



TOPAZ ANNOUNCES THIRD QUARTER 2024 FINANCIAL RESULTS, RECORD ROYALTY ACREAGE DRILLING ACTIVITY AND CLOSING OF STRATEGIC ROYALTY ACQUISITION

November 4, 2024

Calgary, Alberta – Topaz Energy Corp. (TSX:TPZ) ("Topaz" or the "Company") is pleased to provide third quarter 2024 financial results and provide updated 2024e guidance estimates. Select financial information is outlined below and should be read in conjunction with Topaz's interim condensed consolidated financial statements ("Consolidated Financial Statements") and related management's discussion and analysis ("MD&A") as at and for the three and nine months ended September 30, 2024, which are available on SEDAR+ at www.sedarplus.ca and on Topaz's website at www.topazenergy.ca.

Highlights

- On November 1, 2024, Topaz completed the previously announced acquisition from Tourmaline Oil Corp. ("Tourmaline") of gross overriding royalty interests on approximately 3.0 million gross acres (over 50% undeveloped), across Topaz's NEBC Montney, Alberta Deep Basin and Peace River High core royalty areas for total cash consideration of \$278.2 million before customary closing adjustments (the "Strategic Royalty Acquisition")⁽¹⁵⁾. The Strategic Royalty Acquisition increased Topaz's royalty acreage by 50%, including a 38% increase to Topaz's premium Montney rights acreage, and provides 12% immediate royalty production growth as well as 100% alignment to all of Tourmaline's future identified growth projects⁽¹⁵⁾.
- On October 22, 2024, Topaz completed the previously announced bought-deal equity financing, at \$25.05 per share, whereby Topaz issued 8,050,000 common shares, which includes common shares issued upon the exercise in full of the over-allotment option granted to the underwriters, for gross proceeds of \$201.7 million (the "Equity Financing")⁽¹⁵⁾. Concurrent with the closing of the Equity Financing, certain directors, officers, employees and their associates of the Company, purchased a total of 209,177 common shares, at \$25.05 per share, on a private placement basis. The aggregate gross proceeds of \$206.9 million were used to fund the Strategic Royalty Acquisition⁽¹⁵⁾.
- Topaz's undeveloped lands attracted 17%⁽⁸⁾ of total WCSB development activity during Q3 2024 (Q2 2024 - 15%⁽⁸⁾), driven by a company record 216 gross wells drilled across Topaz's royalty acreage during the quarter. 49% of the Q3 2024 new wells drilled were in Topaz's high growth royalty areas, NEBC Montney and the Clearwater, which together represent 49% of Topaz's royalty production and 26% of Topaz's royalty acreage⁽¹⁶⁾. Since the beginning of 2023, 43% of all new wells drilled across the Clearwater area in Alberta, and 25% of all new wells drilled across the NEBC Montney area, were on Topaz's royalty acreage⁽⁸⁾, where the underlying gross operator production on Topaz's royalty acreage has increased 34% and 6%, respectively⁽⁹⁾.
- Based on planned operator drilling activity, 29 to 31 drilling rigs are expected to be active across Topaz's royalty acreage through the fourth quarter of 2024⁽³⁾. The activity includes dedicated drilling rigs contracted by Topaz's strategic partners in addition to estimated, variable activity attributed to Topaz's other operators. Dedicated, Tourmaline-operated drilling rigs across Topaz's royalty acreage have increased from 13 during Q3 2024 to 16 rigs during Q4 2024, driven by Topaz's acreage expansion following completion of the Strategic Royalty Acquisition⁽¹⁵⁾.
- During the third quarter, Topaz generated cash flow of \$67.0 million (\$0.46 per diluted share⁽²⁾) and FCF⁽¹⁾ of \$64.8 million (\$0.44 per diluted share⁽²⁾), which was allocated to dividends and debt repayment. Topaz paid \$47.8 million in dividends during the third quarter (\$1.32 per share annualized, providing a 5.2% yield⁽¹⁰⁾). During Q3 2024, Topaz reduced net debt⁽¹⁾ by \$17.4 million from June 30, 2024.
- Third quarter total revenue and other income of \$73.6 million (\$0.51 per diluted share⁽²⁾), was generated from Topaz's income streams as follows: 28% (\$20.9 million) from high-margin infrastructure assets; 54% (\$39.5 million) from crude and heavy oil royalty revenue; and 18% (\$13.1 million) from natural gas & natural gas liquids royalty revenue.
- Through 2024e and 2025e, Topaz's dividends and payout ratio remain sustainable down to very low commodity prices (\$0.01 per mcf natural gas and US\$50.00 per bbl crude oil⁽³⁾), attributable to Topaz's financial derivative contracts in place⁽¹²⁾, and the high-margin, contracted revenue generated from Topaz's infrastructure portfolio.

