TOPAZ ENERGY CORP.
2025 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months and years ended December 31, 2025 and 2024

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of Topaz Energy Corp. ("Topaz" or the "Company") for the three months and years ended December 31, 2025 and 2024, should be read in conjunction with the audited consolidated financial statements as at December 31, 2025, and for the years ended December 31, 2025 and 2024, together with the accompanying notes ("Financial Statements"). This MD&A is dated February 24, 2026.

The Financial Statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). During the fourth quarter, the Company voluntarily changed its accounting policy with respect to the assets subject to depletion for royalty assets, and as a result certain comparative information including depletion, deferred tax expense, net income and comprehensive income, and deficit have been adjusted in this MD&A. There have been no changes to any of the Company's cash flow metrics as a result of the change in policy. Refer to the "Accounting Policies" section of this MD&A and note 3 of the Financial Statements for a summary of the amendments.

Certain financial terms and measures contained in this MD&A 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 MD&A 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 the *"Non-GAAP and Other Financial Measures"* section of this MD&A.

The non-GAAP financial measures used herein 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 or other financial information determined in accordance with GAAP, as an indication of the Company's performance.

The following volumetric measures may be abbreviated throughout this MD&A: barrel ("bbl") per day ("bbl/d"); barrel of oil equivalent ("boe") per day ("boe/d"); thousand cubic feet ("mcf") per day ("mcf/d"); and million cubic feet ("mmcf") per day ("mmcf/d"). Barrel of oil equivalent is an industry measurement to summarize the amount of energy equivalent found in a barrel of crude oil. Further information including energy conversions, forward-looking statements and certain other abbreviations, can be found in the *"Advisories and Forward-Looking Statements"* section of this MD&A.

The Common Shares of the Company trade on the Toronto Stock Exchange under the symbol "TPZ".

Highlights

Highlights of Topaz's financial results for the three months and year ended December 31, 2025, as compared to the three months and year ended December 31, 2024 ("Q4 2025", "2025", "Q4 2024" and "2024", respectively) are presented below:

Royalty activity update

- Topaz's Q4 2025 average royalty production[(3)] of 23,399 boe/d increased 15% relative to 20,279 boe/d during Q4 2024. 2025 average royalty production[(3)] of 22,417 boe/d increased 17% relative to 19,227 boe/d during 2024.

- Q4 2025 royalty production revenue of $62.5 million increased 4% relative to Q4 2024 ($60.2 million), attributed to 15% higher royalty production, offset by lower oil and liquids commodity pricing. 2025 royalty production revenue of $241.8 million increased 4% compared to $233.4 million generated during 2024, driven by the 17% higher royalty production.

- During Q4 2025, 190 gross wells[(4)] were spud on Topaz's royalty acreage, 96 of which were brought on production during the quarter (Q4 2024 – 175 and 69 gross wells, respectively). Including wells drilled during prior periods, 248 gross wells[(2)] were brought on production during Q4 2025 (Q4 2024 – 231 gross wells[(2)]).

- During 2025, 694 gross wells[(4)] were spud on Topaz's royalty acreage, 570 of which were brought on production during the period (2024 – 630 and 470 gross wells, respectively). Including wells drilled during prior periods, 791 gross wells[(2)] were brought on production during 2025, 22% higher than the 646 gross wells[(2)] brought on production during 2024.

Infrastructure activity update

- During Q4 2025, Topaz generated $21.9 million of processing revenue attributed to the Company's infrastructure ownership interests, 16% higher than Q4 2024 ($18.8 million). During the respective periods, average daily utilization of Topaz's natural gas processing capacity was 99% and 100% (79% and 81%, respectively, of which was contracted under fixed take-or-pay).

- During 2025, Topaz generated $82.9 million of processing revenue, 25% higher than 2024 ($66.4 million). During 2025 and 2024, average daily utilization of Topaz's natural gas processing capacity was 98% and 100%, respectively (80% and 82%, respectively, of which was contracted under fixed take-or-pay).

- Topaz generated $2.3 million and $11.8 million of other income during Q4 2025 and 2025, respectively, which is attributable to its contracted interest in third-party infrastructure income (Q4 2024 and 2024 - $3.1 million and $12.6 million, respectively).

Financial performance

- During Q4 2025, Topaz generated cash flow and FCF[(1)] of $80.6 million and $79.7 million, respectively, 9% and 12% higher than Q4 2024 ($73.9 million and $71.4 million, respectively). Topaz generated a 92% FCF margin[(1)] during Q4 2025 compared to 87% during Q4 2024.

- Topaz generated cash flow and FCF[(1)] of $312.8 million and $307.5 million during 2025, respectively, 12% and 13% higher than 2024, respectively ($279.3 million and $272.0 million, respectively). Topaz generated a 91% FCF margin[(1)] of during 2025, compared to 87% during 2024.

Dividend

- During Q4 2025 and 2025, Topaz paid dividends of $52.4 million ($0.34 per common share) and $207.7 million ($1.35 per common share), respectively, representing a payout ratio[(1)] of 65% and 66%, respectively, compared to $50.6 million ($0.33 per share) and $191.2 million ($1.30 per common share), during Q4 2024 and 2024, representing a payout ratio[(1)] of 69% and 68%, respectively.

Acquisitions

- During 2025, Topaz completed $125.4 million of acquisitions, excluding decommissioning obligation[(1)], including:

    - On January 31, 2025, the Company acquired a gross overriding royalty interest across approximately 0.1 million gross acres (over 60% undeveloped) in the Alberta Montney, for total cash consideration of $17.0 million before customary closing adjustments.

    - On May 30, 2025, the Company acquired a 35% working interest in an Alberta Montney natural gas processing facility, along with a 15 year fixed take-or-pay commitment, for cash consideration of $26.0 million and the assumption of a decommissioning obligation of $0.3 million, before customary closing adjustments.

    - On September 30, 2025, the Company acquired a gross overriding royalty interest on approximately 0.1 million gross acres (over 65% undeveloped), in the NEBC Montney core royalty area for total cash consideration of $71.7 million, before customary closing adjustments.

    - On December 22, 2025, the Company completed an acquisition of gross overriding and fee mineral title royalty interests for cash consideration of $7.8 million before customary closing adjustments.

    - During 2025, the Company paid $3.5 million in respect of minor royalty and infrastructure acquisition costs.

Capital resources

- As at December 31, 2025, 154.0 million common shares were outstanding. As at February 24, 2026, Topaz had 154.5 million common shares outstanding, of which Tourmaline owned 15.3%.

- Topaz ended Q4 2025 with net debt[(1)] of $517.5 million, which increased from $492.0 million at December 31, 2024, attributed to acquisitions completed that were in part funded by $99.8 million of Excess FCF[(1)] generated during 2025.

(1) Refer to "*Non-GAAP and Other Financial Measures*".
(2) Includes wells drilled during the current and previous periods on Topaz royalty acreage.
(3) Refer to "*Supplemental Information Regarding Product Types*".
(4) May include non-producing injection wells.

Selected Financial Information

For the periods ended ($000s) except per share	2025	2024	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
Royalty production revenue	241,810	233,426	62,468	52,291	58,368	68,683	60,234
Processing revenue	82,907	66,377	21,930	21,221	20,167	19,589	18,838
Other income[4]	11,787	12,595	2,320	2,931	2,653	3,883	3,107
Total	**336,504**	**312,398**	**86,718**	**76,443**	**81,188**	**92,155**	**82,179**
Cash expenses:							
Operating	(6,530)	(7,349)	(1,027)	(1,545)	(2,199)	(1,759)	(1,600)
Marketing	(1,537)	(1,360)	(415)	(307)	(370)	(445)	(356)
General and administrative	(9,274)	(8,220)	(3,338)	(1,864)	(1,893)	(2,179)	(2,894)
Realized gain on financial instruments	19,826	11,316	5,102	8,737	5,166	821	3,464
Interest expense	(26,227)	(27,466)	(6,486)	(6,620)	(6,267)	(6,854)	(6,940)
Cash flow	**312,762**	**279,319**	**80,554**	**74,844**	**75,625**	**81,739**	**73,853**
Per basic share[1][2]	$2.03	$1.91	$0.52	$0.49	$0.49	$0.53	$0.49
Per diluted share[1][2]	$2.03	$1.90	$0.52	$0.49	$0.49	$0.53	$0.49
Cash from operating activities	308,760	276,271	69,143	78,147	80,731	80,739	64,930
Per basic share[1][2]	$2.01	$1.89	$0.45	$0.51	$0.52	$0.53	$0.43
Per diluted share[1][2]	$2.00	$1.88	$0.45	$0.51	$0.52	$0.52	$0.43
Net income[9]	128,741	105,656	32,694	25,573	42,463	28,011	19,874
Per basic share[2][9]	$0.84	$0.72	$0.21	$0.17	$0.28	$0.18	$0.13
Per diluted share[2][9]	$0.83	$0.72	$0.21	$0.17	$0.28	$0.18	$0.13
Adjusted net income[1][9]	127,231	113,922	32,908	30,337	26,036	37,950	33,029
Per diluted share[1][8][9]	$0.82	$0.77	$0.21	$0.20	$0.17	$0.25	$0.22
EBITDA[7]	338,719	306,027	86,991	81,412	81,801	88,515	80,504
Per basic share[1][2]	$2.20	$2.09	$0.57	$0.53	$0.53	$0.58	$0.53
Per diluted share[1][2]	$2.19	$2.08	$0.56	$0.53	$0.53	$0.57	$0.53
FCF[1]	307,501	271,989	79,667	72,980	74,017	80,837	71,435
Per basic share[1][2]	$2.00	$1.86	$0.52	$0.47	$0.48	$0.53	$0.47
Per diluted share[1][2]	$1.99	$1.85	$0.52	$0.47	$0.48	$0.52	$0.47
FCF Margin[1]	91%	87%	92%	95%	91%	88%	87%
Dividends paid	207,687	191,167	52,356	52,303	52,283	50,745	50,617
Per share[1][6]	$1.35	$1.30	$0.34	$0.34	$0.34	$0.33	$0.33
Payout ratio[1]	66%	68%	65%	70%	69%	62%	69%
Excess FCF[1]	99,814	80,822	27,311	20,677	21,734	30,092	20,818
Capital expenditures	5,261	7,330	887	1,864	1,608	902	2,418
Work in progress capital costs	—	—	—	—	—	—	(21,295)
Acquisitions, excl. decommissioning obligations[1]	125,438	430,569	10,234	71,733	26,001	17,470	331,380
Weighted average shares – basic[3]	153,806	146,521	153,885	153,794	153,774	153,770	151,423
Weighted average shares – diluted[3]	154,424	147,131	154,538	154,442	154,401	154,430	152,149
Average Royalty Production[5]							
Natural gas (mcf/d)	94,241	79,029	99,052	89,596	93,129	95,195	83,923
Light and medium crude oil (bbl/d)	1,974	1,791	1,928	1,910	2,133	1,925	1,678
Heavy crude oil (bbl/d)	3,343	3,083	3,515	3,386	3,314	3,154	3,266
Natural gas liquids (bbl/d)	1,391	1,180	1,446	1,365	1,320	1,434	1,346
Total (boe/d)	**22,417**	**19,227**	**23,399**	**21,596**	**22,290**	**22,380**	**20,279**
Total royalty production (% total liquids)	30%	31%	29%	31%	30%	29%	31%
Natural gas liquids (% condensate)	70%	69%	71%	69%	70%	71%	69%
Realized Commodity Prices							
Natural gas ($/mcf)	$1.55	$1.42	$2.08	$0.61	$1.38	$2.06	$1.41
Light and medium crude oil ($/bbl)	$81.74	$92.57	$74.92	$81.64	$79.45	$91.39	$90.73
Heavy crude oil ($/bbl)	$72.52	$82.13	$63.00	$73.43	$72.31	$82.61	$80.81
Natural gas liquids ($/bbl)	$80.93	$90.11	$73.87	$80.18	$78.97	$90.78	$89.10
Total ($/boe)	**$29.56**	**$33.17**	**$29.02**	**$26.32**	**$28.78**	**$34.10**	**$32.29**
Benchmark Pricing							
Natural Gas							
AECO 5A *(CAD$/mcf)*	$1.68	$1.46	$2.23	$0.63	$1.69	$2.16	$1.48
AECO 7A *(CAD$/mcf)*	$1.86	$1.44	$2.34	$1.00	$2.07	$2.02	$1.46
Westcoast station 2 *(CAD$/mcf)*	$1.02	$1.19	$1.85	$0.47	$0.46	$1.27	$0.90
Crude Oil, Heavy Oil and Natural Gas Liquids							
NYMEX WTI *(USD$/bbl)*	$64.81	$75.72	$59.14	$64.95	$63.71	$71.42	$70.27
Edmonton Par *(CAD$/bbl)*	$85.78	$97.80	$76.69	$86.52	$84.32	$95.60	$95.14
WCS differential *(USD$/bbl)*	$11.18	$14.72	$11.19	$10.36	$10.50	$12.66	$12.55
Edmonton Condensate *(CAD$/bbl)*	$87.89	$98.88	$78.83	$86.36	$86.85	$99.49	$97.90
CAD$/USD$	$0.7156	$0.7301	$0.7169	$0.7261	$0.7226	$0.6969	$0.7149
Selected statement of financial position results ($000s) except share amounts			**At Dec. 31, 2025**	**At Sep. 30, 2025**	**At Jun. 30, 2025**	**At Mar. 31, 2025**	**At Dec. 31, 2024**
Total assets[9]			2,221,715	2,230,374	2,199,745	2,204,513	2,223,169
Working capital			55,999	(26,633)	50,640	46,694	51,758
Adjusted working capital (deficit)[1]			53,274	(30,773)	40,319	49,448	48,372
Net debt[1]			517,494	535,412	485,166	480,730	492,024
Common shares outstanding[3]			153,990	153,831	153,774	153,774	153,457

(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): Q4 2025 – 0.05, Q3 2025 - 0.05, Q2 2025: 0.09, Q1 2025: 0.08, Q4 2024: 0.3; 2025: 0.3, 2024: 0.8.
(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.
(9) Prior period figures are adjusted, refer to *"Voluntary Change in Accounting Policy"* in this MD&A.

Business Overview

Strategy

Topaz is a unique royalty and infrastructure energy company focused on generating free cash flow[(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. 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 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. Topaz's SEDAR+ filings are available at www.sedarplus.ca.

