



TOPAZ ANNOUNCES TUCK-IN ACQUISITION OF INFRASTRUCTURE AND ROYALTY ASSETS IN CORE OPERATING AREAS

July 27, 2023

Calgary, Alberta – Topaz Energy Corp. (TSX:TPZ) (“Topaz” or the “Company”) is pleased to announce that it has entered into definitive agreements to acquire a 49.9% working interest in a newly constructed and commissioned sweet natural gas processing facility and associated crude oil battery in the Wembley area (the “Facility Interests”) in addition to gross overriding royalty interests in the Clearwater and Charlie Lake operating areas in Alberta which includes 17,000 gross undeveloped acres (the “Royalty Lands”), for total cash consideration of \$39.5 million (the “Tuck-In Acquisition”).

100% of the Facility Interests are supported by a 15-year fixed take-or-pay contractual commitment during which Topaz is not responsible for operating or maintenance costs. The Tuck-In Acquisition is expected to provide approximately \$6.0 million of annual revenue to Topaz before consideration of royalty revenue growth from further acreage development. The Tuck-In Acquisition will be funded through Topaz’s existing credit facility and is expected to close on July 31, 2023, subject to the satisfaction of customary closing conditions.

Second Quarter 2023 Results

Topaz is scheduled to release its second quarter 2023 financial results on July 31, 2023 which will include updated 2023 guidance estimates. Topaz will host a second quarter conference call on Tuesday, August 1, 2023 starting at 9:00 a.m. MST (11:00 a.m. EST). To participate in the conference call, please dial 1-888-664-6392 (North American toll free) a few minutes prior to the call. Conference ID is 76435486.

Additional information

Additional information about Topaz is available on SEDAR at www.sedar.com under the Company’s profile, and on Topaz’s website, www.topazenergy.ca.

ABOUT THE COMPANY

Topaz is a unique royalty and infrastructure energy company focused on generating free cash flow (FCF)⁽¹⁾ 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, an investment grade senior Canadian E&P company, and leveraging industry relationships to execute complementary acquisitions from other high-quality energy companies, while maintaining its commitment to environmental, social and governance best practices. Topaz focuses on top quartile energy resources and assets best positioned to attract capital in order to generate sustainable long-term growth and profitability.

The Topaz royalty and energy infrastructure revenue streams are generated primarily from assets operated by natural gas producers with some of the lowest greenhouse gas emissions intensity in the Canadian senior upstream sector, including Tourmaline, which has received awards for environmental sustainability and conservation efforts. Certain of these producers have set long-term emissions reduction targets and continue to invest in technology to improve environmental sustainability.

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.

For further information, please visit the Company’s website www.topazenergy.ca. Topaz’s SEDAR filings are available at www.sedar.com.

NOTE REFERENCES

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

FORWARD-LOOKING STATEMENTS

This news release contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") that relate to the Company's current expectations and views of future events. These forward-looking statements relate to future events or the Company's future performance. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "believes", "estimated", "intends", "plans", "forecast", "projection", "strategy", "objective" and "outlook") are not historical facts and may be forward-looking statements and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly relied upon. These statements speak only as of the date of this news release. In particular and without limitation, this news release contains forward-looking statements pertaining to the following: the funding of the Tuck-In Acquisition and the timing for closing of the Tuck-In Acquisition; the timing to release second quarter 2023 results and the inclusion therein of updated 2023 guidance estimates; the annual revenue forecast related to the "Tuck-In Acquisition"; 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 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, 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 and production revenue, and the factors discussed in the Company's recently filed Management's Discussion and Analysis (See "Forward-Looking Statements" therein), 2022 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.sedar.com) or Topaz's website (www.topazenergy.ca).

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.

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 in Topaz's most recently filed Management's Discussion and Analysis.

Non-GAAP Measures and Ratios

The non-GAAP financial measures do not have a standardized meaning prescribed by GAAP. Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Investors are cautioned that the non-GAAP financial 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.

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 Topaz's most recently filed consolidated financial statements. The Company's capital management measures as disclosed in the notes to the Interim Consolidated Financial Statements include adjusted working capital, net debt (cash) and free cash flow (FCF).

Supplementary financial measures

The following terms are financial measures as defined under the Company's Syndicated Credit Facility, presented in the notes to Topaz's most recently filed consolidated financial statements: (i) consolidated senior debt, (ii) total debt, (iii) EBITDA and (iv) capitalization.

For additional information, refer to "Non-GAAP and Other Financial Measures" in Topaz's most recently filed Management's Discussion and Analysis which may be accessed through the SEDAR website (www.sedar.com) or Topaz's website (www.topazenergy.ca).

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 document 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.

GENERAL

See also "Advisories and Forward-Looking Statements" and "Non-GAAP and Other Financial Measures" in the most recently filed Management's Discussion and Analysis.

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