Third Quarter 2024 Update

Financial Overview

- Topaz generated \$73.6 million total revenue and other income, 72% of which from royalty assets that generated a 99% operating margin⁽¹⁾ and 28% from infrastructure assets that generated an 89% operating margin⁽¹⁾.
- During the third quarter, Topaz paid \$47.8 million in dividends (71% payout ratio⁽¹⁾), and generated \$17.0 million of Excess FCF⁽¹⁾. YTD 2024, Topaz paid \$140.6 million in dividends (68% payout ratio⁽¹⁾), and generated \$60.0 million of Excess FCF⁽¹⁾.
- Topaz exited Q3 2024 with \$381.1 million of net debt⁽¹⁾. Subsequent to Q3 2024, Topaz utilized its existing credit facilities to partially fund the Strategic Royalty Acquisition. As at November 4, 2024, Topaz has \$0.5 billion of available credit capacity⁽⁶⁾.

Royalty Activity

- Topaz generated Q3 2024 and YTD 2024 average royalty production of 18,712 boe/d⁽⁴⁾ (32% oil and liquids), and 18,874 boe/d⁽⁴⁾ (32% oil and liquids), respectively, which includes 9% and 11% growth in crude and heavy oil royalty production relative to Q3 2023 and YTD 2023, respectively.
- During the third quarter, operators spud 216 gross wells (7.9 net)⁽⁷⁾ and reactivated 1 gross well across Topaz's royalty acreage, compared to 94 gross wells spud (3.8 net)⁽⁷⁾ and 7 gross wells reactivated during the prior quarter.
- Topaz estimates that operators invested \$0.7 billion to \$0.8 billion of development capital across the Company's royalty acreage in Q3 2024⁽³⁾ (\$1.6 billion to \$1.8 billion YTD 2024)⁽³⁾. Third quarter drilling activity (216 gross wells spud⁽⁷⁾) was diversified across Topaz's portfolio as follows: 59 Clearwater, 46 NEBC Montney, 39 Deep Basin, 31 Peace River, 26 Central Alberta and 15 SE Saskatchewan.
- At the end of the third quarter, 129 (60%) of the 216 gross wells drilled during Q3 2024 were not yet brought on production which includes 76 (89%) of the 85 natural gas focused gross wells drilled and not yet brought on production. The wells are expected to be brought on production during Q4 2024 and into 2025 alongside anticipated egress improvements with the planned commissioning of LNG Canada (Phase I) during 2025, growth in the North American LNG market and acceleration of natural gas-powered electrical generation requirements⁽³⁾.

Infrastructure Activity

- Topaz generated \$20.9 million in processing revenue and other income which was 15% higher than both the prior quarter and the prior year, attributed to the Alberta Montney infrastructure acquisition completed during Q2 2024. During Q3 2024, Topaz incurred \$2.2 million in operating expenses, generating an 89% operating margin⁽¹⁾. The infrastructure assets generated 100% utilization and Topaz incurred \$1.5 million in maintenance-related capital expenditures (before capitalized G&A) during Q3 2024.
- The previously announced Clearwater Natural Gas Gathering Infrastructure project is nearly complete and is anticipated to be on-stream by the end of December 2024, upon which Topaz will fund the \$26.0 million estimated construction costs⁽³⁾⁽¹⁴⁾. Topaz expects to generate \$4.3 million⁽³⁾⁽¹⁴⁾ of annual processing revenue beginning January 1, 2025. The Clearwater Natural Gas Gathering Infrastructure is designed to conserve natural gas across Topaz's existing West Marten Hills royalty acreage and is also expected to increase Topaz's existing royalty production revenue up to \$0.5 million in 2025⁽³⁾⁽¹⁴⁾.