The Company's dynamic and scalable business model combines the best attributes from each of the royalty and infrastructure energy segments and is designed to provide investors with sustainable long-term shareholder returns by:

(i) focussing on disciplined capital allocation to capture best-in class assets having high-margin income streams with strong partners which includes: royalty production revenue generated from gross overriding royalty interests and fee mineral title royalty interests, which are underpinned by operator capital development commitments in order to provide a transparent growth outlook and do not require Topaz to incur operating or capital costs or require day-to-day operational decisions, development execution or abandonments; processing revenue generated through its non-operated ownership interests in infrastructure assets whereby the Company has long-term fixed take-or-pay arrangements with high-quality counterparties and is only responsible for certain operating, capital and future abandonment costs; and other income which is generated by way of a contracted interest in third-party revenue generated through fee-for-service processing contracts with no underlying facility ownership and therefore no associated operating or capital costs;

(ii) integrating ESG considerations into the Company's investment strategy;

(iii) having modest corporate overhead costs;

(iv) having a transparent outlook to the Company's opportunistic growth projects; and

(v) providing our strategic partners with innovative non-dilutive financing alternatives to enhance their financial flexibility.

Topaz intends to use the majority of its free cash flow (FCF)[(1)] to pay dividends to shareholders and the Company has a long-term payout ratio target of 60-90%. The Board has established a dividend policy pursuant to which the Company intends to pay an annual dividend currently in the amount of $1.36 per Common Share ($0.34 per share on a quarterly basis).

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

Asset Overview

The Company's high-quality assets and associated income streams are comprised of:

(i) gross overriding and fee mineral title royalty interests ("the Royalty Assets") on approximately nine million gross acres (approximately 60% of which are undeveloped) from which the Company receives royalty production revenue based on the associated natural gas, crude oil, heavy oil and natural gas liquids gross production revenue (the "Royalty Production Revenue"); and

(ii) non-operated ownership interests in nine natural gas processing & gathering facilities with cumulative net natural gas processing capacity of approximately 268 mmcf/d and associated crude oil and condensate handling facilities, and certain water management infrastructure from which the Company is entitled to receive processing revenue from processing services provided to customers on a fee-for-service basis, the majority of which is contracted under long-term fixed fee take-or-pay agreements (the "Processing Revenue"); and a contracted interest in a portion of third-party revenue generated from facilities owned and operated by Tourmaline through fee-for-service agreements with third parties (the "Other Income") (collectively, the "Infrastructure Assets").

Topaz remains committed to its business plan which is focused on generating sustainable long-term shareholder returns.

Additional Information

Additional information about Topaz, including the Financial Statements and the Company's 2025 Annual Information Form are available electronically under the Company's profile on SEDAR+, www.sedarplus.ca and on Topaz's website, www.topazenergy.ca.

Geopolitical uncertainty

Over the past few years, the market has experienced volatile supply and demand changes, ranging from excess supply to significant supply and demand volatility attributed to the global health crisis and the current geopolitical environment, including recent uncertainties surrounding tariffs. Geopolitical events continue to have an impact on the global economy which can lead to fluctuations in global trade, economies and financial markets.

These political changes create uncertainty about future government policies, regulations and trade relationships between major global economies which may result in broad-based volatility in energy markets. Adverse changes to trade relations, including tariffs, between the governments of the United States, Canada and Mexico, may have a long-term impact on the Company's results of operations, access to capital and/or financial position. The Company continues to monitor the effects of current events on operations.

Financial Results of Operations

Cash from Operating Activities, Cash Flow, FCF, Excess FCF and Net Income

Topaz generated $69.1 million and $64.9 million of cash from operating activities during Q4 2025 and Q4 2024, respectively. Cash flow during the respective periods was $80.6 million and $73.9 million. The Company generated FCF[(1)] of $79.7 million and $71.4 million, realizing a 92% and 87% FCF margin[(1)] during Q4 2025 and Q4 2024, respectively. After dividend payments, Topaz generated Excess FCF[(1)] of $27.3 million during Q4 2025 and $20.8 million during Q4 2024 that was used to fund acquisitions and repay debt. The Company generated net income of $32.7 million during Q4 2025 which increased from $19.9 million during Q4 2024. Overall, Q4 2025 cash flow, FCF[(1)] and Excess FCF[(1)] were higher relative to Q4 2024, driven by 15% higher royalty production and 16% higher processing revenue.

Topaz generated $308.8 million and $276.3 million of cash from operating activities during 2025 and 2024, respectively. Cash flow during the respective periods was $312.8 million and $279.3 million. The Company generated FCF[(1)] of $307.5 million and $272.0 million, realizing a 91% and 87% FCF margin[(1)] during 2025 and 2024, respectively. After dividend payments, Topaz generated Excess FCF[(1)] of $99.8 million during 2025 and $80.8 million during 2024 which was used to repay debt and fund acquisitions. The Company generated net income of $128.7 million during 2025 which increased from $105.7 million during 2024. Overall, 2025 cash flow, FCF[(1)] and Excess FCF[(1)] were higher relative to 2024, driven by 17% higher royalty production and 25% higher processing revenue.

	Three months ended		Years ended	
($000s) except per share amounts	**Dec. 31, 2025**	**Dec. 31, 2024**	**Dec. 31, 2025**	**Dec. 31, 2024**
Cash from operating activities	69,143	64,930	308,760	276,271
Per basic share[(1)(2)]	$0.45	$0.43	$2.01	$1.89
Per diluted share[(1)(2)]	$0.45	$0.43	$2.00	$1.88
Cash flow	80,554	73,853	312,762	279,319
Per basic share[(1)(2)]	$0.52	$0.49	$2.03	$1.91
Per diluted share[(1)(2)]	$0.52	$0.49	$2.03	$1.90
FCF[(1)]	79,667	71,435	307,501	271,989
Per basic share[(1)(2)]	$0.52	$0.47	$2.00	$1.86
Per diluted share[(1)(2)]	$0.52	$0.47	$1.99	$1.85
FCF margin[(1)]	92%	87%	91%	87%
Excess FCF[(1)]	27,311	20,818	99,814	80,822
Net income[(3)]	32,694	19,874	128,741	105,656
Per basic share[(2)(3)]	$0.21	$0.13	$0.84	$0.72
Per diluted share[(2)(3)]	$0.21	$0.13	$0.83	$0.72
Adjusted net income[(1)(3)]	32,908	33,029	127,231	113,922
Per basic share[(1)(2)(3)]	$0.21	$0.22	$0.83	$0.78
Per diluted share[(1)(2)(3)]	$0.21	$0.22	$0.82	$0.77

(1) Refer to *"Non-GAAP and Other Financial Measures"*.
(2) As noted, calculated using the basic or diluted weighted average number of shares outstanding during the respective periods.
(3) Prior period figures are adjusted, refer to *"Voluntary Change in Accounting Policy"* in this MD&A.

Royalty

Royalty production revenue

The Company's royalty production revenue is determined pursuant to the terms of its royalty agreements. The commodity prices for natural gas, crude oil, heavy oil and natural gas liquids are determined from market index prices in the month of production and the majority of Topaz's royalty contractual agreements do not permit deductions. Topaz's royalty production volumes are marketed with the respective royalty payors' production volume and revenue is generally received two months after the natural gas, crude oil, heavy oil and natural gas liquids volumes are produced. The Company can elect to take its share of royalty production volumes in kind, if desired.

Royalty production revenue generated during Q4 2025 and 2025 was $62.5 million and $241.8 million, respectively, compared to $60.2 million and $233.4 million during Q4 2024 and 2024, respectively. Higher royalty production revenue during 2025 relative to 2024 is attributed to 17% higher royalty production, partially offset by lower commodity pricing.

Royalty production

Topaz's average royalty production[(1)] during Q4 2025 was 23,399 boe/d (71% natural gas weighted) compared to 20,279 boe/d (69% natural gas weighted) during Q4 2024. 2025 average royalty production[(1)] was 22,417 boe/d (70% natural gas weighted) compared to 19,227 boe/d (69% natural gas weighted) generated during 2024. Topaz generates royalty revenue from production on developed royalty acreage and expects to generate royalty revenue through the future development of its undeveloped acreage. Topaz's royalty production volume growth from 2024 to 2025 is attributed to royalty acquisitions and operator-funded development of Topaz's undeveloped royalty acreage.

	Three months ended		Years ended	
	Dec. 31, 2025	**Dec. 31, 2024**	**Dec. 31, 2025**	**Dec. 31, 2024**
Royalty production revenue				
Natural gas	18,989	10,919	53,346	41,165
Light and medium crude oil	13,289	14,010	58,895	60,685
Heavy crude oil	20,372	24,279	88,498	92,665
Natural gas liquids	9,818	11,026	41,071	38,911
Total ($000s)	**62,468**	**60,234**	**241,810**	**233,426**
Average royalty production[(1)]				
Natural gas (mcf/d)	99,052	83,923	94,241	79,029
Light and medium crude oil (bbl/d)	1,928	1,678	1,974	1,791
Heavy crude oil (bbl/d)	3,515	3,266	3,343	3,083
Natural gas liquids (bbl/d)	1,446	1,346	1,391	1,180
Total (boe/d)	**23,399**	**20,279**	**22,417**	**19,227**
Total royalty production (% total liquids)	29%	31%	30%	31%
Natural gas liquids (% condensate)	71%	69%	70%	69%
Realized royalty production prices				
Natural gas (C$/mcf)	$2.08	$1.41	$1.55	$1.42
Light and medium crude oil (C$/bbl)	$74.92	$90.73	$81.74	$92.57
Heavy crude oil (C$/bbl)	$63.00	$80.81	$72.52	$82.13
Natural gas liquids (C$/bbl)	$73.87	$89.10	$80.93	$90.11
Total ($/boe)	**$29.02**	**$32.29**	**$29.56**	**$33.17**
Benchmark Pricing				
Natural gas				
AECO 5A (*CAD$/mcf*)	$2.23	$1.48	$1.68	$1.46
AECO 7A (*CAD$/mcf*)	$2.34	$1.46	$1.86	$1.44
Westcoast station 2 (*CAD$/mcf*)	$1.85	$0.90	$1.02	$1.19
Crude Oil, Heavy Oil and Natural Gas Liquids				
NYMEX WTI *(USD$/bbl)*	$59.14	$70.27	$64.81	$75.72
Edmonton Par *(CAD$/bbl)*	$76.69	$95.14	$85.78	$97.80
WCS differential *(USD$/bbl)*	$11.19	$12.55	$11.18	$14.72
Edmonton Condensate *(CAD$/bbl)*	$78.83	$97.90	$87.89	$98.88
CAD$/USD$	$0.72	$0.71	$0.72	$0.73

(1) Refer to "*Supplemental Information Regarding Product Types*".

Royalty acreage activity

During Q4 2025, 190 gross wells[(2)] were spud on Topaz's royalty acreage and 248 gross wells were brought on production (96 gross wells spud during Q4 2025 and 152 gross wells spud during prior periods), compared to 175 gross wells[(2)] spud and 231 gross wells brought on production during Q4 2024 (69 gross wells and 162 gross wells, respectively).

During 2025, 694 gross wells[(2)] were spud on Topaz's royalty acreage and 791 gross wells were brought on production (570 gross wells spud during 2025 and 221 gross wells spud during prior periods), compared to 630 gross wells[(2)] spud and 646 gross wells brought on production during 2024 (470 gross wells and 176 gross wells, respectively). Topaz expects that the 124 additional gross wells that were spud during 2025 but not completed by December 31, 2025 will be brought on production during subsequent periods.

	Three months ended		Years ended	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Royalty Acreage Activity[1]				
Total gross wells spud during the period	**190**	**175**	**694**	**630**
Gross wells spud and brought on production[2]	96	69	570	470
Other gross wells brought on production during the period[3]	152	162	221	176
Total gross wells brought on production during the period	**248**	**231**	**791**	**646**
Gross wells drilled but not completed ('DUCs')	**94**	**106**	**124**	**160**
DUCs as a % of total gross wells drilled	**49%**	**61%**	**18%**	**25%**

(1) Refers to the number of wells spud or brought on production, as indicated, by the working interest operators and may include injection wells. Topaz does not conduct upstream petroleum and natural gas exploration and development operations.
(2) Refers to wells brought on production which were spud within the respective period; does not take into consideration wells spud during previous periods.
(3) Refers to wells brought on production that were spud during previous periods across Topaz's royalty acreage.

Infrastructure

Processing revenue

The Company's processing revenue is generated through its non-operated ownership in nine natural gas processing and associated liquids handling facilities and water management facilities. The facilities provide processing services to customers on a fee-for-service basis, the majority of which are subject to long-term, fixed fee take-or-pay agreements.

During Q4 2025 and Q4 2024, Topaz generated $21.9 million and $18.8 million, respectively, of processing revenue. Average daily utilization of Topaz's net natural gas and crude oil processing capacity was 99% during Q4 2025 compared to 100% during Q4 2024, which is attributed to the significant portion of Topaz's net processing capacity (79% and 81%, respectively) being contracted under fixed take-or-pay.

Topaz generated $82.9 million and $66.4 million of processing revenue during 2025 and 2024, respectively. Average daily utilization of Topaz's net natural gas and liquids processing capacity was 98% during 2025 compared to 100% during 2024, which is attributed to the significant portion of Topaz's net processing capacity (80% and 82%, respectively) being contracted under fixed take-or-pay.

Processing revenue increased 16% and 25% during Q4 2025 and 2025, respectively, from the prior year comparative periods as a result of infrastructure acquisitions completed over the past year.

Other income

The Company generates income by way of a contracted interest in third-party revenue generated through fee-for-service processing contracts with no underlying facility ownership, including but not limited to, processing, compression, and water handling revenue, generated at multiple facilities owned and operated by Tourmaline. These facilities include natural gas processing plants, crude oil batteries, pipelines, water disposal facilities, compressor stations and other facilities associated with the handling of crude oil, natural gas and natural gas liquids. The facilities are located across Tourmaline's operating areas and Topaz does not have an ownership interest in the underlying assets.

During Q4 2025 and 2025, Topaz generated other income of $2.3 million and $11.8 million, respectively, compared to Q4 2024 and 2024 other income of $3.1 million and $12.6 million, respectively. Other income decreased during Q4 2025 and 2025 relative to the prior year due to fluctuations in third-party activity at certain Tourmaline owned facilities.

