

SOURCE ROCK ROYALTIES ANNOUNCES THIRD QUARTER 2025 RESULTS

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CALGARY, AB, Dec. 1, 2025 /CNW/ - Source Rock Royalties Ltd. ("Source Rock") (TSXV: SRR), a pure-play oil and gas royalty company with an established portfolio of oil focused royalties, announces results for the three and nine month periods ended September 30, 2025.

Third Quarter Highlights:

- Quarterly royalty production of 225 boe/d (93% oil and NGLs), a decrease of 12% over Q3 2024.
- Quarterly royalty revenue of \$1,497,691, a decrease of 25% over Q3 2024.
- Quarterly adjusted EBITDA⁽¹⁾ of \$1,326,057 (\$0.029 per share), a decrease of 21% over Q3 2024.
- Quarterly funds from operations⁽¹⁾ of \$1,290,361 (\$0.028 per share), a decrease of 13% over Q3 2024.
- Declared three monthly dividends of \$0.0065 per share, resulting in a payout ratio⁽¹⁾ of 69%.
- Achieved an operating netback⁽¹⁾ of \$64.06 per boe and a corporate netback⁽¹⁾ of \$62.33 per boe.
- Ending cash balance of \$4,702,596 (\$0.10 per share), compared to \$3,865,103 (\$0.09 per share) in 2024.

Year-to-date Highlights:

- Royalty production of 231 boe/d (93% oil and NGLs), a decrease of 8% over the same period in 2024.
- Royalty revenue of \$4,700,104, a decrease of 19% over the same period in 2024.
- Adjusted EBITDA⁽¹⁾ of \$4,085,592 (\$0.09 per share), a decrease of 20% over the same period in 2024.
- Funds from operations⁽¹⁾ of \$3,750,730 (\$0.083 per share), a decrease of 16% over the same period in 2024.
- Declared nine monthly dividends of \$0.0065 per share, resulting in a payout ratio⁽¹⁾ of 71%.
- Achieved an operating netback⁽¹⁾ of \$64.79 per boe and a corporate netback⁽¹⁾ of \$59.48 per boe.

President's Message

After record results and strong new drilling on our lands in 2024, weaker oil prices in 2025 has led to reduced activity and lower production and revenue. Despite this, a decrease in expenses and lower taxes has allowed us to maintain a robust cash flow profile, a manageable dividend payout ratio and a top-tier netback. At current oil prices, we anticipate continued reduced drilling activity on our royalty lands besides consistent drilling expected on our Figure Lake Clearwater lands.

Weaker oil prices are providing an opportunity to use our cash balance to acquire royalties and mineral interests at lower valuations. Our new oil sands Crown mineral rights leasing joint-venture has created an added growth path for the business in conjunction with leveraging our industry relationships to identify and evaluate producing royalty and mineral acquisition opportunities. We will continue to deploy capital and manage the business prudently, with an emphasis on driving free cash flow despite market volatility and achieving long-term value creation.

Brad Docherty, President & CEO

Financial and Operational Results

FINANCIAL (\$)	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Royalty revenue	1,497,691	1,987,999	-25 %	4,700,104	5,818,341	-19 %
Adjusted EBITDA ⁽¹⁾	1,326,057	1,670,376	-21 %	4,085,592	5,107,116	-20 %
Per share (basic)	0.029	0.037	-21 %	0.09	0.113	-20 %
Funds from operations ⁽¹⁾	1,290,361	1,477,458	-13 %	3,750,730	4,482,413	-16 %
Per share (basic)	0.028	0.032	-13 %	0.083	0.099	-16 %
Total comprehensive income	456,682	247,925	84 %	1,013,779	993,404	2 %
Per share (basic)	0.01	0.005	100 %	0.022	0.022	-
Per share (diluted)	0.01	0.005	100 %	0.021	0.021	-
Dividends declared	888,863	888,863	-	2,666,589	2,585,076	3 %
Per share (basic)	0.0195	0.0195	-	0.0585	0.057	3 %
Payout ratio ⁽¹⁾ (%)	69 %	60 %	15 %	71 %	58 %	22 %
Cash and cash equivalents	4,702,596	3,865,103	22 %	4,702,596	3,865,103	22 %
Per share (basic)	0.10	0.09	11 %	0.10	0.09	11 %
Average shares outstanding (basic)	45,582,727	45,495,207	-	45,582,727	45,320,871	-
Shares outstanding (end of period)	45,582,727	45,582,727	-	45,582,727	45,582,727	-
OPERATING						
Average daily production (boe/d)	225	257	-12 %	231	250	-8 %
Percentage oil & NGLs	93 %	94 %	-1 %	93 %	95 %	-2 %
Average price realizations (\$/boe)	72.28	83.94	-14 %	74.47	85.00	-12 %
Operating netback ⁽¹⁾ (\$/boe)	64.06	70.65	-9 %	64.79	74.26	-13 %
Corporate netback ⁽¹⁾ (\$/boe)	62.33	62.49	-	59.48	65.18	-9 %

(1) This is a non-GAAP financial measure or non-GAAP ratio. Refer to the disclosure under the heading "Non-GAAP Financial Measures & Ratios" for more information on each non-GAAP financial measure or ratio.