Dividend

- Topaz's Board approved the Company's quarterly dividend and declared the fourth quarter 2024 dividend at \$0.33 per share which is expected to be paid on December 31, 2024, to shareholders of record on December 13, 2024. The quarterly cash dividend is designated as an "eligible dividend" for Canadian income tax purposes.
- Topaz's 2024 and 2025 estimated dividends are sustainable down to very low commodity prices (\$0.01 per mcf natural gas and US\$50.00 per bbl crude oil) due to the Company's high-margin, stable infrastructure income and hedging strategy⁽³⁾⁽¹¹⁾. For Q4 2024, 15,000 GJ/d of natural gas is hedged at a weighted average fixed price of C\$3.17 per mcf and for 2025, 22,500 GJ/d is hedged at a weighted average fixed price of C\$3.32 per mcf⁽¹²⁾. For Q4 2024 through to Q4 2025, over 1,500 bbl/d of crude oil is hedged at a weighted average floor price of C\$95.68 per bbl using collar structures to maintain upside price participation⁽¹²⁾.

Guidance Outlook

2024e Guidance Estimates Updated

- Topaz has updated the Company's previously announced 2024e guidance estimates, which includes average annual royalty production ranging between 19,100 and 20,000 boe/d⁽³⁾⁽⁴⁾ and processing revenue and other income between \$75.5 and \$78.0 million⁽³⁾. Topaz's royalty production guidance anticipates operator-funded capital development between \$2.2 billion and \$2.8 billion⁽³⁾, and also allows for deferral of certain natural gas completion or tie-in activities in response to natural gas supply and demand dynamics. Based on current commodity pricing⁽⁵⁾, Topaz expects to exit 2024e with net debt⁽¹⁾ between \$460.0 and \$470.0 million, which includes \$79.2 million to fund the Strategic Royalty Acquisition⁽¹⁵⁾ and \$26.0 million to fund the Clearwater Natural Gas Gathering Infrastructure⁽¹⁴⁾.

2024e Guidance Estimates ⁽³⁾⁽⁵⁾⁽¹³⁾	
\$mm except boe/d	
Annual average royalty production (boe/d) ⁽⁴⁾	19,100 – 20,000
Royalty production natural gas weighting (%) ⁽⁴⁾	~69%
Infrastructure processing revenue and other income	\$75.5 - \$78.0mm
Capital expenditures (excluding acquisitions)	\$4.0 – \$5.0mm
2024e dividend (\$1.30 per share) ^(13ix)	~\$191.1mm
Dividend payout ratio ⁽¹⁾	~69%
Year end net debt ⁽¹⁾	\$460.0 – \$470.0mm
Year end net debt to EBITDA ⁽¹⁾	~1.5x

Dividend Sustainability and Capital Allocation

- Topaz's 2024e dividend payout ratio⁽¹⁾ of 69%⁽³⁾⁽¹³⁾ remains at the lower end of the Company's targeted long-term payout of 60-90% to maintain financial flexibility for acquisition growth opportunities. Topaz's strategy is to continue to provide further dividend increases alongside sustainable organic and acquisition growth.
- Topaz's year-end 2024e net debt to EBITDA⁽¹⁾ is estimated at 1.5 times⁽³⁾⁽⁵⁾ before consideration of incremental acquisition activity. The Company has a \$700.0 million covenant-based unsecured credit facility, expandable to \$1.0 billion⁽⁶⁾, which provides financial flexibility and growth optionality.

Additional information

Additional information about Topaz, including the Consolidated Financial Statements and MD&A as at and for the three and nine months ended September 30, 2024 are available on SEDAR+ at www.sedarplus.ca under the Company's profile, and on Topaz's website at www.topazenergy.ca.

Q3 2024 CONFERENCE CALL

Topaz will host a conference call tomorrow, Tuesday, November 5, 2024 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://empportal.ink/3XUqlDX> to receive an instant automated call back. Alternatively, participants can join by calling a live operator at 416-764-8659 or 1-888-664-6392 (North American toll free). The conference call ID is 08125.

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.

For further information, please visit the Company's website at www.topazenergy.ca. Topaz's SEDAR+ filings are available at www.sedarplus.ca.