($000s)	Three months ended Dec. 31, 2025	Three months ended Dec. 31, 2024	Years ended Dec. 31, 2025	Years ended Dec. 31, 2024
Processing revenue	21,930	18,838	82,907	66,377
Other income[2]	2,320	3,107	11,787	12,595
Total	**24,250**	**21,945**	**94,694**	**78,972**
Operating expense	1,027	1,600	6,530	7,349
Operating Margin[3]	**23,223**	**20,345**	**88,164**	**71,623**
Operating Margin %[3]	**96%**	**93%**	**93%**	**91%**
Infrastructure utilization activity				
Natural gas processing facilities[1]:				
Ownership capacity under fixed take-or-pay contract	211,638	198,793	207,016	190,489
Variable ownership capacity	61,679	53,451	59,309	46,242
Total ownership capacity	273,317	252,244	266,325	236,731
Total throughput volume	269,800	251,104	262,059	235,573
Total utilization (%)	**99%**	**100%**	**98%**	**100%**
W.A. remaining contract life of fixed contract capacity[4]			**10**	**11**

(1) Weighted average daily rate (Topaz net ownership) for the periods presented, shown in Mcf/d.
(2) Other income of $2.3 million for Q4 2025 includes interest income of $0.05 million (Q4 2024 - $0.3 million). Other income of $11.8 million for 2025 includes interest income of $0.3 million (2024 - $0.8 million).
(3) Refer to *"Non-GAAP and Other Financial Measures"*.
(4) Weighted average remaining contract life (presented in years) of Topaz's ownership capacity under long-term fixed take-or-pay contracts.

Operating Expense

Topaz incurs operating expenses attributed to certain jointly owned, non-operated processing facilities. During Q4 2025 and 2025, Topaz incurred operating expense of $1.0 million and $6.5 million, respectively, compared to $1.6 million and $7.3 million, during Q4 2024 and 2024, respectively. Operating expense fluctuations are attributed to the costs and timing of planned operational maintenance in respect of the three facilities for which Topaz is contractually responsible for its working interest share of operating and maintenance costs.

($000s)	Three months ended Dec. 31, 2025	Three months ended Dec. 31, 2024	Years ended Dec. 31, 2025	Years ended Dec. 31, 2024
Operating expense	1,027	1,600	6,530	7,349

Marketing Expense

Topaz pays a variable marketing fee to certain third-party royalty payors attributed to royalty production that is marketed with the respective operator's production. Topaz incurred $0.4 million and $1.5 million in marketing expenses during Q4 2025 and 2025, respectively, as compared to $0.4 million and $1.4 million during Q4 2024 and 2024, respectively. Marketing expense increased during Q4 2025 and 2025 as compared to Q4 2024 and 2024 primarily attributed to higher royalty production revenue.

($000s)	Three months ended Dec. 31, 2025	Three months ended Dec. 31, 2024	Years ended Dec. 31, 2025	Years ended Dec. 31, 2024
Marketing expense	415	356	1,537	1,360

General & Administrative Expense

Topaz incurs general & administrative ("G&A") expense which includes professional services and directly incurred administrative expenses. During Q4 2025 and 2025 Topaz incurred total G&A expense (net of capitalized costs) of $3.3 million and $9.3 million, respectively, compared to $2.9 million and $8.2 million during Q4 2024 and 2024, respectively. The increased G&A expense during Q4 2025 and 2025 relative to the prior year is attributed to additional administrative and information systems costs alongside the continued growth and development of the business. Topaz capitalizes a portion of G&A expense in respect of directly attributable business development costs.

($000s)	Three months ended Dec. 31, 2025	Three months ended Dec. 31, 2024	Years ended Dec. 31, 2025	Years ended Dec. 31, 2024
Gross G&A expense	4,113	5,057	12,477	12,415
Capitalized G&A expense	(775)	(2,163)	(3,203)	(4,195)
Total G&A expense (net)	**3,338**	**2,894**	**9,274**	**8,220**

Share-Based Compensation

The Company has share-based compensation plans in place whereby it may issue stock options, performance share units ("PSUs"), or deferred share units ("DSUs") to employees and consultants, or directors of the Company. During Q4 2025 and 2025 Topaz recognized $4.4 million and $7.3 million of share-based compensation expense (net of capitalized costs), respectively, compared to $3.0 million and $5.4 million during Q4 2024 and 2024, respectively. The increase in share-based compensation expense during Q4 2025 and 2025, relative to the prior year, is attributed to the transition from stock options towards PSUs and DSUs for long-term incentive compensation which attribute higher per unit fair value, as well as an increase in the number of employees between periods.

As at December 31, 2025, 1.2 million PSUs (December 31, 2024 – 0.9 million), 0.2 million DSUs (December 31, 2024 – 0.1 million) and 1.5 million stock options (December 31, 2024 – 1.6 million) were outstanding.

	Three months ended		Years ended	
($000s)	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Gross share-based compensation expense	9,346	5,956	14,607	10,328
Capitalized share-based compensation	(4,978)	(2,958)	(7,266)	(4,966)
Total share-based compensation expense	**4,368**	**2,998**	**7,341**	**5,362**

Finance Expense

Topaz incurs finance expense which can include interest expense on its bank debt, amortization of debt transaction costs, and accretion of its decommissioning obligations attributed to the infrastructure assets. During Q4 2025 and 2025, Topaz recognized $6.5 million and $26.2 million, respectively, of interest expense, compared to $6.9 million and $27.5 million recognized for Q4 2024 and 2024, respectively. Interest expense decreased in line with lower underlying interest rates during 2025.

	Three months ended		Years ended	
($000s)	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Accretion expense	52	45	197	161
Amortization of debt transaction costs	146	100	569	453
Interest expense	6,486	6,940	26,227	27,466
Total finance expense	**6,684**	**7,085**	**26,993**	**28,080**

Depletion, Depreciation & Amortization ("DD&A")

Topaz records DD&A expense for its developed royalty assets based on a unit-of-production basis by reference to the ratio of: royalty production in the period to total proved and probable developed reserves. Topaz records depreciation expense for its infrastructure assets based on a straight-line basis over the assets' useful lives. Topaz recorded total DD&A expense of $32.3 million and $135.1 million during Q4 2025 and 2025, respectively, compared to $31.1 million and $124.6 million during Q4 2024 and 2024, respectively. DD&A expense increased in Q4 2025 and 2025 attributed to the Company's higher production volume and reserve base attributable to royalty acquisitions, in addition to higher depreciation expense attributed to infrastructure acquisitions completed over the past year.

	Three months ended		Years ended	
($000s)	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Depletion, Depreciation & Amortization[(1)]	32,341	31,123	135,129	124,559

(1) Prior period figures are adjusted, refer to *"Voluntary Change in Accounting Policy"* in this MD&A.

Deferred Tax Expense

During Q4 2025 and 2025 Topaz recorded deferred tax expense of $10.7 million and $42.3 million, respectively, compared to $6.6 million and $34.9 million during Q4 2024 and 2024, respectively. The increase in deferred tax expense during Q4 2025 and 2025 is attributed to higher net income generated during 2025, driven by increased royalty production revenue and processing revenue.

	Three months ended		Years ended	
($000s)	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Deferred tax expense[(1)]	10,739	6,558	42,295	34,862

(1) Prior period figures are adjusted, refer to *"Voluntary Change in Accounting Policy"* in this MD&A.

Liquidity and Capital Resources

Bank Debt

At December 31, 2025, Topaz had a covenant-based, unsecured, operating credit facility with a syndicate of Canadian banks in the amount of $700.0 million ("Syndicated Credit Facility") which provides for a permitted increase to $1.0 billion, subject to agent consent. The maturity date is April 30, 2029. At the request of the Company and with consent of the lender, the Syndicated Credit Facility can be extended on an annual basis.

The Syndicated Credit Facility includes borrowing options of prime rate loans, Secured Overnight Financing Rate ('SOFR') loans, U.S. base rate loans, letters of credit and Canadian Overnight Repo Rate Average ('CORRA') loans, which will bear interest on a variable pricing grid based on certain financial ratios, in addition to the prevailing applicable interest rate for the respective type of loan. Topaz's effective interest rate for the year ended December 31, 2025 was 4.77% (December 31, 2024 – 6.47%).

The Syndicated Credit Facility is subject to the following covenants, on a rolling four quarter basis: (i) the ratio of consolidated senior debt to EBITDA must not exceed 3.5:1; (ii) the ratio of total debt to EBITDA must not exceed 4.0:1; and (iii) the ratio of Total Debt to Capitalization must not exceed 55%.

The terms "consolidated senior debt", "EBITDA", "total debt", and "capitalization" for purposes of the financial covenants are defined as follows under the Syndicated Credit Facility: "consolidated senior debt" is consolidated total debt excluding any subordinated debt, "EBITDA" is consolidated net income or loss from continuing operations, excluding extraordinary items, plus interest expense, income taxes, and adjusted for non-cash items, gains or losses on dispositions, and material acquisitions in accordance with the credit agreement; "total debt" is the aggregate principal amount of all consolidated debt; all of which are determined in accordance with GAAP; "capitalization" is the aggregate of consolidated total debt, any convertible debentures and consolidated shareholders' equity.

Based on the above covenant definitions, as at December 31, 2025, Topaz's ratio of consolidated senior debt to EBITDA was 1.67, total debt to EBITDA was 1.67, and total debt to capitalization was 27%. For the covenant calculations, EBITDA is based on the rolling four quarters, calculated in accordance with the terms of the credit agreement. The Company was in compliance with each of its financial covenants.

Dividends

During Q4 2025 and 2025 the Company paid $52.4 million ($0.34 per common share) and $207.7 million ($1.35 per common share) in dividends to its shareholders, respectively, compared to $50.6 million ($0.33 per common share) and $191.2 million ($1.30 per common share) during Q4 2024 and 2024, respectively.

Shares Outstanding

As at December 31, 2025 Topaz had 154.0 million common shares, 1.2 million PSUs, 0.2 million DSUs, and 1.5 million stock options outstanding. As at February 24, 2026 Topaz had 154.6 million common shares, 0.9 million PSUs, 0.2 million DSUs, and 1.5 million stock options outstanding.

Capital Management

In order to manage its capital structure, the Company's objective is to maintain financial flexibility in order to distribute cash to shareholders in the form of dividends after considering the Company's operational financial requirements and its future growth opportunities. As a hybrid royalty and infrastructure company, Topaz does not have any significant capital expenditure requirements, which enhances its financial flexibility.

The Company considers its capital structure to include shareholders' equity, bank debt and working capital. In order to maintain or adjust the capital structure, the Company may, from time-to-time issue equity, utilize available credit facilities, adjust its dividend distributions and/or adjust its investment activities to manage current and forecast debt levels. The Company's operating results and capital structure are impacted by royalty production volumes, commodity prices and the level of third-party revenue generated at its non-operated processing facilities or through its contracted third-party income.

The Company's capital structure is managed through its financial and operating forecast process. The forecast of the Company's future cash flows is based on estimates of royalty interest production volume, natural gas, crude oil, and natural gas liquids prices, third-party facility utilization, operating and marketing expenses, administrative expenses, taxes and other investing and financing activities. The forecast is regularly updated based on changes in commodity prices, royalty interest

production volume expectations, third-party facility utilization expectations and other factors that, in the Company's view, could impact cash from operating activities.

Management uses the terms "adjusted working capital"[(1)], "net debt"[(1)], "free cash flow ("FCF")"[(1)] and "Excess FCF"[(1)] to measure the Company's liquidity position and capital flexibility. As such, these terms are considered capital management measures. "Adjusted working capital"[(1)] is calculated as current assets less current liabilities, adjusted for financial instruments and work in progress capital costs. "Net debt"[(1)] is calculated as total debt outstanding less adjusted working capital.[(1)] "FCF"[(1)] is defined as cash flow less capital expenditures and provides a measure of cash available after capital costs, but before acquisitions. Excess FCF[(1)] is defined as FCF less dividends paid. Management uses FCF for its own performance measures and to provide investors with a measure 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.

As at December 31, 2025, the Company had an adjusted working capital of $53.3 million (December 31, 2024 – $48.4 million), unutilized capacity of $127.5 million on its Syndicated Credit Facility (note 9), and $300.0 million of additional capacity available through an accordion feature (subject to agent consent). Net debt at December 31, 2025 was $517.5 million, compared to net debt at December 31, 2024 of $492.0 million. During the year ended December 31, 2025, the Company generated cash flow of $312.8 million, completed $125.4 million in acquisitions, paid dividends of $207.7 million, and increased net debt by $25.5 million.

During Q4 2025 and 2025, the Company generated FCF of $79.7 million and $307.5 million, respectively (Q4 2024 and 2024 - $71.4 million and $272.0 million, respectively), after capital expenditures of $0.9 million and $5.3 million, respectively (Q4 2024 and 2024 - $2.4 million and $7.3 million, respectively). After the payment of dividends, Topaz generated $27.3 million and $99.8 million of Excess FCF during Q4 2025 and 2025, respectively (Q4 2024 and 2024 - $20.8 million and $80.8 million, respectively).

As at February 24, 2026, the Company has $537.5 million drawn on the Syndicated Credit Facility.

The Company is exposed to financial risks related to its financial assets and liabilities. Financial risks include credit risk, liquidity risk, and market risk (including commodity price and interest rate risk).

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

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations in accordance with agreed terms. The Company's policy to mitigate credit risk is to establish contractual agreements with creditworthy counterparties. The Company's structure of royalty and infrastructure revenue from counterparties which Topaz considers having strong creditworthiness, significantly reduces Topaz's credit risk. As at December 31, 2025, the Company does not have any receivables (December 31, 2024 - $nil) over 90 days. As at December 31, 2025, 89% of receivables are from seven primary counterparties, the largest being Tourmaline. The Company is satisfied that the accounts receivable amounts are collectible.

The carrying amount of cash and cash equivalents, accounts receivable and fair value of financial derivative assets represents the Company's maximum credit exposure. The Company has not recorded an expected credit loss as at December 31, 2025 (December 31, 2024 – $nil), nor was it required to write-off any receivables during the year ended December 31, 2025 (December 31, 2024 – $nil).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations as they come due. The Company manages its liquidity risk by ensuring that it will have sufficient liquidity to meet its financial obligations under both normal and risked conditions. As at December 31, 2025, the Company had an adjusted working capital of $53.3 million (December 31, 2024 – $48.4 million), unutilized capacity of $127.5 million on its Syndicated Credit Facility, and $300.0 million of additional capacity available through an accordion feature (subject to agent consent).

