director approval.
9. Topaz expects to become taxable in 2026 and recorded \$2.5 million current income tax expense during Q1 2026 which incorporates the impact of utilizing the Company's remaining net operating loss carryforward balance. Topaz holds carryforward resource pool balances to apply to future periods. Refer to Topaz's 2025 Annual Information Form available at [www.sedarplus.ca](http://www.sedarplus.ca).
10. Refer to the previously announced 2026e guidance estimates including the respective notes and assumptions referenced in Topaz's February 24, 2026 news release.
11. Management's assumptions underlying the Company's updated 2026e guidance estimate includes:
  - i. Estimated annual average royalty production of 23,900 boe/d (approximately 70% natural gas), representing the high end of the guidance range, and \$93.0 million of processing revenue and other income, representing the midpoint of the guidance range, resulting in estimated exit net debt of \$407.0 million;
  - ii. 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;
  - 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 2026e expenses and expenditures of \$8.0mm cash G&A; \$7.0mm of operating expenses; \$4.0 to \$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 5.0%; and \$30.0 to \$35.0 million estimated corporate income tax;
  - vi. 2026 estimated total dividends of approximately \$215.0 million based on 154.8 million shares outstanding at May 5, 2026 (\$1.39 per share);
  - vii. Topaz's outstanding financial derivative contracts included in its most recently filed MD&A; and

**FORWARD-LOOKING STATEMENTS** Under the heading "Financial Outlook" including C\$1.75 per mcf natural gas (AECO) and US\$80.00 per bbl crude oil (NYMEX WT1).

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 range for 2026; estimated processing revenue and other income for 2026; anticipated exit 2026 net debt levels; dividend amounts, and the estimated dividend payout ratio; the sustainability of the dividend and the rationale for such sustainability; the maintenance of financial flexibility for strategic growth opportunities; the anticipated operator capital expenditures and drilling plans; the number of drilling rigs to be active on Topaz's royalty acreage; the future declaration and payment of dividends and the timing and amount thereof; the forecasts described under the headings "First Quarter 2026 Update" (including under the sub-heading "Dividend Increase") and "2026 Guidance Update" 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 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](http://www.sedarplus.ca)) or Topaz's website ([www.topazenergy.ca](http://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 estimated average royalty production and processing revenue and other income range for the year ending December 31, 2026 and resulting year-end exit net debt estimate 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 the "Note References" section 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 (refer to the Company's 2025 Annual Information Form) 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 of 23,900 boe/d in 2026; 2026 average infrastructure ownership capacity utilization of 95%; December 31, 2026 exit net debt of approximately \$410.0 million; and 2026 average commodity prices of: \$1.75/mcf (AECO 5A), US\$80.00/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, 2026 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) and do not have standardized meanings prescribed by GAAP and may not be comparable to similarly defined measures presented by other companies. These measures are defined, qualified, and where required, reconciled with the nearest GAAP measure below. Investors are cautioned that these 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.

### 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 this news release 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 months ended March 31, 2026: (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	
	Mar. 31, 2026	Mar. 31, 2025
Cash from operating activities	83,404	80,739
Exclude net change in non-cash working capital	3,267	(1,000)
Cash flow	80,137	81,739
Less: capital expenditures	1,454	902
FCF	78,683	80,837
Less: dividends paid	52,568	50,745
Excess FCF	26,115	30,092
Cash flow per basic share <sup>(1)</sup>	\$0.52	\$0.53
Cash flow per diluted share <sup>(1)</sup>	\$0.52	\$0.53
FCF per basic share <sup>(1)</sup>	\$0.51	\$0.53
FCF per diluted share <sup>(1)</sup>	\$0.51	\$0.52
FCF	78,683	80,837
Total revenue and other income	94,573	92,155
FCF margin	83 %	88 %

<sup>(1)</sup> 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	
	Mar. 31, 2026	Mar. 31, 2025
Net income	34,039	28,011
Unrealized gains (losses) on financial derivatives	(4,123)	(9,939)
Adjusted net income	38,162	37,950
Adjusted net income per basic share <sup>(1)</sup>	\$0.25	\$0.25
Adjusted net income per diluted share <sup>(1)</sup>	\$0.25	\$0.25

<sup>(1)</sup> Calculated using basic and diluted weighted average shares outstanding.