Selected Financial Information

For the periods ended (\$000s) except per share	YTD 2024	YTD 2023	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Royalty production revenue	173,192	186,220	52,692	60,162	60,338	64,268	67,629
Processing revenue	47,539	41,349	18,279	14,754	14,506	14,854	14,381
Other income ⁽⁴⁾	9,488	11,068	2,626	3,490	3,372	3,656	3,762
Total	230,219	238,637	73,597	78,406	78,216	82,778	85,772
Cash expenses:							
Operating	(5,749)	(5,917)	(2,209)	(1,623)	(1,917)	(979)	(955)
Marketing	(1,004)	(1,084)	(279)	(333)	(392)	(384)	(400)
General and administrative	(5,326)	(4,882)	(1,730)	(1,626)	(1,970)	(2,028)	(1,490)
Realized gain (loss) on financial instruments	7,852	8,980	4,716	2,276	860	281	(761)
Interest expense	(20,526)	(21,820)	(7,123)	(6,544)	(6,859)	(7,279)	(7,495)
Cash flow	205,466	213,914	66,972	70,556	67,938	72,389	74,671
Per basic share ⁽¹⁾⁽²⁾	\$1.42	\$1.48	\$0.46	\$0.49	\$0.47	\$0.50	\$0.52
Per diluted share ⁽¹⁾⁽²⁾	\$1.41	\$1.48	\$0.46	\$0.49	\$0.47	\$0.50	\$0.52
Cash from operating activities	211,341	224,153	71,253	68,805	71,283	76,423	65,190
Per basic share ⁽¹⁾⁽²⁾	\$1.46	\$1.55	\$0.49	\$0.47	\$0.49	\$0.53	\$0.45
Per diluted share ⁽¹⁾⁽²⁾	\$1.45	\$1.55	\$0.49	\$0.47	\$0.49	\$0.53	\$0.45
Net income	41,960	28,009	18,040	17,724	6,196	19,635	10,750
Per basic share ⁽²⁾	\$0.29	\$0.19	\$0.12	\$0.12	\$0.04	\$0.14	\$0.07
Per diluted share ⁽²⁾	\$0.29	\$0.19	\$0.12	\$0.12	\$0.04	\$0.13	\$0.07
EBITDA ⁽⁷⁾	225,523	235,259	73,984	76,885	74,654	79,552	81,996
Per basic share ⁽¹⁾⁽²⁾	\$1.56	\$1.63	\$0.51	\$0.53	\$0.52	\$0.55	\$0.57
Per diluted share ⁽¹⁾⁽²⁾	\$1.55	\$1.62	\$0.51	\$0.53	\$0.51	\$0.55	\$0.57
FCF ⁽¹⁾	200,554	210,059	64,789	69,499	66,266	71,676	72,390
Per basic share ⁽¹⁾⁽²⁾	\$1.38	\$1.45	\$0.45	\$0.48	\$0.46	\$0.50	\$0.50
Per diluted share ⁽¹⁾⁽²⁾	\$1.38	\$1.45	\$0.44	\$0.48	\$0.46	\$0.49	\$0.50
FCF Margin ⁽¹⁾	87%	88%	88%	89%	85%	87%	84%
Dividends paid	140,550	131,469	47,827	46,362	46,361	44,847	44,805
Per share ⁽¹⁾⁽⁶⁾	\$0.97	\$0.91	\$0.33	\$0.32	\$0.32	\$0.31	\$0.31
Payout ratio ⁽¹⁾	68%	61%	71%	66%	68%	62%	60%
Excess FCF ⁽¹⁾	60,004	78,590	16,962	23,137	19,905	26,829	27,585
Capital expenditures	4,912	3,855	2,183	1,057	1,672	713	2,281
Work in progress capital costs	21,295	—	5,585	4,035	11,675	3,581	—
Acquisitions, excl. decommissioning obligations ⁽¹⁾	99,189	39,988	—	99,189	—	6,404	39,505