The timing of expected cash outflows relating to accounts payable and accrued liabilities of $3.6 million is less than one year, and the Company has no material capital or operating commitments. The Company expects to pay suppliers within 30 to 60 days. These terms are consistent with industry practice. As at December 31, 2025, all significant accounts payable balances were less than 90 days outstanding. Management maintains a conservative approach to debt management that aims to provide financial flexibility with respect to capital allocation and the payment of dividends to shareholders. The Board of Directors reviews and determines the quarterly dividend on a regular basis after considering expected commodity prices,

expected royalty production volumes, expected cash flow, economic conditions, income taxes, and the Company's capacity to fund its operations and investment opportunities.

The following are the contractual maturities of financial liabilities as at December 31, 2025:

($000s)	Total	< 1 year	1 to 5 years
Non-derivative financial liabilities:			
Accounts payable and accrued liabilities	3,645	3,645	–
Bank debt	570,768	–	570,768
Derivative financial liabilities:			
Financial instruments	1,811	1,811	–

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

Market risk

Market risk is the risk that changes in market conditions, such as commodity prices, foreign exchange and interest rates will affect the Company's earnings or value of financial instruments. The objective of market risk management is to manage and curtail market risk exposure within acceptable limits, while maximizing the Company's returns. The Company utilizes financial derivative contracts to manage market risks.

Interest rate risk is the risk that changes in market interest rates may affect future cash flows from the Company's financial assets or liabilities. The Company is exposed to interest rate risk to the extent that changes in market interest rates would impact any borrowings under the Company's credit facility which is subject to a floating interest rate. The Company had $572.5 million drawn on its $700.0 million Syndicated Credit Facility as at December 31, 2025 (December 31, 2024 – $541.0 million). Assuming all other variables held constant, during the year ended December 31, 2025, if interest rates were 1% higher, net income before taxes would decrease by $5.8 million. An equal and opposite impact would occur with a 1% decrease in interest rates.

Commodity price risk is the risk that the fair value or future cash flow will fluctuate as a result of changes in commodity prices. Commodity prices for oil and natural gas are based upon the US dollar and as a result the price received by Canadian producers is affected by the Canadian to US dollar exchange rate. The commodity prices are also impacted by weather and world economic events that dictate the levels of supply and demand. Over the past few years, the market has experienced volatile supply and demand changes, ranging from excess supply to significant supply and demand volatility attributed to the global health crisis and the current geopolitical environment, including recent uncertainties surrounding tariffs. Geopolitical events continue to have an impact on the global economy and contribute to supply and demand volatility in global crude oil, natural gas and natural gas liquids.

The Company has entered certain financial derivative contracts to manage commodity price risk. These instruments are not used for trading or speculative purposes. The Company has not designated its financial derivative contracts as effective accounting hedges, even though the Company considers all financial derivative contracts to be effective economic hedges. As a result, all financial instruments are recorded on the consolidated statement of financial position at fair value, with changes in the fair value being recognized as an unrealized gain or loss on the consolidated statements of income and comprehensive income.

Financial Instruments

The Company utilizes financial derivative contracts as a risk management technique to mitigate exposure to commodity price volatility. The following tables present, as at December 31, 2025, the outstanding commodity price financial derivative contracts and foreign exchange financial instruments. The fair value of Topaz's total outstanding contracts is a net asset of $3.5 million as at December 31, 2025 (net asset of $2.0 million as at December 31, 2024) as detailed below.

Contract type		Q1 2026	Q2 2026	Q3 2026	Q4 2026	>1 year
AECO (5A) fixed price	Average Volumes (GJ/d)	17,500	30,000	30,000	16,667	7,500
	W.A.[1] Price (C$/GJ)	$3.20	$2.95	$2.95	$3.06	$3.39
NYMEX-Call option	Average Volumes (mmbtu/d)	15,000	15,000	15,000	15,000	–
	W.A.[1] Price (USD$/mmbtu)	$4.50	$4.50	$4.50	$4.50	–

(1) Weighted average.

Subsequent to December 31, 2025, the Company entered into the following financial derivative contracts:

Contract type		Q1 2026	Q2 2026	Q3 2026	Q4 2026	>1 year
WTI USD fixed price	Average Volumes (bbl/d)	333	1,000	1,000	1,000	–
	W.A.[1] Price (US$/bbl)	$67.68	$67.68	$67.68	$67.68	–
NYMEX-Call option	Average Volumes (bbls/d)	333	1,000	1,000	1,000	–
	W.A.[1] Price (USD$/bbl)	$70.00	$70.00	$70.00	$70.00	–

(1) Weighted average.

At December 31, 2025, the Company had the following foreign exchange derivative contract in place:

Contract type and currency	Term	Notional Amount (US$000/month)	Floor price	Ceiling price
USD/CAD variable rate collar	January 2026 - December 2026	2,000	$ 1.3200	$ 1.4050

Subsequent to December 31, 2025, the Company entered into the following interest rate derivative contract:

Contract type	Term	Notional Amount (CAD$000/month)	Interest rate
Extendable fixed rate interest rate swap	February 2027 – April 2028[(1)]	150,000	2.45%

(1) Extendable for 1 year at the option of the financial institution.

As at December 31, 2025 and 2024, the reconciliation of financial instruments to the consolidated statements of financial position includes:

	At Dec. 31, 2025		At Dec. 31, 2024	
($000s)	Asset	Liability	Asset	Liability
Current financial instruments	4,536	1,811	10,603	5,989
Long term financial instruments	821	–	2,335	4,913

The following table provides the realized and unrealized gains (losses) on financial instruments for the periods presented. During Q4 2025 and 2025 the Company recognized a realized gain on financial instruments of $5.1 million and $19.8 million, respectively and during the same periods, recorded an unrealized loss on financial instruments of $0.2 million and unrealized gain on financial instruments of $1.5 million, respectively. During Q4 2024 and 2024 the Company recognized a realized gain on financial instruments of $3.5 million and $11.3 million, respectively, and during the same periods, recorded an unrealized loss on financial instruments of $13.2 million and $8.3 million respectively.

	Three months ended		Years ended	
($000s)	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Realized gain on financial instruments	5,102	3,464	19,826	11,316
Unrealized gain (loss) on financial instruments	(214)	(13,155)	1,510	(8,266)
Total	**4,888**	**(9,691)**	**21,336**	**3,050**

The Company's financial derivative contracts are sensitive to fluctuations in commodity prices. For the contracts in place at December 31, 2025, if the future strip prices for natural gas were $0.10 per mcf higher and future strip prices for crude oil were $1.00 per BBL higher, with all other variables held constant, the unrealized gain would decrease by $1.0 million, directly impacting net income (December 31, 2024 - unrealized loss would increase by $1.6 million). An equal and opposite impact would have occurred if natural gas prices were $0.10 per mcf lower and crude oil prices were $1.00 per BBL lower. For the current foreign exchange contracts in place at December 31, 2025, if the future strip prices for USD/CAD exchange rate increased by $0.01, with all other variables held constant, the 2025 unrealized gain on foreign exchange contracts would be remain relatively unchanged, as the foreign exchange forward pricing would remain within the contract pricing collars.

Capital Expenditures

During Q4 2025 and 2025 Topaz incurred capital expenditures of $0.9 million and $5.3 million, respectively, compared to capital expenditures of $2.4 million and $7.3 million incurred during Q4 2024 and 2024, respectively. Topaz's capital expenditures are incurred in respect of its proportionate share of capital maintenance on certain natural gas processing facilities as well as capitalized G&A costs in respect of directly attributable business development costs.

	Three months ended		Years Ended	
($000s)	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Capital expenditures	887	2,418	5,261	7,330
Work in progress capital costs	—	(21,295)	—	—

Acquisitions

	Three months ended		Years ended	
($000s)	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Acquisitions (excl. non-cash decommissioning obligations)[1]	10,234	331,380	125,438	430,569

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

During Q4 2025 and 2025 the Company completed $10.2 million and $125.4 million in acquisitions (excluding non-cash decommissioning obligations[1]), respectively (Q4 2024 and 2024 - $331.4 million and $430.6 million, respectively) as described below:

2025 Acquisitions

Acquisition date	Type	Cash consideration ($000s)	Shares issued	Share price	Total acquisition cost ($000s)[1]	Footnote
Jan. 31, 2025	Royalty	17,000	—	—	16,644	(2)
May 30, 2025	Infrastructure	26,000	—	—	26,225	(3)
Sep. 30, 2025	Royalty	71,700	—	—	71,604	(4)
Various	Infrastructure	2,698	—	—	2,698	(5)
Dec. 22, 2025	Royalty	7,800	—	—	7,709	(6)
Other	Royalty and Infrastructure	783	—	—	783	(7)

(1) After customary closing adjustments, including non-cash decommissioning costs and directly attributable capitalized transaction costs.
(2) On January 31, 2025, Topaz completed an acquisition of gross overriding royalty interests on approximately 0.1 million gross acres (over 60% undeveloped) in the Alberta Montney, for total cash consideration of $17.0 million before customary closing adjustments.
(3) On May 30, 2025, Topaz acquired a 35% working interest in an Alberta Montney natural gas processing facility (along with a 15 year fixed take-or-pay commitment) for cash consideration of $26.0 million and the assumption of a decommissioning obligation of $0.2 million, before customary closing adjustments.
(4) On September 30, 2025, the Company acquired a gross overriding royalty interest on approximately 0.1 million gross acres (over 65% undeveloped), in the NEBC Montney core royalty area for total cash consideration of $71.7 million, before customary closing adjustments.
(5) During the year ended December 31, 2025, the Company invested in two modifications to a jointly owned gas processing facility for total cash consideration of $2.7 million, which increased the fixed fee revenue associated with the long-term take-or-pay commitment.
(6) On December 22, 2025, the Company completed an acquisition of gross overriding and fee mineral title royalty interests, for total cash consideration of $7.8 million before customary closing adjustments.
(7) Other costs associated with final acquisition adjustments, land acquisitions and capitalized transaction costs.

2024 Acquisitions

Acquisition date	Type	Cash consideration ($000s)	Shares issued	Share price	Total acquisition cost ($000s)[1]	Footnote
Jun. 24, 2024	Infrastructure	100,000	—	—	99,863	(2)
Nov. 1, 2024	Royalty	278,200	—	—	277,584	(3)
Dec. 1, 2024	Royalty	23,500	—	—	23,500	(4)
Dec, 12, 2024	Royalty	1,000	—	—	1,029	(5)
Dec. 17, 2024	Infrastructure	31,169	—	—	29,256	(6)
Other	Royalty	22	—	—	22	(7)

(1) After customary closing adjustments, including non-cash decommissioning costs and directly attributable capitalized transaction costs.
(2) Topaz acquired a 50% working interest in a natural gas processing facility and associated condensate handling. The facility acquisition is supported by contractual commitments that provide Topaz with fixed take-or-pay revenue for a 10-year term and preferential capacity dedication for a subsequent 7-year term.
(3) Topaz completed an acquisition from Tourmaline of gross overriding royalty interests on approximately 3.0 million gross acres (over 50% undeveloped), across NEBC Montney, Alberta Deep Basin, and Peace River High core areas.
(4) Topaz completed an acquisition of gross overriding royalty interests on approximately 0.04 million gross acres in the NEBC Montney core area for cash consideration of $23.5 million before customary closing adjustments.
(5) Topaz completed an acquisition of gross overriding royalty interests on approximately 0.02 million gross acres in the NEBC Montney and Central Alberta core areas for total cash consideration of $1.0 million before customary closing adjustments.
(6) On October 25, 2023, Topaz entered into a definitive agreement to acquire a 99% working interest in a natural gas gathering system (supported by a long-term fixed take-or-pay agreement) that was commissioned during December 2024. Pursuant to the agreement, Topaz recorded work in progress capital costs of $21.3 million during 2024, as the construction costs were incurred by the operator. Upon commissioning of the gathering system in December 2024, Topaz completed the acquisition and paid cash consideration of $31.2 million, and the work in progress capital costs recorded were transferred to acquisitions.
(7) Other costs associated with final acquisition adjustments, land acquisitions and capitalized transaction costs.

All acquisitions for 2025 and 2024 were treated as asset acquisitions.

Commitments and Contractual Obligations
As at December 31, 2025 and 2024, Topaz does not have any material commitments or contractual obligations.

Off Balance Sheet Arrangements
As at December 31, 2025 and 2024, Topaz has not recognized any guarantees or off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company's financial condition, results of operations, liquidity or capital expenditures.

Related Party Transactions
On October 22, 2025, Topaz completed a secondary offering of common shares, whereby Tourmaline sold 9.2 million common shares of the Company at a price of $25.10 per common share, for total gross proceeds to Tourmaline of $230.9 million. Following which, Tourmaline held a 15.3% ownership interest in the common shares of the Company as at December 31, 2025 (December 31, 2024 – 21.3%).

The Company has entered into a number of agreements relating to both royalty and infrastructure assets with Tourmaline. As at December 31, 2025, $30.7 million (December 31, 2024 - $24.5 million) of the accounts receivable balance was due from Tourmaline, all of which will be collected in the normal course of business. There were no bad debts outstanding relating to Tourmaline as at December 31, 2025 or 2024. During the year ended December 31, 2025, 41% of royalty production revenue and 48% of processing revenue was generated from Tourmaline (year ended December 31, 2024 – 35% and 59%, respectively).

The Company pays a marketing fee to Tourmaline for the Company's royalty production that is marketed with Tourmaline's production. During the year ended December 31, 2025, the Company paid $1.1 million (year ended December 31, 2024 - $0.9 million), in respect of marketing fees, which were incurred in the normal course of operations.

During the year ended December 31, 2025, the Company paid $0.2 million (year ended December 31, 2024 - $0.2 million) in rent expense to Tourmaline, which was incurred in the normal course of operations.

Segment Information
The Company has two reportable segments: royalty production and infrastructure. Management reviews the operating results at this level to assess financial performance and make resource allocation decisions.