#### Operating margin and operating margin percentage

Operating margin is a non-GAAP financial measure derived from processing revenue and other income, less operating expenses. Operating margin percentage is a supplemental financial measure, calculated as operating margin, 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.

A summary of the reconciliation of operating margin and operating margin percentage is set forth below:

(\$000s)	Three months ended	
	Mar. 31, 2026	Mar. 31, 2025
Processing revenue	21,037	19,589
Other income	2,321	3,883
Total	23,358	23,472
Operating expense	1,755	1,759
Operating margin	21,603	21,713
Operating margin %	92 %	93 %

#### 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 Mar. 31, 2026	As at Dec. 31, 2025
Working capital	47,096	55,999
Exclude fair value of financial instruments (768)		2,725
Adjusted working capital	47,864	53,274
Less: bank debt	539,915	570,768
Net Debt	492,051	517,494

#### 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 months ended March 31, 2026, 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	
	Mar. 31, 2026	Mar. 31, 2025
Net income	34,039	28,011
Unrealized loss on financial instruments	4,123	9,939
Share-based compensation	716	789
Finance expense	5,925	6,999
Depletion and depreciation	33,677	33,652
Current income tax expense	2,500	&HorizontalLine;
Deferred income tax expense	7,382	9,203
Less: interest income	(73)	(78)
EBITDA	88,289	88,515
EBITDA per basic share (\$/share) <sup>(1)</sup>	\$0.57	\$0.58
EBITDA per diluted share (\$/share) <sup>(1)</sup>	\$0.57	\$0.57

<sup>(1)</sup> 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	
	Mar. 31, 2026	Mar. 31, 2025
Cash flow (\$000s)	80,137	81,739
Dividends (\$000s)	52,568	50,745
Payout Ratio (%)	66 %	62 %

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	
(\$000s)	Mar. 31, 2026	Mar. 31, 2025
Acquisitions (consolidated statements of cash flows)	2,452	17,470
Non-cash acquisitions	&HorizontalLine;	&HorizontalLine;
Acquisitions (excluding non-cash decommissioning obligations)	2,452	17,470

#### 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 Mar. 31, 2026 Dec. 31, 2025 Sep. 30, 2025 Jun. 30, 2025 Mar. 31, 2025

Average daily production

Light and Medium crude oil (bbl/d)	1,918	1,928	1,910	2,133	1,925
Heavy crude oil (bbl/d)	3,657	3,515	3,386	3,314	3,154
Conventional Natural Gas (mcf/d)	60,081	58,597	53,784	55,345	56,360
Shale Gas (mcf/d)	45,578	40,455	35,812	37,784	38,835
Natural Gas Liquids (bbl/d)	1,423	1,446	1,365	1,320	1,434
Total (boe/d)	24,609	23,399	21,596	22,290	22,380

For the year ended 2026e (Guidance)<sup>(1)(2)</sup> 2025 (Actual) 2024 (Actual)

Average daily production

Light and medium crude oil (bbl/d)	1,960	1,974	1,791
Heavy crude oil (bbl/d)	5,872	5,717	5,830
Conventional natural gas (mcf/d)	58,578	56,022	43,269
Shale gas (mcf/d)	44,700	38,219	35,760
Natural gas liquids (bbl/d)	1,460	1,391	1,180
Total (boe/d)	23,900	22,417	19,227

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

Conventional natural gas (mcf/d)	58,578	56,022	43,269
Shale gas (mcf/d)	44,700	38,219	35,760

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(1) Represents the 2026e average annual royalty production estimate.

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SOURCE Topaz Energy Corp