Weighted average shares — basic ⁽³⁾	144,875	144,437	144,909	144,878	144,839	144,657	144,535
Weighted average shares — diluted ⁽³⁾	145,462	144,950	145,622	145,491	145,337	145,536	145,114
Average Royalty Production⁽⁵⁾							
Natural gas (mcf/d)	77,386	78,570	76,366	75,341	80,461	81,163	77,291
Light and medium crude oil (bbl/d)	1,829	1,706	1,834	1,925	1,727	1,790	1,674
Heavy crude oil (bbl/d)	3,021	2,648	3,093	3,093	2,877	3,016	2,861
Natural gas liquids (bbl/d)	1,125	1,168	1,057	1,141	1,176	1,221	1,140
Total (boe/d)	18,874	18,617	18,712	18,717	19,192	19,555	18,556
Total royalty production (% total liquids)	32%	30%	32%	33%	30%	31%	31%
Natural gas liquids (% condensate)	72%	71%	75%	71%	68%	70%	75%
Realized Commodity Prices⁽⁶⁾							
Natural gas (\$/mcf)	\$1.43	\$2.72	\$0.63	\$1.09	\$2.51	\$2.28	\$2.53
Light and medium crude oil (\$/bbl)	\$93.14	\$93.86	\$94.14	\$101.24	\$83.06	\$96.51	\$103.58
Heavy crude oil (\$/bbl)	\$82.61	\$75.71	\$83.17	\$89.03	\$75.10	\$75.12	\$89.78
Natural gas liquids (\$/bbl)	\$90.52	\$92.38	\$89.73	\$95.28	\$86.63	\$93.46	\$95.95
Total (\$/boe)	\$33.49	\$36.64	\$30.61	\$35.32	\$34.55	\$35.72	\$39.61
Benchmark Pricing							
Natural Gas							
AECO 5A (CAD\$/mcf)	\$1.45	\$2.76	\$0.69	\$1.18	\$2.52	\$2.30	\$2.60
AECO 7A (CAD\$/mcf)	\$1.43	\$3.00	\$0.81	\$1.44	\$2.05	\$2.66	\$2.30
Westcoast station 2 (CAD\$/mcf)	\$1.28	\$2.32	\$0.50	\$0.77	\$2.62	\$2.05	\$2.19
Crude Oil, Heavy Oil and Natural Gas Liquids							
NYMEX WTI (USD\$/bbl)	\$77.54	\$77.39	\$75.16	\$80.55	\$76.97	\$78.32	\$82.18
Edmonton Par (CAD\$/bbl)	\$98.68	\$101.12	\$98.13	\$105.53	\$92.49	\$99.97	\$108.16
WCS differential (USD\$/bbl)	\$15.45	\$17.81	\$13.49	\$13.54	\$19.33	\$21.97	\$12.91
Edmonton Condensate (CAD\$/bbl)	\$93.41	\$101.48	\$93.95	\$101.27	\$85.11	\$102.05	\$103.51
CAD\$/USD\$	\$0.7352	\$0.7434	\$0.7333	\$0.7308	\$0.7414	\$0.7344	\$0.7459
Selected statement of financial position results			At Sept.	At Jun.	At Mar	At Dec.	At Sept.
(\$000s) except share amounts			30, 2024	30, 2024	31, 2024	31, 2023	30, 2023
Total assets			1,623,841	1,660,645	1,600,415	1,647,147	1,691,150
Working capital			27,520	29,309	31,594	53,295	47,129
Adjusted working capital ⁽¹⁾			38,434	43,794	44,786	48,900	48,475
Net debt (cash) ⁽¹⁾			381,084	398,461	322,273	342,738	363,206
Common shares outstanding ⁽³⁾			144,928	144,878	144,878	144,741	144,636