About Source Rock Royalties Ltd.

Source Rock is a pure-play oil and gas royalty company with an existing, oil focused portfolio of royalty interests concentrated in southeast Saskatchewan, central Alberta and west-central Saskatchewan. Source Rock targets a balanced growth and yield business model, using funds from operations to pursue accretive royalty acquisitions and to pay dividends. By leveraging its niche industry relationships, Source Rock identifies and acquires both existing royalty interests and newly created royalties through collaboration with industry partners. Source Rock's strategy is premised on maintaining a low-cost corporate structure and achieving a sustainable and scalable business, measured by growing funds from operations per share and maintaining a strong netback on its royalty production.

Forward-Looking Statements

This news release includes forward-looking statements and forward-looking information within the meaning of Canadian securities laws. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "is expected", "expects", "scheduled", "intends", "contemplates", "anticipates", "believes", "proposes" or variations (including negative and grammatical variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking

statements in this news release include statements regarding Source Rock's dividend strategy and the amount and timing of future dividends (and the sustainability thereof), the potential for future drilling on Source Rock's royalty lands, expectations regarding commodity prices, Source Rock's growth strategy and expectations with respect to future royalty acquisition and partnership opportunities, and the ability to complete such acquisitions and establish such partnerships. Such statements and information are based on the current expectations of Source Rock's management and are based on assumptions and subject to risks and uncertainties. Although Source Rock's management believes that the assumptions underlying these statements and information are reasonable, they may prove to be incorrect. The forward-looking events and circumstances discussed in this news release may not occur by certain dates or at all and could differ materially as a result of known and unknown risk factors and uncertainties affecting Source Rock. Although Source Rock has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. No forward-looking statement or information can be guaranteed. Except as required by applicable securities laws, forward-looking statements and information speak only as of the date on which they are made and Source Rock undertakes no obligation to publicly update or revise any forward-looking statement or information, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures & Ratios

This news release uses the terms "funds from operations" and "Adjusted EBITDA" which are non-GAAP financial measures and the terms "payout ratio", "operating netback" and "corporate netback" which are non-GAAP ratios. These financial measures and ratios do not have a standardized prescribed meaning under GAAP and these measures and ratios may not be comparable with the calculation of similar measures disclosed by other entities.

"Adjusted EBITDA" is used by management to analyze the Corporation's profitability based on the Corporation's principal business activities prior to how these activities are financed, how assets are depreciated, amortized and impaired, and how the results are taxed. Additionally, amounts are removed relating to share-based compensation expense, the sale of assets, fair value adjustments on financial assets and liabilities, other non-cash items and certain non-standard expenses, as the Corporation does not deem these to relate to the performance of its principal business. Adjusted EBITDA is not intended to represent net profit (or loss) as calculated in accordance with IFRS.

The most directly comparable GAAP financial measure to funds from operations is cash flow from operating activities. "Funds from operations" is defined as cash flow from operating activities before the change in non-cash working capital. Source Rock believes the timing of collection, payment or incurrence of these non-cash items involves a high degree of discretion and as such may not be useful for evaluating Source Rock's operating performance. Source Rock considers funds from operations to be a key measure of operating performance as it demonstrates Source Rock's ability to generate funds to fund operations, acquisition opportunities, dividend payments and debt repayments, if applicable. Funds from operations should not be construed as an alternative to income or cash flow from operating activities determined in accordance with GAAP as an indication of Source Rock's performance.

"Corporate netback" is calculated as funds from operations divided by cumulative production volumes for the period. Corporate netback is used by Source Rock to better analyze the financial performance of its royalties against prior periods and to assess the cost efficiency of its overall corporate platform as it relates to production volumes. There is no standardized meaning for "corporate netback" and this metric as used by Source Rock may not be comparable with the calculation of similar metrics disclosed by other entities, and therefore should not be used to make

comparisons.

"Operating netback" represents the cash margin for products sold. Operating netback is calculated as revenue minus cash administrative expenses divided by cumulative production volumes for the period. Operating netback is used by Source Rock to assess the cash generating and operating performance of its royalties against prior periods and to assess the costs efficiency of its operating platform as it relates to production volumes. There is no standardized meaning for "operating netback" and this metric as used by Source Rock may not be comparable with the calculation of similar metrics disclosed by other entities, and therefore should not be used to make comparisons.

"Payout ratio" is calculated as the aggregate of cash dividends declared in a period divided by funds from operations realized in such period. Source Rock considers payout ratio to be a key measure to assess Source Rock's ability to fund operations, acquisition opportunities, dividend payments, cash taxes and debt repayments, if applicable.

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

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CNW 08:00e 01-DEC-25