The Company's reconciliation between operating segments of cash flow, net income before tax and total assets as at and for the year ended December 31, 2025, is as follows:

Year ended Dec. 31, 2025 ($000s)	**Royalties**	**Infrastructure**	**Total**
Royalty production revenue	241,810	–	**241,810**
Processing revenue	–	82,907	**82,907**
Other income	–	11,787	**11,787**
Total	**241,810**	**94,694**	**336,504**
Cash expenses:			
Operating expense	–	(6,530)	**(6,530)**
Marketing expense	(1,537)	–	**(1,537)**
General and administrative expenses	(7,326)	(1,948)	**(9,274)**
Realized gain on financial instruments	19,826	–	**19,826**
Interest expense	(20,719)	(5,508)	**(26,227)**
Cash Flow	**232,054**	**80,708**	**312,762**
Depletion expense	(116,079)	(19,050)	**(135,129)**
Accretion	–	(197)	**(197)**
Amortization of debt transaction costs	(450)	(119)	**(569)**
Unrealized gain on financial instruments	1,510	–	**1,510**
Share-based compensation expense	(5,799)	(1,542)	**(7,341)**
Net income before tax	**111,236**	**59,800**	**171,036**

As at Dec. 31, 2025 ($000s)	**Royalties**	**Infrastructure**	**Total**
Total Assets	1,755,155	466,560	**2,221,715**

The Company's reconciliation between operating segments of cash flow, net income before tax and total assets as at and for the year ended December 31, 2024, is as follows:

Year ended Dec. 31, 2024 ($000s)	**Royalties**	**Infrastructure**	**Total**
Royalty production revenue	233,426	–	**233,426**
Processing revenue	–	66,377	**66,377**
Other income	–	12,595	**12,595**
Total	**233,426**	**78,972**	**312,398**
Cash expenses			
Operating expense	–	(7,349)	**(7,349)**
Marketing expense	(1,360)	–	**(1,360)**
General and administrative expense	(6,329)	(1,891)	**(8,220)**
Realized gain of financial instruments	11,316	–	**11,316**
Interest expense	(21,149)	(6,317)	**(27,466)**
Cash Flow	**215,904**	**63,415**	**279,319**
Depletion expense[(1)]	(108,041)	(16,518)	**(124,559)**
Accretion	–	(161)	**(161)**
Amortization of debt transaction costs	(349)	(104)	**(453)**
Unrealized loss on financial instruments	(8,266)	–	**(8,266)**
Share-based compensation expense	(4,129)	(1,233)	**(5,362)**
Net income before tax	**95,119**	**45,399**	**140,518**

As at Dec. 31, 2024 ($000s)	**Royalties**	**Infrastructure**	**Total**
Total Assets	1,787,408	435,761	**2,223,169**

(1) Prior period figures are adjusted, refer to *"Voluntary Change in Accounting Policy"* in this MD&A.

Application of Critical Accounting Estimates

Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses.

Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimates that differ materially from current estimates. The Company's use of estimates and judgments in preparation of the Financial Statements is discussed in note 2d of the Financial Statements.

Future Accounting Changes

In April 2024, the IASB issued a new Accounting Standard IFRS 18 *Presentation and Disclosure in Financial Statements*, which will replace IAS 1 *Presentation of Financial Statements*. The new accounting standard will change how items of net income are presented on the face of the Consolidated Statements of Net Income and Comprehensive Income and disclose information in the notes to the financial statements. As well, management-defined performance measures will now be disclosed in the financial statements and subject to audit. The new Accounting Standard is effective from January 1, 2027, and applies retrospectively. Early adoption is permitted. The Company is assessing the potential effects of this new accounting standard.

Voluntary Change in Accounting Policy

Under the Company's previous accounting policy, costs accumulated within each area were depleted by reference to the ratio of royalty production in the period to forecasted proved and probable developed petroleum and natural gas reserves, without considering estimated future development costs. During the fourth quarter of 2025, the Company voluntarily changed its accounting policy to deplete only those costs associated with developed royalty assets, with the remaining undeveloped costs excluded from the calculation, to be transferred into the depletable base as development occurs. The depletable assets continue to be depleted by reference to the ratio of royalty production in the period to forecasted proved and probable developed petroleum and natural gas reserves.

The Company believes the change in depletion policy provides more reliable and relevant information to the users of the financial statements as it more closely aligns depletion expense to the attributable underlying reserves.

In accordance with IAS 8, management has applied the voluntary change in accounting policy retrospectively. The Financial Statements have been adjusted to reflect adjustments made as a result of this change. The tables below present the impact of the change in accounting policy on the consolidated statements of financial position, the consolidated statements of comprehensive income and other income and the consolidated statements of cash flows, for each of the line items impacted.

Impacts on the Consolidated Statements of Financial Position

	Dec. 31, 2025		Dec. 31, 2024		Jan. 1, 2024[2]		
As at ($000s)	Adjustments	Previous	Adjustments	Adjusted	Previous	Adjustments	Adjusted
Assets							
Petroleum and natural gas interests	383,014	1,828,258	328,555	2,156,813	1,581,228	256,668	1,837,896
Liabilities and equity							
Deferred tax assets (liabilities)	(73,182)	(15,338)	(62,966)	(78,304)	3,214	(50,349)	(47,135)
Deficit[1]	309,832	(481,950)	265,589	(216,361)	(337,169)	206,319	(130,850)

(1) Prior years impact on Deficit ($millions): 2019 - $2.7; 2020 - $17.3; 2021 - $47.1; 2022 - $65.8; and 2023 - $73.4.

(2) Derived from the Company's December 31, 2023 Consolidated Financial Statements.

Impacts on the Consolidated Statements of Comprehensive Income

	Dec. 31, 2025		Dec. 31, 2024	
For the year ended ($000s)	Adjustments	Previous	Adjustments	Adjusted
Depletion and depreciation	(54,459)	196,446	(71,887)	124,559
Deferred tax expense	10,216	22,245	12,617	34,862
Net income and comprehensive income	44,243	46,386	59,270	105,656

Impacts on the Consolidated Statements of Cash Flows

	Dec. 31, 2025		Dec. 31, 2024	
For the year ended ($000s)	Adjustments	Previous	Adjustments	Adjusted
Net income	44,243	46,386	59,270	105,656
Depletion and depreciation	(54,459)	196,446	(71,887)	124,559
Deferred tax expense	10,216	22,245	12,617	34,862

Internal Controls over Financial Reporting ("ICFR")

The Company's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P"), as defined by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's Chief Executive Officer and Chief Financial Officer by others, particularly during the periods in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

The Company's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting ("ICFR"), as defined by NI 52-109, to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of consolidated financial statements for external purposes in accordance with GAAP.

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's DC&P and ICFR. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as at December 31, 2025, the Company's DC&P and ICFR are effective. There were no changes in the Company's DC&P or ICFR during the period beginning on October 1, 2025, and ending December 31, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's DC&P or ICFR. It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

The Company uses the guidelines as set forth in the Committee of Sponsoring Organizations of the Treadway Commission 2013 Internal Control-Integrated Framework.

Non-GAAP and Other Financial Measures

Certain financial terms and measures contained in this MD&A 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 MD&A 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 Financial Measures

The non-GAAP financial measures used herein 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.

This MD&A 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. As at December 31, 2025, the Company's capital management measures disclosed in the notes to the Financial Statements include adjusted working capital, net debt, free cash flow (FCF) and Excess FCF.

Supplementary financial measures

This MD&A 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 note 9 to the Financial Statements: (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 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:

	Three months ended		Years ended	
($000s)	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Cash from operating activities	69,143	64,930	308,760	276,271
Exclude net change in non-cash working capital	(11,411)	(8,923)	(4,002)	(3,048)
Cash flow	**80,554**	**73,853**	**312,762**	**279,319**
Less: Capital expenditures	887	2,418	5,261	7,330
FCF	**79,667**	**71,435**	**307,501**	**271,989**
Less: dividends paid	52,356	50,617	207,687	191,167
Excess FCF	**27,311**	**20,818**	**99,814**	**80,822**
Cash flow per basic share[(1)]	**$0.52**	**$0.49**	**$2.03**	**$1.91**
Cash flow per diluted share[(1)]	**$0.52**	**$0.49**	**$2.03**	**$1.90**
FCF per basic share[(1)]	**$0.52**	**$0.47**	**$2.00**	**$1.86**
FCF per diluted share[(1)]	**$0.52**	**$0.47**	**$1.99**	**$1.85**
FCF	**79,667**	**71,435**	**307,501**	**271,989**
Total Revenue and other income	86,718	82,179	336,504	312,398
FCF Margin	**92%**	**87%**	**91%**	**87%**

(1) 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:

	Three months ended		Years ended	
($000s)	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Net Income[(2)]	32,694	19,874	128,741	105,656
Unrealized gains (losses) on financial derivatives	(214)	(13,155)	1,510	(8,266)
Adjusted net income	**32,908**	**33,029**	**127,231**	**113,922**
Adjusted net income per basic share[(1)]	$0.21	$0.22	$0.83	$0.78
Adjusted net income per diluted share[(1)]	**$0.21**	**$0.22**	**$0.82**	**$0.77**

(1) Calculated using basic and diluted weighted average shares outstanding.
(2) Prior period figures are adjusted, refer to *"Voluntary Change in Accounting Policy"* in this MD&A.

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:

	Three months ended		Years ended	
($000s)	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Processing revenue	21,930	18,838	82,907	66,377
Other income	2,320	3,107	11,787	12,595
Total	**24,250**	**21,945**	**94,694**	**78,972**
Operating Expenses	1,027	1,600	6,530	7,349
Operating Margin	**23,223**	**20,345**	**88,164**	**71,623**
Operating Margin %	**96%**	**93%**	**93%**	**91%**

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 Dec. 31, 2025	As at Dec. 31, 2024
Working capital	55,999	51,758
Exclude fair value of financial instruments	2,725	4,614
Exclude work in progress capital costs	—	(1,228)
Adjusted working capital	**53,274**	**48,372**
Less: bank debt	570,768	540,396
Net Debt	**517,494**	**492,024**

EBITDA and EBITDA per basic or diluted share

EBITDA, as defined under the Company's Syndicated Credit Facility and disclosed in note 9 of the 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:

	Three months ended		Years ended	
($000s)	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Net income[2]	32,694	19,874	128,741	105,656
Unrealized (gain) loss on financial instruments	214	13,155	(1,510)	8,266
Share-based compensation	4,368	2,998	7,341	5,362
Finance expense	6,684	7,085	26,993	28,080
Depletion and depreciation[2]	32,341	31,123	135,129	124,559
Deferred tax expense[2]	10,739	6,558	42,295	34,862
Less: interest income	(49)	(289)	(270)	(758)
EBITDA	**86,991**	**80,504**	**338,719**	**306,027**
EBITDA per basic share ($/share)[1]	**$0.57**	**$0.53**	**$2.20**	**$2.09**
EBITDA per diluted share ($/share)[1]	**$0.56**	**$0.53**	**$2.19**	**$2.08**

(1) As noted, calculated using the basic or diluted weighted average number of shares outstanding during the respective periods.
(2) Prior period figures are adjusted, refer to *"Voluntary Change in Accounting Policy"* in this MD&A.

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		Years ended	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Cash flow ($000s)	80,554	73,853	312,762	279,319
Dividends ($000s)	52,356	50,617	207,687	191,167
Payout Ratio (%)	**65%**	**69%**	**66%**	**68%**

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		Years ended	
($000s)	**Dec. 31, 2025**	**Dec. 31, 2024**	**Dec. 31, 2025**	**Dec. 31, 2024**
Acquisitions (consolidated statements of cash flows)	10,234	331,380	125,438	430,569
Acquisitions (excluding non-cash decommissioning obligations)	**10,234**	**331,380**	**125,438**	**430,569**

SELECTED QUARTERLY INFORMATION

Three months ended ($000s) except per share	**Dec. 31, 2025**	**Sep. 30, 2025**	**Jun. 30, 2025**	**Mar. 31, 2025**
Royalty production revenue	62,468	52,291	58,368	68,683
Processing revenue	21,930	21,221	20,167	19,589
Other income[5]	2,320	2,931	2,653	3,883
Total	86,718	76,443	81,188	92,155
Cash expenses:				
Operating	(1,027)	(1,545)	(2,199)	(1,759)
Marketing	(415)	(307)	(370)	(445)
General and administrative	(3,338)	(1,864)	(1,893)	(2,179)
Realized gain on financial instruments	5,102	8,737	5,166	821
Interest expense	(6,486)	(6,620)	(6,267)	(6,854)
Cash flow	80,554	74,844	75,625	81,739
Per basic share[1][2]	$0.52	$0.49	$0.49	$0.53
Per diluted share[1][2]	$0.52	$0.49	$0.49	$0.53
Cash from operating activities	69,143	78,147	80,731	80,739
Per basic share[1][2]	$0.45	$0.51	$0.52	$0.53
Per diluted share[1][2]	$0.45	$0.51	$0.52	$0.52
Net income[7]	32,694	25,573	42,463	28,011
Per basic share[1][2][7]	$0.21	$0.17	$0.28	$0.18
Per diluted share[1][2][7]	$0.21	$0.17	$0.28	$0.18
Dividends paid	52,356	52,303	52,283	50,745
Per share[1][6]	$0.34	$0.34	$0.34	$0.33
Capital expenditures	887	1,864	1,608	902
Acquisitions, excl. decommissioning obligations[1]	10,234	71,733	26,001	17,470
Basic W.A.[4] shares outstanding[3]	153,885	153,794	153,774	153,770
Diluted W.A.[4] shares outstanding[3]	154,538	154,442	154,401	154,430
Selected statement of financial position results ($000s)	**At. Dec. 31, 2025**	**At Sep. 30, 2025**	**At Jun. 30, 2025**	**At Mar. 31, 2025**
Total assets[7]	2,221,715	2,230,374	2,199,745	2,204,513
Working capital	55,999	(26,633)	50,640	46,694
Adjusted working capital[1]	53,274	(30,773)	40,319	49,448
Net debt (cash)[1]	517,494	535,412	485,166	480,730
Common shares outstanding[3]	153,990	153,831	153,774	153,774