(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): Q3 2024: \$0.1; Q2 2024: \$0.2; Q1 2024: \$0.1, Q4 2023: \$0.1; Q3 2023: \$0.2; YTD 2024: \$0.5; and YTD 2023: \$0.5.

(5) Refer to "Supplemental Information Regarding Product Types."

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

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

NOTE REFERENCES

This news release refers to financial reporting periods in abbreviated form as follows: "Q1 2024" refers to the three months ended March 31, 2024; "Q2 2024" refers to the three months ended June 30, 2024; "Q3 2024" and "Q3 2023" refer to the three months ended September 30, 2024 and 2023, respectively; "YTD 2024" and "YTD 2023" refer to the nine months ended September 30, 2024 and 2023, respectively; and "Q4 2024" refers to the three months ended December 31, 2024. In addition, "2024e" refers to estimated amounts or results for the year ending December 31, 2024.

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. Estimated based on a recent commodity price forecast for 2024: C\$1.54 per mcf natural gas (AECO); US\$75.90 per bbl crude oil (NYMEX WTI).
6. Topaz's \$700.0 million credit facility includes a \$300.0 million accordion feature (for a total \$1.0 billion facility) that may be advanced by Topaz but remains subject to agent consent. As at November 4, 2024 Topaz had \$480.0 million net borrowings against the credit facility, providing approximately \$520.0 million available, subject to agent consent.
7. May include non-producing injection wells.
8. Q3 2024: 216 gross wells spud across Topaz royalty acreage represents 17% of the 1,261 total wells rig released across the WCSB (excluding oil sands/in situ). Q2 2024: 94 gross wells spud across Topaz royalty acreage represents 15% of the 636 total wells rig released across the WCSB (excluding oil sands/in situ). For Q1 2023 to Q3 2024: Clearwater 357 gross wells (43%) of 822 total Clearwater gross wells; and NEBC 256 gross wells (25%) of 1,012 total NEBC gross wells. (Source: Rig Locator, geoSCOUT and Peters & Co. Limited).
9. Calculated as the percentage change in average monthly gross operator production underlying Topaz's royalty interests in the Clearwater (34%) and NEBC Montney (6%), respectively, during January 2023 relative to September 2024, factoring in the royalty rate change from 4% to 3% on certain NEBC Montney natural gas royalty interests which was effective January 1, 2024.
10. Topaz's Q3 2024 dividend paid of \$0.33 per share represents \$1.32 per share on an annualized basis. The average third quarter dividend yield of 5.2% was calculated based on Topaz's average share price on the TSX during the third quarter of 2024 of \$25.33 per share and Topaz's annualized dividend of \$1.32 per share.
11. Topaz's dividends remain subject to board of director approval.
12. Refer to Topaz's most recently filed MD&A for a complete listing of financial derivative contracts in place for the subsequent year. Coverage estimates are calculated based on the midpoint of Topaz's 2024e royalty production guidance.
13. Management's assumptions underlying the Company's 2024e guidance estimates include:
 - i. Being subject to any significant, potential changes to the Company's key operators' 2024 capital budgets and/or operational, weather, wildfire or drought-related issues that may impact 2024 estimated production;
 - ii. A royalty rate change from 4% to 3% on natural gas, effective January 1, 2024, was incorporated into the underwritten valuation of a natural gas royalty acquisition completed during 2021. This change reflects the final contractually scheduled rate change in Topaz's royalty portfolio;
 - iii. Topaz's internal estimates regarding development pace and production performance including estimates of operators' 2024 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 2024 capital budgets and/or operational, weather, wildfire or drought-related issues that may impact 2024 production;
 - iv. 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;
 - v. The Clearwater Natural Gas Gathering Infrastructure acquisition is expected to be completed during Q4 2024 and the final construction costs, estimated at \$26.0 million are expected to be paid on or about December 31, 2024, with annualized fixed processing fees to be paid to Topaz beginning January 1, 2025;
 - vi. The Strategic Royalty Acquisition closed on November 4, 2024;
 - vii. No incremental acquisition activity;
 - viii. Estimated 2024e expenses and expenditures of \$7.0-\$8.0mm of cash G&A; \$8.0-\$9.0mm 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 rate of approximately 8%;
 - ix. 2024 estimated total dividends of \$191.1 million based on 144.88 million shares outstanding at Q1 & Q2 2024, 144.9 million shares outstanding at Q3 2024 and 153.2 million shares outstanding at November 4, 2024 (\$0.32 per share paid during Q1 2024 and Q2 2024 and \$0.33 per share paid during Q3 2024 and Q4 2024);
 - x. Topaz's outstanding financial derivative contracts included in the MD&A; and YTD 2024 actual financial results.
14. For accounting purposes, and as owner of the Clearwater Natural Gas Gathering Infrastructure, Topaz records the construction costs as they are incurred by the operator, however all funding is contractually deferred until final commissioning of the pipeline, which is targeted for Q4 2024. Topaz has recorded the amount incurred to date as a deferred payable on its balance sheet. The Clearwater Natural Gas Gathering Infrastructure is expected to cost up to \$26.0 million, with the infrastructure processing revenue to Topaz to be adjusted according to final construction costs, and payable beginning January 1, 2025. Refer to Topaz's October 30, 2023 news release.
15. Refer to Topaz's October 1, 2024 and October 22, 2024 news releases, and Topaz's October 16, 2024 Final Short Form Prospectus, all of which are available on SEDAR+ (www.sedarplus.ca). Total net proceeds of \$198.3 million from the Equity Financing and concurrent private placement (after fees and expenses) were used to fund the Strategic Royalty Acquisition.
16. NEBC Montney and Clearwater together represent 26% of Topaz's total gross royalty acreage as at November 4, 2024 and 49% of Topaz's estimated YTD 2024 royalty production, pro forma the Strategic Royalty Acquisition. Production by respective area is based on Topaz's actual average YTD 2024 royalty production by area, plus the estimated royalty production as described in Topaz's October 1, 2024 news release attributed to the NEBC Montney assets within the Strategic Royalty Acquisition.

