

**TOPAZ ENERGY CORP.**  
**Bought Deal Treasury Offering of Common Shares**

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**Terms and Conditions**

October 5, 2021

*A preliminary short form prospectus containing important information relating to the securities described in this document has not yet been filed with the securities regulatory authorities in each of the provinces of Canada. A copy of the preliminary short form prospectus is required to be delivered to any investor that received this document and expressed an interest in acquiring the securities.*

*There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued.*

*This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary short form prospectus, final short form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.*

- Issuer:** Topaz Energy Corp. (“**Topaz**” or the “**Corporation**”).
- Prospectus Offering:** 7,700,000 common shares (“**Common Shares**”) of the Corporation to be issued from treasury pursuant to the short form prospectus provisions and requirements under National Instrument 44-101 (the “**Prospectus Offering**”).
- Issue Price:** \$17.10 per Common Share.
- Prospectus Offering Amount:** \$131,670,000.
- Over-Allotment Option:** The Underwriters will have an option to purchase up to an additional 15% of the Common Shares issued under the Prospectus Offering (1,155,000 Common Shares) at the Common Share Issue Price to cover over-allotments and for market stabilization purposes, exercisable in whole or in part at any time until 30 days after the Closing Date.
- Insider Private Placement:** In conjunction with the Prospectus Offering, the Corporation will complete, on a private placement basis, a non-brokered offering of a minimum of 145,000 common shares at a price of \$17.10 per common share to certain shareholders, officers, directors, and employees of the Corporation (the “**Private Placement**”). No commission will be payable by the Corporation to the Underwriters if such subscriptions are closed directly with the Corporation on or before the Closing Date. The Private Placement will close on or before the Closing Date.
- Acquisitions:** The Corporation has entered into a purchase and sale agreement to acquire a newly created gross overriding royalty interest in the Weyburn Oil Unit from Whitecap Resources Inc. for a purchase price of approximately \$188.0 million in cash (the “**Weyburn Acquisition**”). The Weyburn Acquisition is expected to close concurrently with the Prospectus Offering and Private Placement on October 26, 2021.
- Use of Proceeds:** The net proceeds received by Topaz from the Prospectus Offering and the Private Placement will be used to partially fund the purchase price for the Weyburn Acquisition. Should the Weyburn Acquisition not proceed, Topaz intends to use the net proceeds to fund future acquisitions and for general working capital purposes.
- Dividends:** Dividends are payable on a quarterly basis.
- Commencing with its fourth quarter 2021 dividend, Topaz is increasing its quarterly dividend by 14% to \$0.24 per share (\$0.96 per share annually).
- The first dividend which purchasers under the Prospectus Offering and Private Placement will be entitled to receive is expected to be paid on or about December 31, 2021 to shareholders of record on or about December 15, 2021. The payment of dividends is not guaranteed and the amount and timing of any dividends payable will be at the discretion of the board of directors of the Company.

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<b>Issue Type:</b>	<p>Bought treasury offering of Common Shares to be completed by way of short form prospectus, qualifying the Common Shares for distribution in all provinces of Canada.</p> <p>The Common Shares may also be placed privately in the United States with certain qualified institutional buyers pursuant to Rule 144A of the Securities Act of 1933 and with certain accredited institutional investors under Regulation D.</p>
<b>Eligibility for Investment:</b>	<p>The Common Shares will be eligible under the usual Canadian statutes and for Canadian RRSPs, RRIFs, DPSPs, RDSPs, TFSAs and RESPs.</p>
<b>Listing:</b>	<p>Topaz will apply to list the Common Shares on the Toronto Stock Exchange (“<b>TSX</b>”). Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX.</p>
<b>Bookrunners:</b>	<p>Peters &amp; Co. Limited and National Bank Financial Inc. (the “<b>Lead Underwriters</b>”).</p>
<b>Closing Date:</b>	<p>Payment for and delivery of the Common Shares pursuant to the Prospectus Offering is to occur on October 26, 2021, or such date as may be agreed upon by the Corporation and the Lead Underwriters. The Private Placement will close on or before October 26, 2021.</p>