Three months ended ($000s) except per share	**Dec. 31, 2024**	**Sept. 30, 2024**	**Jun. 30, 2024**	**Mar. 31, 2024**
Royalty production revenue	60,234	52,692	60,162	60,338
Processing revenue	18,838	18,279	14,754	14,506
Other income[5]	3,107	2,626	3,490	3,372
Total	82,179	73,597	78,406	78,216
Cash expenses:				
Operating	(1,600)	(2,209)	(1,623)	(1,917)
Marketing	(356)	(279)	(333)	(392)
General and administrative	(2,894)	(1,730)	(1,626)	(1,970)
Realized gain on financial instruments	3,464	4,716	2,276	860
Interest expense	(6,940)	(7,123)	(6,544)	(6,859)
Cash flow	73,853	66,972	70,556	67,938
Per basic share[1][2]	$0.49	$0.46	$0.49	$0.47
Per diluted share[1][2]	$0.49	$0.46	$0.49	$0.47
Cash from operating activities	64,930	71,253	68,805	71,283
Per basic share[1][2]	$0.43	$0.49	$0.47	$0.49
Per diluted share[1][2]	$0.43	$0.49	$0.47	$0.49
Net income[7]	19,874	32,811	31,602	21,369
Per basic share[1][2][7]	$0.13	$0.23	$0.22	$0.15
Per diluted share[1][2][7]	$0.13	$0.23	$0.22	$0.15
Dividends paid	50,617	47,827	46,362	46,361
Per share[1][6]	$0.33	$0.33	$0.32	$0.32
Capital expenditures	2,418	2,183	1,057	1,672
Work in progress capital costs	(21,295)	5,585	4,035	11,675
Acquisitions, excl. decommissioning obligations[1]	331,380	—	99,189	—
Basic W.A.[4] shares outstanding[3]	151,423	144,909	144,878	144,839
Diluted W.A.[4] shares outstanding[3]	152,149	145,622	145,491	145,337
Selected statement of financial position results ($000s)	**At Dec. 31, 2024**	**At Sept. 30, 2024**	**At Jun. 30, 2024**	**At Mar. 31, 2024**
Total assets[7]	2,223,169	1,935,143	1,954,109	1,875,662
Working capital	51,758	27,520	29,309	31,594
Adjusted working capital[1]	48,372	38,434	43,794	44,786
Net debt (cash)[1]	492,024	381,084	398,461	322,273
Common shares outstanding[3]	153,457	144,928	144,878	144,878

(1) Refer to "*Non-GAAP and Other Financial Measures*".
(2) As noted, calculated using the basic or diluted weighted average number of shares outstanding during the respective periods.
(3) Presented in thousand shares outstanding.
(4) Weighted average.
(5) Includes interest income ($mm): Q4 2025 - $0.05; Q3 2025: $0.05; Q2 2025: $0.09; Q1 2025: $0.08; Q4 2024: $0.3; Q3 2024: $0.1; Q2 2024: $0.2; Q1 2024: $0.1;
(6) Represents the cumulative per share dividends paid to shareholders of record during the respective periods.
(7) Prior period figures are adjusted, refer to *"Voluntary Change in Accounting Policy"* in this MD&A.

SELECTED ANNUAL INFORMATION FROM CONTINUING OPERATIONS

($000s) except per share	Year ended Dec. 31, 2025	Year ended Dec. 31, 2024	Year ended Dec. 31, 2023
Royalty production revenue	241,810	233,426	250,488
Processing revenue	82,907	66,377	56,203
Other income[5]	11,787	12,595	14,724
Total	**336,504**	**312,398**	**321,415**
Cash expenses:			
Operating	(6,530)	(7,349)	(6,896)
Marketing	(1,537)	(1,360)	(1,468)
General and administrative	(9,274)	(8,220)	(6,910)
Realized gain on financial instruments	19,826	11,316	9,261
Interest expense	(26,227)	(27,466)	(29,099)
Cash flow	**312,762**	**279,319**	**286,303**
Per basic share[1][2]	$2.03	$1.91	$1.98
Per diluted share[1][2]	$2.03	$1.90	$1.97
Cash from (used in) operating activities	308,760	276,271	300,576
Per basic share[1][2]	$2.01	$1.89	$2.08
Per diluted share[1][2]	$2.00	$1.88	$2.07
Net income[7]	128,741	105,656	121,118
Per basic share[2][7]	$0.84	$0.72	$0.84
Per diluted share[2][7]	$0.83	$0.72	$0.83
Dividends paid	207,687	191,167	176,316
Per share[1][6]	$1.35	$1.30	$1.22
Capital expenditures	5,261	7,330	4,568
Basic W.A.[4] shares outstanding[3]	153,806	146,521	144,493
Diluted W.A.[4] shares outstanding[3]	154,424	147,131	145,370

Selected statement of financial position results ($000s)	At Dec. 31, 2025	At Dec. 31, 2024	At Dec. 31, 2023
Total assets[7]	2,221,715	2,223,169	1,900,601
Working capital	55,999	51,758	53,295
Adjusted working capital[1]	53,274	48,372	48,900
Common shares outstanding[3]	153,990	153,457	144,741

(1) Refer to *"Non-GAAP and Other Financial Measures"*.
(2) As noted, calculated using the basic or diluted weighted average number of shares outstanding during the respective years.
(3) Presented in thousand shares outstanding.
(4) Weighted average.
(5) Includes interest income for 2025 of $0.3 million (2024 - $0.8 million and 2023 - $0.6 million).
(6) Represents the cumulative per share dividends paid to shareholders of record during the respective years.
(7) Prior period figures are adjusted, refer to *"Voluntary Change in Accounting Policy"* in this MD&A.

Quarterly and Annual Results

The oil and natural gas exploration and production industry is cyclical in nature. Topaz's financial position, results of operations and cash flows are affected by commodity prices and production levels as its royalty production revenue is directly impacted by commodity prices and production levels. In addition, commodity prices and production levels can indirectly affect its processing revenue and other income.

Topaz's average royalty production of 23,399 boe/d during Q4 2025, increased 15% from Q4 2024 (20,279 boe/d), and was 8% higher than Q3 2025 average royalty production of 21,596 boe/d. The overall increase in average quarterly royalty production from Q4 2024 to Q4 2025 is attributed to royalty acquisitions and royalty production growth attributed to operator-funded development on Topaz's royalty acreage. Average processing revenue of $21.9 million generated during Q4 2025, increased 16% since Q4 2024 ($18.8 million), and 3% since Q3 2025 ($21.2 million). Increases in processing revenue and other income are attributed to infrastructure acquisitions and higher utilization of non-contracted interests. Topaz's cash flow of $80.6 million generated during Q4 2025 was 9% higher than Q4 2024 ($73.9 million), and 8% higher than Q3 2025 ($74.8 million). The increased cash flow generated during Q4 2025, relative to the prior year is attributed to 15% higher royalty production and 16% higher processing revenue, offset by a 10% decrease in average realized commodity pricing.

Topaz's average royalty production for the year ended December 31, 2025 of 22,417 boe/d was 17% higher than average royalty production during the year ended December 31, 2024 (19,227 boe/d), and 19% higher than average royalty production during the year ended December 31, 2023 (18,853 boe/d). The increases are attributed to royalty acquisitions and royalty production growth attributed to operator-funded development on Topaz's royalty acreage, offset by the impact of a contractually scheduled royalty rate change from 4% to 3%, effective January 1, 2024, on approximately 300 mmcf/d of gross natural gas production. Topaz's cash flow of $312.8 million for the year ended December 31, 2025 was 12% higher than cash flow of $279.3 million during the year ended December 31, 2024 and 9% higher than cash flow of $286.3 million for the year ended December 31, 2023. The higher cash flow generated during 2025, as compared to 2024 and 2023, is the result of increased royalty production volume attributed to acquisitions completed and operator-funded development across Topaz's royalty acreage and an increase in processing revenue, offset by lower average realized commodity pricing.

SUPPLEMENTAL INFORMATION REGARDING PRODUCT TYPES

The following table is intended to provide supplemental information about the product type and composition for each of the royalty production volume figures that are provided throughout this MD&A.

For the three months ended	Dec. 31, 2025	Sep. 30, 2025	Jun. 30, 2025	Mar. 31, 2025	Dec. 31, 2024
Average daily production					
Light and Medium crude oil (bbl/d)	1,928	1,910	2,133	1,925	1,678
Heavy crude oil (bbl/d)	3,515	3,386	3,314	3,154	3,266
Conventional Natural Gas (mcf/d)	58,597	53,784	55,345	56,360	46,901
Shale Gas (mcf/d)	40,455	35,812	37,784	38,835	37,022
Natural Gas Liquids (bbl/d)	1,446	1,365	1,320	1,434	1,346
Total (boe/d)	**23,399**	**21,596**	**22,290**	**22,380**	**20,279**

For the years ended	2025	2024
Average daily production		
Light and Medium crude oil (bbl/d)	1,974	1,791
Heavy crude oil (bbl/d)	3,343	3,083
Conventional Natural Gas (mcf/d)	56,022	43,269
Shale Gas (mcf/d)	38,219	35,760
Natural Gas Liquids (bbl/d)	1,391	1,180
Total (boe/d)	**22,417**	**19,227**

Advisories and Forward-Looking Statements

This MD&A contains forward-looking information and statements (collectively, "forward-looking information") within the meaning of applicable securities laws. This forward-looking information relates to future events or Topaz's future performance. All information other than information of historical fact is forward-looking information. The use of any of the words "anticipate", "plan", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential" and "capable" and similar expressions are intended to identify forward-looking information. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. No assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon. This information speaks only as of the date of this MD&A or, if applicable, as of the date specified in those documents specifically referenced herein. In addition, this MD&A may contain forward-looking information attributed to third-party sources.

Without limitation of the foregoing, this MD&A contains forward-looking information pertaining to the following:

- expectations for Topaz's future financial and operational performance;
- growth and realization of future value from its gross overriding royalty interests on Tourmaline and other third-party lands;
- interests in natural gas processing plants and other infrastructure operated by Tourmaline and other third parties and associated long-term take-or-pay commitments from operators;
- a contracted interest in certain third-party revenues for natural gas processing and other acquired or proposed to be acquired assets (collectively, the "Assets");
- estimated future revenue and growth opportunities associated with the Assets;
- estimated future dividends and dividend policy;
- production estimates;
- future demand for and prices of commodities;
- business prospects;
- the ability to complete the acquisition of certain assets and the timing for completion thereof;
- the future scalability of Topaz's business model;
- potential future acquisitions and other transactions;
- anticipated payout ratios, distribution yields, revenue accretion and financial performance or outlooks;
- potential for future tax planning transactions;
- future costs, capital expenditures and debt levels of Topaz;
- the reserve potential of royalty payor’s assets; and
- the anticipated production from third-party’s assets and anticipated future cash flows from such assets.

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 will be dependent upon, among other things, cash flow, 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 the Syndicated Credit Facility.

With respect to forward-looking information contained in this MD&A, assumptions have been made regarding, among other things:

- future crude oil, heavy oil, natural gas liquids and natural gas prices;
- future interest rates and currency exchange rates;
- Topaz's ability to obtain and retain qualified staff and equipment in a timely and cost–efficient manner;
- the regulatory framework governing royalties, taxes and environmental matters;
- the ability to market production of crude oil and natural gas successfully;
- third-party future production levels and growth prospects;
- the applicability of technologies for recovery and production of third-party reserves;
- future capital expenditures to be made by Topaz;
- future cash flows from production meeting the expectations stated in this MD&A;
- the impact of competition on Topaz; and
- Topaz's ability to obtain financing (equity or debt) on acceptable terms.

The information in this MD&A, including Topaz's actual results, could differ materially from those anticipated in the forward-looking information due to a number of factors and risks, including the following:

- the amount of capital expenditures and the results of operations and development activities by the owners of Topaz's royalty interest lands;
- changes in laws or royalty regimes;
- investor demand for any equity offering;
- the effect of geopolitical uncertainty, including tariffs;
- credit and other third-party or counterparty risks;
- failure to complete or realize the benefits of acquisitions;
- the Assets not being developed by counterparties in the manner anticipated by Topaz;
- the continuance of third-party processing and other fees at competitive market rates and current demand levels;
- volatility in the demand, supply and market prices for crude oil, heavy oil, natural gas and natural gas liquids;
- reliance on Tourmaline and other third parties with respect to annual revenue streams;
- liabilities inherent in petroleum and natural gas operations;
- uncertainties associated with estimating crude oil, heavy oil, natural gas liquids and natural gas reserves and future production levels;
- competition for, among other things, third-party capital and acquisitions of reserves, additional petroleum and natural gas assets and undeveloped lands;
- incorrect assessments of the value of the Assets or future acquisitions;
- risks related to the environment and changing environmental laws in relation to the operations conducted on or with respect to the Assets;
- claims made or legal actions brought or realized against Topaz or its properties or assets;
- a failure by Topaz to obtain or retain key personnel;
- a decrease or elimination of the payment of dividends by Topaz as a result of a board determination, financial constraints or restrictions under applicable agreements or corporate laws;
- general economic, market and business conditions; and
- changes in tax or environmental laws or royalty or incentive programs relating to the crude oil and natural gas industry.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this MD&A, in order to provide readers with a more complete perspective on Topaz's future operations and such information may not be appropriate for other purposes. Topaz's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, if any, that the Company will derive therefrom. Readers are cautioned that the foregoing lists of factors are not exhaustive.

These forward-looking statements are made as of the date of this MD&A and the Company disclaims any intent or obligation to update any forward-looking statements, whether, as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Boe Conversions

Per barrel of oil equivalent amounts have been calculated using a conversion rate of nine 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.

Abbreviations

000's	thousand dollars	mboe	thousand barrels of oil equivalent
bbl	barrel	mcf	thousand cubic feet
bbl/d	barrels per day	mcf/d	thousand cubic feet per day
bcf	billion cubic feet	mmbbls	million barrels
boe/d	barrel of oil equivalent per day	mmboe	millions of barrels of oil equivalent
CAD	Canadian dollar	mmcf	million cubic feet
Crude oil	Light and medium crude oil combined	mmcf/d	million cubic feet per day
GJ	gigajoule	USD	United States dollar
GJ/d	gigajoules per day	WTI	West Texas Intermediate
mbbls	thousand barrels	WCS	Western Canada Select

MANAGEMENT'S REPORT

To the Shareholders of Topaz Energy Corp.:

The accompanying consolidated financial statements of Topaz Energy Corp. and all the information in the Annual Report are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis, in order to ensure that the consolidated financial statements are presented fairly, in all material respects. The financial information contained elsewhere in this report has been reviewed to ensure consistency with the consolidated financial statements.