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: Topaz's future growth outlook, guidance and strategic plans; estimated annual average royalty production for 2024; estimated processing revenue and other income for 2024; anticipated 2024e net debt levels and 2024e net debt to EBITDA 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 acquisition growth opportunities; the anticipated capital expenditure 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 costs and completion timing with respect to the Clearwater Natural Gas Gathering System; the forecasts described under the headings "Guidance Outlook - 2024e Guidance Estimates Updated" and "Dividend Sustainability and Capital Allocation" 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, 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, changes in laws and regulations, including environmental, regulatory and taxation laws, including uncertainty with respect to the interpretation of omnibus Bill C-59 and the related amendments to the Competition Act (Canada), and the interpretation of such changes to Topaz's business and the factors discussed in the Company's recently filed Management's Discussion and Analysis (See "Forward-Looking Statements" therein), 2023 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, 2024 and range of year-end exit net debt and net debt to EBITDA for 2024, which are based on, among other things, the various assumptions as to production levels and capital expenditures and other assumptions disclosed in this news release including under the heading "Guidance Outlook" and "Note References" above and are based on the following key assumptions: Topaz's estimated capital expenditures (excluding acquisitions) of \$4 to \$5 million in 2024; the working interest owners' anticipated 2024 capital plans attributable to Topaz's undeveloped royalty lands; estimated average annual royalty production range of 19,100 to 20,000 boe/d in 2024; 2024 average infrastructure ownership capacity utilization of 95%; estimated timing of completion and commissioning of the Clearwater Natural Gas Gathering System on or before December 31, 2024; December 31, 2024 exit net debt range between \$460 and \$470 million, 2024 average commodity prices of: \$1.54/mcf (AECO 5A), US\$75.90/bbl (NYMEX WTI), US\$14.99/bbl (WCS oil differential), US\$5.05/bbl (MSW oil differential) and US\$/CAD\$ foreign exchange 0.73.

To the extent such estimates constitute financial outlooks, they were approved by management and the board of directors of Topaz on November 4, 2024 and 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, 2024 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 "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 Consolidated Financial Statements as at and for the three and nine months ended September 30, 2024 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 "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 Consolidated Financial Statements as at and for the three and nine months ended September 30, 2024: (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 interim 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		Nine months ended	
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
Cash from operating activities	71,253	65,190	211,341	224,153
Exclude net change in non-cash working capital	4,281	(9,481)	5,875	10,239
Cash flow	66,972	74,671	205,466	213,914
Less: Capital expenditures	2,183	2,281	4,912	3,855
FCF	64,789	72,390	200,554	210,059
Less: dividends paid	47,827	44,805	140,550	131,469
Excess FCF	16,962	27,585	60,004	78,590
Cash flow per basic share⁽¹⁾	\$0.46	\$0.52	\$1.42	\$1.48
Cash flow per diluted share⁽¹⁾	\$0.46	\$0.52	\$1.41	\$1.48
FCF per basic share⁽¹⁾	\$0.45	\$0.50	\$1.38	\$1.45
FCF per diluted share⁽¹⁾	\$0.44	\$0.50	\$1.38	\$1.45
FCF	64,789	72,390	200,554	210,059
Total Revenue and other income	73,597	85,772	230,219	238,637
FCF Margin	88%	84%	87%	88%