Management has established systems of internal controls, which are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. It exercises its responsibilities primarily through the Audit Committee, with some assistance from the Reserves Committee regarding the annual evaluation of the Company's petroleum and natural gas reserves. The Audit Committee has reviewed the consolidated financial statements with management and the auditors and has reported to the Board of Directors. The external auditors have access to the Audit Committee without the presence of management.

The consolidated financial statements have been audited on behalf of the shareholders by KPMG LLP, the external auditors. Their examination included such tests and procedures, as they considered necessary, to provide reasonable assurance that the consolidated financial statements are presented fairly in accordance with IFRS Accounting Standards, as issued by the IASB. The Board of Directors has approved the consolidated financial statements.

(signed)	(signed)
Marty Staples President and Chief Executive Officer	Cheree Stephenson Vice-President, Finance and Chief Financial Officer
Calgary, Alberta	Calgary, Alberta

February 24, 2026

KPMG LLP
2200 – 240 4th Avenue SW
Calgary, AB T2P 4H4
Tel (403) 691-8000
Fax (403) 691-8008

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Topaz Energy Corp.

Opinion

We have audited the consolidated financial statements of Topaz Energy Corp. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2025, December 31, 2024 and January 1, 2024
- the consolidated statements of net income and comprehensive income for the years ended December 31, 2025 and December 31, 2024
- the consolidated statements of changes in shareholders' equity for the years ended December 31, 2025 and December 31, 2024
- the consolidated statements of cash flows for the years ended December 31, 2025 and December 31, 2024
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025, December 31, 2024 and January 1, 2024, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2025 and December 31, 2024 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Comparative Information

We draw attention to Note 3 (l) to the financial statements (”Note 3”), which explains that certain comparative information presented:

- for the year ended December 31, 2024 has been adjusted
- as at December 31, 2024 has been adjusted
- as at January 1, 2024 has been derived from the financial statements for the year ended December 31, 2023 which has been adjusted (not presented herein)

Note 3 explains the reason for the adjustment and also explains the adjustments that were applied to adjust certain comparative information.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor’s report.

Assessment of the royalty revenue accrual Description of the matter

We draw attention to note 2, note 3 and note 13 to the financial statements. The Entity has accounts receivable as of December 31, 2025 of $55.6 million, a portion of which relates to royalty production revenue accrual. The Entity earns royalty production revenue from the sale of natural gas, crude oil, heavy oil, and natural gas liquids that is recognized as it accrues in accordance with the terms of the royalty agreements, which is generally in the month when natural gas, crude oil, heavy oil, and natural gas liquids is produced. The royalty production revenue accrual is necessary due to the delay between the timing of natural gas, crude oil, heavy oil, and natural gas liquids production and when the Entity receives its royalty production and payment, which is typically a time lag of one to two months.

The estimate of the royalty production revenue accrual is based upon certain significant assumptions:

- Royalty production.
- Realized commodity prices.

Royalty production is based on current counterparty production information or historical counterparty production information to which the respective royalty rate is applied pursuant to the terms of the Entity’s royalty agreements. The realized commodity prices are based on publicly available benchmark commodity prices adjusted for quality, location, allowable deductions, or other factors pursuant to the terms of the royalty agreements for natural gas, crude oil, heavy oil, and natural gas liquids in the month of production.

Why the matter is a key audit matter

We identified the assessment of the royalty production revenue accrual as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the royalty production revenue accrual and the degree of estimation uncertainty in determining the royalty production revenue accrual. Significant auditor judgment and effort was required to evaluate evidence for the Entity’s royalty production and realized commodity price assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We compared the Entity's prior year's royalty production revenue accrual to received royalty production and received realized commodity prices to assess the Entity's ability to accurately estimate.

We evaluated the reasonableness of the Entity's royalty production revenue accrual by:

- Performing walkthroughs of the processes and testing the design and implementation of the key controls over the royalty revenue accrual.
- Comparing the Entity's royalty production assumptions for natural gas, crude oil, heavy oil, and natural gas liquids to 2025 received royalty production. We took into account changes in conditions and events affecting the Entity to assess the adjustments or lack of adjustments made by the Entity in arriving at the royalty production assumptions.
- Confirming the current counterparty production information included in the royalty production accrual assumptions for natural gas, crude oil, heavy oil, and natural gas liquids for a selection of operators.
- Developing an expectation of the realized commodity price assumptions for natural gas, crude oil, heavy oil, and natural gas liquids based on publicly available benchmark commodity prices.
- Developing an expectation of the royalty production revenue accrual for natural gas, crude oil, heavy oil, and natural gas liquids based on the Entity's royalty production and our expectation of the realized commodity price and comparing the expectation to the Entity's royalty production revenue accrual.
- Comparing the Company's realized commodity price assumptions for natural gas, crude oil, heavy oil and natural gas liquids as a percentage of publicly available price of benchmarks to the realized price differential.
- Compared the royalty revenue accrual to cash received subsequent to December 31, 2025 for a selection of operators.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis .
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "2025 Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



The engagement partner on the audit resulting in this auditor's report is Brad William Robertson.

Chartered Professional Accountants

Calgary, Canada

February 24, 2026

TOPAZ ENERGY CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at ($000s)	**Dec. 31, 2025**	**Dec. 31, 2024** *(adjusted, note 3)*	**Jan. 1, 2024** *(adjusted, note 3)*
Assets			
Current Assets			
Cash	$ 580	$ 147	$ 3,461
Accounts receivable *(note 13)*	55,618	52,485	47,341
Prepaids and deposits	721	786	846
Fair value of financial instruments (*note 6)*	4,536	10,603	8,731
Total Current Assets	**61,455**	**64,021**	**60,379**
Fair value of financial instruments *(note 6)*	821	2,335	2,326
Petroleum and natural gas interests *(note 8)*	2,159,439	2,156,813	1,837,896
Total Assets	**$ 2,221,715**	**$ 2,223,169**	**$ 1,900,601**
Liabilities and Shareholders' Equity			
Accounts payable and accrued liabilities	$ 3,645	$ 6,274	$ 6,329
Fair value of financial instruments *(note 6)*	1,811	5,989	755
Total Current Liabilities	5,456	12,263	7,084
Fair value of financial instruments *(note 6)*	—	4,913	—
Deferred income tax liability	119,608	78,304	47,135
Bank debt *(note 9)*	570,768	540,396	391,638
Decommissioning obligation *(note 10)*	5,406	5,419	4,647
Total Liabilities	**701,238**	**641,295**	**450,504**
Shareholders' Equity			
Share capital *(note 11)*	1,744,598	1,734,408	1,525,700
Contributed surplus	71,186	63,827	55,247
Deficit	(295,307)	(216,361)	(130,850)
Total Shareholders' Equity	1,520,477	1,581,874	1,450,097
Total Liabilities and Shareholders' Equity	**$ 2,221,715**	**$ 2,223,169**	**$ 1,900,601**

Refer to accompanying notes to the consolidated financial statements
Subsequent events *(note 6)*

TOPAZ ENERGY CORP.
CONSOLIDATED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME

For the years ended ($000s, except for share information)	**Dec. 31, 2025**	**Dec. 31, 2024** *(adjusted, note 3)*
Royalty production revenue *(note 13)*	$ 241,810	$ 233,426
Processing revenue *(note 13)*	82,907	66,377
Other income	11,787	12,595
Realized gain on financial instruments *(note 6)*	19,826	11,316
Unrealized gain (loss) on financial instruments *(note 6)*	1,510	(8,266)
	357,840	**315,448**
Expenses		
Operating	6,530	7,349
Marketing	1,537	1,360
General and administrative	9,274	8,220
Share-based compensation *(note 11)*	7,341	5,362
Finance *(note 14)*	26,993	28,080
Depletion and depreciation *(note 8)*	135,129	124,559
	186,804	174,930
Net income before taxes	**171,036**	**140,518**
Deferred tax expense *(note 15)*	42,295	34,862
Net income and comprehensive income	**$ 128,741**	**$ 105,656**
Net income per common share		
Basic (*note 12)*	$ 0.84	$ 0.72
Diluted *(note 12)*	$ 0.83	$ 0.72

Refer to accompanying notes to the consolidated financial statements

TOPAZ ENERGY CORP.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

($000s)	Share Capital	Contributed Surplus	Retained Earnings (deficit)	Total Shareholders Equity
Balance, Dec. 31, 2023 *(adjusted, note 3)*	**$1,525,700**	**$55,247**	**$(130,850)**	**$1,450,097**
Issue of common shares - bought deal financing	201,653	—	—	201,653
Issue of common shares - private placement	5,240	—	—	5,240
Exercise of share-based awards	8,505	(3,373)	—	5,132
Share issue costs, net of tax	(6,690)	—	—	(6,690)
Share-based compensation	—	10,328	—	10,328
Tax deduction on excess value of share-based awards	—	1,625	—	1,625
Net income	—	—	105,656	105,656
Dividends to common shareholders	—	—	(191,167)	(191,167)
Balance, Dec. 31, 2024 *(adjusted, note 3)*	**$1,734,408**	**$63,827**	**$(216,361)**	**$1,581,874**
Exercise of share-based awards *(note 11)*	10,190	(8,239)	—	1,951
Share-based compensation *(note 11)*	—	14,607	—	14,607
Tax deduction on excess value of share-based awards	—	991	—	991
Net income	—	—	128,741	128,741
Dividends to common shareholders *(note 11)*	—	—	(207,687)	(207,687)
Balance, Dec. 31, 2025	**$1,744,598**	**$71,186**	**$(295,307)**	**$1,520,477**

Refer to accompanying notes to the consolidated financial statements

TOPAZ ENERGY CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended ($000s, except for share information)	Dec. 31, 2025	Dec. 31, 2024 *(adjusted, note 3)*
Operating Activities		
Net income	$ 128,741	$ 105,656
Items not affecting cash		
Unrealized (gain) loss on financial instruments (*note 6)*	(1,510)	8,266
Accretion expense *(note 10)*	197	161
Share-based compensation (*note 11)*	7,341	5,362
Amortization of debt transaction costs (*note 14)*	569	453
Depletion and depreciation (*note 8)*	135,129	124,559
Deferred income tax expense (*note 15)*	42,295	34,862
Cash flow	**312,762**	**279,319**
Net change in non-cash working capital *(note 16)*	(4,002)	(3,048)
Cash from operating activities	**308,760**	**276,271**
Financing Activities		
Exercise of share-based awards	1,951	5,132
Issue of common shares - bought deal financing *(note 11)*	—	201,653
Issue of common shares - private placement *(note 11)*	—	5,240
Borrowings on bank debt *(note 9)*	31,500	148,318
Share issue costs *(note 11)*	—	(8,758)
Debt transaction costs	(1,697)	(13)
Dividends paid *(note 11)*	(207,687)	(191,167)
Net change in non-cash working capital *(note 16)*	(206)	—
Cash used in financing activities	**(176,139)**	**160,405**
Investing Activities		
Petroleum and natural gas interests *(note 8)*	(5,261)	(7,330)
Work in progress capital costs	—	—
Property and infrastructure acquisitions *(note 7)*	(125,438)	(430,569)
Net change in non-cash working capital *(note 16)*	(1,489)	(2,091)
Cash used in investing activities	**(132,188)**	**(439,990)**
Increase (decrease) in cash	433	(3,314)
Cash and cash equivalents, beginning	147	3,461
Cash and cash equivalents, end	**$ 580**	**$ 147**

Refer to accompanying notes to the consolidated financial statements

1. NATURE OF THE ORGANIZATION

Topaz Energy Corp. ("Topaz" or the "Company") is a royalty and infrastructure energy company focused on generating low risk income and paying dividends to its shareholders, while strategically investing in additional revenue generating assets to provide growth. The Company was incorporated under the laws of the Province of Alberta on October 13, 2006.

These consolidated financial statements reflect only the Company's proportionate interest in its business activities and comprise Topaz Energy Corp. and its subsidiaries; Reserve Royalty Commercial Trust, Reserve Royalty GP Ltd., Reserve Royalty GP#2 Ltd., Reserve Royalty Limited Partnership, Reserve Royalty (Manitoba) Limited Partnership, 2377100 Alberta Ltd., and Jarvie Royalty Partnership. The Company's registered office is located at Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta, Canada T2P 1G1.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a going-concern basis, amounts are in thousands of Canadian dollars unless otherwise stated and were authorized for issuance by the Company's Board of Directors on February 24, 2026.

(b) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of Topaz.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value. The methods used to measure fair values are discussed in note 5.

(d) Use of judgments and estimates

The timely preparation of the consolidated financial statements requires management to use judgments, estimates and assumptions. These judgments, estimates and assumptions are subject to change and could differ from actual results. The key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the reported amounts of assets, liabilities, revenues, expenses, and the disclosure of contingencies are discussed below.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these consolidated financial statements:

Identification of cash-generating units

The Company's assets are aggregated into two cash-generating units ("CGUs") for the purpose of impairment, the royalty CGU and the infrastructure CGU. A CGU is comprised of a group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. By their nature, these estimates and assumptions are subject to measurement uncertainty and may impact the carrying value of the Company's assets in future periods.

Impairment of asset carrying values

The Company assesses at each reporting date whether there is an indication that the royalty CGU within petroleum and natural gas interests may be impaired. Significant management judgment is required to analyze internal and external indicators of impairment for petroleum and natural gas interests with the estimate of proved and probable developed petroleum and natural gas reserves and related cash flows being significant to the assessment. Refer to note 3e. For the

purpose of determining whether impairment of the Company's petroleum and natural gas interests has occurred, the significant assumptions the Company uses in estimating the recoverable amount include future cash flows and discount rates. The estimate of future cash flows includes significant assumptions related to forecasted royalty production from proved and probable developed petroleum and natural gas reserves, forecasted royalty production from undeveloped properties and forecasted crude oil and natural gas commodity prices. Changes in economic conditions can also affect the rate used to discount future cash flow estimates. Judgments are also required to assess when impairment indicators exist with respect to the infrastructure cash generating unit because of changes to contracted processing volumes and prices. Changes in the assumptions could affect the carrying amounts of assets. These assumptions are subject to change as new information becomes available. Impairment charges and reversals are recognized in profit or loss.

Deferred taxes

Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

Key sources of estimation uncertainty

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities:

Geopolitical uncertainty

Over the past few years, the market has experienced volatile supply and demand changes, ranging from excess supply to significant supply and demand volatility attributed to the global health crisis and the current geopolitical environment, including recent uncertainties surrounding tariffs. Geopolitical events continue to have an impact on the global economy which can lead to fluctuations in global trade, economies and financial markets.