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

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		Nine months ended	
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
Processing revenue	18,279	14,381	47,539	41,349
Other income	2,626	3,762	9,488	11,068
Total	20,905	18,143	57,027	52,417
Operating Expenses	2,209	955	5,749	5,917
Operating Margin	18,696	17,188	51,278	46,500
Operating Margin %	89%	95%	90%	89%

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	As at
	Sept. 30, 2024	Dec. 31, 2023
Working capital	27,520	53,295
Exclude fair value of financial instruments	13,787	7,976
Exclude work in progress capital costs	(24,701)	(3,581)
Adjusted working capital	38,434	48,900
Less: bank debt	419,518	391,638
Net Debt	381,084	342,738

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 consolidated 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 consolidated statements of net income and comprehensive income), to EBITDA, is set forth below:

(\$000s)	Three months ended		Nine months ended	
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
Net income	18,040	10,750	41,960	28,009
Unrealized (gain) loss on financial instruments	(9,788)	2,891	(4,889)	7,241
Share-based compensation	1,143	328	2,364	786
Finance expense	7,263	7,709	20,995	22,452
Depletion and depreciation	49,678	56,625	148,070	166,459
Deferred income tax expense	7,759	3,863	17,492	10,787
Less: interest income	(111)	(170)	(469)	(475)
EBITDA	73,984	81,996	225,523	235,259
EBITDA per basic share (\$/share)⁽¹⁾	\$0.51	\$0.57	\$1.56	\$1.63
EBITDA per diluted share (\$/share)⁽¹⁾	\$0.51	\$0.57	\$1.55	\$1.62

⁽¹⁾ 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		Nine months ended	
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
Cash flow (\$000s)	66,972	74,671	205,466	213,914
Dividends (\$000s)	47,827	44,805	140,550	131,469
Payout Ratio (%)	71%	60%	68%	61%

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:

(\$000s)	Three months ended		Nine months ended	
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
Acquisitions (consolidated statements of cash flows)	—	39,505	99,189	39,988
Non-Cash acquisitions	—	—	—	—
Acquisitions (excluding non-cash decommissioning obligations)	—	39,505	99,189	39,988

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	Sept. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sept. 30, 2023
Average daily production					
Light and Medium crude oil (bbl/d)	1,834	1,925	1,727	1,790	1,674
Heavy crude oil (bbl/d)	3,093	3,093	2,877	3,016	2,861
Conventional Natural Gas (mcf/d)	41,687	40,202	44,265	42,464	40,429
Shale Gas (mcf/d)	34,679	35,139	36,196	38,699	36,862
Natural Gas Liquids (bbl/d)	1,057	1,141	1,176	1,221	1,140
Total (boe/d)	18,712	18,717	19,192	19,555	18,556

For the nine months ended	Sept. 30, 2024	Sept. 30, 2023
Average daily production		
Light and Medium crude oil (bbl/d)	1,829	1,706
Heavy crude oil (bbl/d)	3,021	2,648
Conventional Natural Gas (mcf/d)	42,050	41,906
Shale Gas (mcf/d)	35,336	36,664
Natural Gas Liquids (bbl/d)	1,125	1,168
Total (boe/d)	18,874	18,617

For the year ended	2024 (Estimate) ⁽¹⁾⁽²⁾	2023 (Actual)	2022 (Actual)
Average daily production			
Light and Medium crude oil (bbl/d)	1,688	1,727	1,519
Heavy crude oil (bbl/d)	3,030	2,740	1,549
Conventional Natural Gas (mcf/d)	43,293	42,043	41,016
Shale Gas (mcf/d)	38,093	37,177	35,302
Natural Gas Liquids (bbl/d)	1,268	1,181	1,125
Total (boe/d)	19,550	18,853	16,914

⁽¹⁾ Represents the midpoint of the estimated range of 2024 average annual royalty production.

⁽²⁾ Topaz's estimated royalty production is based on the estimated commodity mix; drilling location and corresponding royalty rate; and capital development activity on Topaz's royalty acreage by the working interest owners, all of which are outside of Topaz's control.

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