These political changes create uncertainty about future government policies, regulations and trade relationships between major global economies which may result in broad-based volatility in energy markets. Adverse changes to trade relations, including tariffs, between the governments of the United States, Canada and Mexico, may have a long-term impact on the Company's results of operations, access to capital and/or financial position.

Reserves

Proved and probable developed petroleum and natural gas reserves and related cash flow estimates are not recorded in the Company's consolidated financial statements, but they do affect net earnings and assets and liabilities through their impact on depreciation, depletion and amortization ("DD&A"), the impairment calculations, the recoverability of deferred income tax assets and the fair values of assets acquired through business combinations. Management uses proved and probable developed petroleum and natural gas reserves to estimate the value of property, plant and equipment acquired that is allocated to developed royalty assets, at the time of acquisition, which are then subject to depletion. By their nature, proved and probable developed petroleum and natural gas reserves and related cash flow estimates, include significant assumptions related to forecasted royalty production volumes and forecasted crude oil and natural gas commodity prices, which are subject to measurement uncertainty. Accordingly, the impact to amounts reported in the consolidated financial statements for future periods could be material. The Company's petroleum and natural gas reserves are evaluated by independent qualified reserve evaluators at least annually and are determined pursuant to National Instrument 51-101 Standard of Disclosures for Oil and Gas Activities.

Depletion of royalty assets

Under the Company's depletion policy, costs associated with developed royalty assets are depleted by reference to the ratio of royalty production in the period to forecasted proved and probable developed reserves, whereas undeveloped costs are withheld from the depletion calculation at the time of acquisition and transferred into the depletable base as development occurs. The application of the Company's accounting policy to transfer costs from undeveloped to developed royalty assets requires management to make certain estimates regarding the timing and pace of third-party development plans.

Share-based payments
Stock options issued by the Company are recorded at fair value using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation relating to stock options, estimates must be made regarding the expected volatility in share price, award life, dividend yield, risk-free rate, share price and estimated forfeitures at the initial grant date.

Deferred taxes
Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods.

Business combinations
Each acquisition transaction is reviewed by management and judgement is used to determine the accounting method to be applied to the acquisition as either a business combination or an asset acquisition when applying the optional asset concentration test.

Revenue accruals – royalty production revenue and processing revenue
The Company follows the accrual method of accounting which may include estimates of royalty production revenue and processing revenue for which actual results have not been received at the time of financial reporting. The estimates are required due to the delay between the timing of natural gas, crude oil, heavy oil, and natural gas production and processing capacity utilization, respectively, and when the Company receives payment for royalty production revenue and processing revenue, which is typically a time lag of one to two months.

Assumptions related to royalty production revenue estimates include royalty production and realized commodity pricing for natural gas, crude oil, heavy oil and natural gas liquids. Assumptions related to the processing revenue estimates include the facility utilization rates of Topaz's processing capacity ownership in excess of the respective fixed take-or-pay contract and processing fee rates. The Company has no operational control over its royalty lands or infrastructure assets and therefore relies on counterparty information and public data in preparation of its' royalty production revenue and processing revenue estimates.

It is expected that these estimates will be minimally revised, upwards, or downwards, on receipt of actual results, based on the actual production volumes, realized pricing, facility utilization rates, processing downtime, and fee rates.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Company and to all respective periods presented in these consolidated financial statements.

(a) Business combinations
The purchase method of accounting is used to account for acquisitions of businesses and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets given up, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. If the consideration of the acquisition is less than the fair value of the net assets received, the difference is recognized immediately in profit or loss. If the consideration of the acquisition is greater than the fair value of the net assets received, the difference is recognized as goodwill on the consolidated statements of financial position. Acquisition costs incurred are expensed.

The definition of a business under IFRS 3 is that a business consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs. The three elements of a business are defined as follows:

- **Input**: any economic resource that creates outputs or has the ability to contribute to the creation of outputs, when one or more processes are applied to it.
- **Process**: Any system, standard, protocol, convention or rule that, when applied to an input or inputs, creates outputs or has the ability to contribute to the creation of outputs.
- **Output**: The result of inputs and processes applied to those inputs that provide goods or services to customers, generate investment income or generate other income from ordinary activities.

The optional concentration test under IFRS 3 permits a simplified assessment of whether an acquired set of activities and assets is in fact a business. An entity may elect to apply, or not apply, the test. An entity may make such an election separately for each transaction or other event. If the concentration test is met, the set of activities and assets is determined not to be a business, and no further assessment is required.

(b) Jointly owned assets

A portion of the Company's petroleum and natural gas interests involve jointly owned assets. The consolidated financial statements include the Company's share of these jointly owned assets and a proportionate share of the relevant revenue and related costs.

(c) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash, accounts receivable, deposits, bank debt and accounts payable and accrued liabilities. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. After initial recognition, non-derivative financial instruments are measured as follows:

Cash and cash equivalents comprise cash on hand, term deposits held with banks, other short-term highly liquid investments with original maturities of three months or less and are measured at amortized cost. Other non-derivative financial instruments, such as deposits, accounts receivable, accounts payable and accrued liabilities, and bank debt, are measured at amortized cost using the effective interest method, less any impairment losses.

Derivative financial instruments

The Company has entered certain financial derivative contracts to manage the exposure to market risks from fluctuations in commodity prices. These instruments are not used for trading or speculative purposes. The Company has not designated its financial derivative contracts as effective accounting hedges, and thus not applied hedge accounting, even though the Company considers all commodity contracts to be economic hedges. As a result, all financial derivative contracts are classified as fair value through profit or loss and are recorded on the consolidated statements of financial position at fair value. Transaction costs are recognized in profit or loss when incurred.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares, stock options, deferred share units and performance share units are recognized as a deduction from equity, net of any tax effects.

(d) Petroleum and natural gas interests

Petroleum and natural gas interests are grouped into CGUs and measured at cost less accumulated depletion and accumulated impairment losses.

Costs associated with developed royalty assets are depleted by reference to the ratio of royalty production in the period to forecasted proved and probable developed petroleum and natural gas reserves, with the remaining undeveloped costs being transferred into the depletable base as development occurs, without considering estimated future development costs. Proved and probable developed petroleum and natural gas reserves are estimated annually by external independent qualified reserve evaluators and represent the estimated quantities of proved and probable developed petroleum and natural gas reserves which geological, geophysical and engineering data demonstrates with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. Internal estimates of changes in proved and probable developed petroleum and natural gas reserves are determined on a quarterly basis.

For divestitures of properties, a gain or loss is recognized in net income. Exchanges of properties are measured at fair value, unless the transaction lacks commercial substance or fair value cannot be reliably measured. Where the exchange is measured at fair value, a gain or loss is recognized in net income.

The net carrying value of property, plant & equipment assets, including capital improvements thereof, are depreciated on a straight-line basis over the estimated useful life of each asset. Office equipment is depreciated using the 25% declining balance method. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(e) Impairment

Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in net income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in net income.

Non-financial assets
The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. The Company performs impairment testing whenever events or changes in circumstances indicate that the carrying value of an asset or CGU exceeds its recoverable amount. If any such indication exists, then the assets or CGUs recoverable amount is estimated.

For impairment testing, assets are grouped into CGUs. The recoverable amount of an asset or a CGU is the greater of its value in use or its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The estimated recoverable amount for value in use is generally computed by reference to the present value of the future cash flows expected to be derived from future royalty production from proved and probable developed petroleum and natural gas reserves and future royalty production from undeveloped properties using forecasted commodity prices. Fair value less costs to sell is determined as the amount that would be obtained from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net income. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a pro-rata basis. Impairment losses recognized in prior years are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

Decommissioning obligations
The Company recognizes the decommissioning obligations for the future costs associated with removal, site restoration and decommissioning costs. The Company's decommissioning obligation is recorded in the period in which it is incurred, discounted to its present value using the risk-free interest rate and the corresponding amount recognized by increasing the carrying amount of petroleum and natural gas assets.

The asset recorded is depreciated on a straight-line basis over the life of the property, plant & equipment. The liability amount is increased each reporting period due to the passage of time, and the amount of accretion is charged to net income in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted cost could also result in an

increase or decrease to the obligation. Actual costs incurred upon settlement of the decommissioning obligation are charged against the obligation to the extent of the liability recorded.

(f) Revenue recognition

Royalty production revenue
The Company receives royalties on production from third-party production and development of natural gas, crude oil, heavy oil and natural gas liquids pursuant to lease agreements on its royalty interests.

The continuation of a lease is typically dependent on the holder thereof continuing to produce hydrocarbons and maintaining the lease in good standing. Accordingly, the Company's performance obligations with respect to production royalties are satisfied over time, as petroleum and natural gas are produced.

Royalty revenue from the sale of natural gas, crude oil, heavy oil and natural gas liquids is recognized as it accrues in accordance with the terms of the royalty agreement, which is generally in the month when the product is produced with production volumes primarily marketed with royalty payors' production. The commodity prices for natural gas, crude oil, heavy oil and natural gas liquids are primarily based on market index prices in the month of production. Revenue for royalty production that is taken-in-kind is recognized when the performance obligations are met, which is when control of the product and title are transferred to the purchaser. Royalty revenue is measured at fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty agreements. An accrual is included in revenue and accounts receivable for amounts not received at the reporting date based on historical trends, new wells on stream and current market prices. Differences between the estimates and actual amounts received are adjusted and recorded in the period when the actual amounts are received.

Processing revenue
The Company's non-operated ownership in processing facilities generates processing fee revenue. The facilities provide natural gas processing services to customers on a fee-for-service basis. Certain fees include fixed take-or-pay arrangements under long-term commercial arrangements. Revenue is recognized when service is provided, and under the long-term commercial arrangements, if monthly volume requirements are not met, revenue is recognized under the contractual terms of the arrangements.

Other income
The Company also generates income by way of a contracted interest in third party revenue through fee-for-service natural gas processing contracts with no underlying facility ownership.

Processing revenue and other income are recognized as they accrue in accordance with the terms of the service agreements and are generally received 30 days after the services are provided.

(g) Finance income and expenses
Interest income and expense is recognized as it accrues in net income, using the effective-interest method.

(h) Deferred taxes
Income tax expense comprises current and deferred tax. Income tax expense is recognized in net income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they

relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Share-based payments

The Company has a stock option plan in place whereby it may issue stock options to acquire Common Shares to employees, consultants and directors of the Company. The Company applies the fair value method for valuing stock options. Under this method, compensation cost attributable to the awards granted are measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of awards that vest. Upon the exercise of the stock options, consideration received together with the amount previously recognized as contributed surplus, is recorded as an increase to share capital.

The Company has a deferred share unit plan ('DSU') and a performance share unit ('PSU') plan. Each deferred share unit and performance share unit is a notional unit equal in value to a Common Share. The Company applies the fair value method for valuing these types of share-based awards. Under this method, compensation cost attributable to the awards granted are measured at fair value at the grant date. Fair value is estimated based on the volume-weighted average share price on the date of grant, less the present value of estimated future dividends. Compensation costs are expensed over the vesting period with a corresponding increase to contributed surplus. A forfeiture rate is estimated on the grant date of the awards and is adjusted to reflect the actual number of awards that vest. Upon the exercise of share-based awards, the value associated with the granted award, which was previously recognized as contributed surplus, is recorded as an increase to share capital.

In conjunction with the Company's short-term incentive plan, employees and executives of the Company may elect to receive a portion of their short-term incentive awards in performance share units, that vest immediately however is subject to a two-year contractual holding period. The fair value of these awards is measured based on the volume-weighted average 5-day share price of the Company on the date of grant, which is expensed immediately, coinciding with the immediate vesting of the awards. Upon exercise of the awards, the value associated with the granted award, which was initially recognized as contributed surplus, is recorded as an increase to share capital.

(j) Per-share information

Basic per-share information is computed by dividing net income or loss attributable to shareholders by the weighted average number of common shares outstanding for the period. The treasury stock method is used to determine the diluted per share amounts, whereby any proceeds from the stock options, deferred share units and performance share units are assumed to be used to purchase common shares at the average market price during the period. The weighted average number of shares outstanding is then adjusted by the net change.

(k) Segment information

The Company has two reportable segments: royalty production and infrastructure, as the chief operating decision maker reviews operating results at this level to assess financial performance and make resource allocation decisions.

The Company's chief operating decision-maker regularly reviews cash flows generated by each of the operating segments. Cash flow is a measure of net income that provides the chief operating decision-maker with the ability to assess the profitability of each operating segment and, correspondingly, the ability of each operating segment to fund its share of dividends, asset retirement obligations, and capital investments.

(I) Voluntary change in accounting policy

Under the Company's previous accounting policy, costs accumulated within each area were depleted by reference to the ratio of royalty production in the period to forecasted proved and probable developed petroleum and natural gas reserves, without considering estimated future development costs. During the fourth quarter of 2025, the Company voluntarily changed its accounting policy to deplete only those costs associated with developed royalty assets, with the remaining undeveloped costs excluded from the calculation, to be transferred into the depletable base as development occurs. The depletable assets continue to be depleted by reference to the ratio of royalty production in the period to forecasted proved and probable developed petroleum and natural gas reserves.

The Company believes the change in depletion policy provides more reliable and relevant information to the users of the financial statements as it more closely aligns depletion expense to the attributable underlying reserves.

In accordance with IAS 8, management has applied the voluntary change in accounting policy retrospectively. The consolidated financial statements have been adjusted to reflect adjustments made as a result of this change. The tables below present the impact of the change in accounting policy on the consolidated statements of financial position, the consolidated statements of comprehensive income and other income and the consolidated statements of cash flows, for each of the line items impacted.

Impacts on the Consolidated Statements of Financial Position

	Dec. 31, 2025		Dec. 31, 2024		Jan. 1, 2024[2]		
As at ($000s)	Adjustments	Previous	Adjustments	Adjusted	Previous	Adjustments	Adjusted
Assets							
Petroleum and natural gas interests	383,014	1,828,258	328,555	2,156,813	1,581,228	256,668	1,837,896
Liabilities and equity							
Deferred tax assets (liabilities)	(73,182)	(15,338)	(62,966)	(78,304)	3,214	(50,349)	(47,135)
Deficit[1]	309,832	(481,950)	265,589	(216,361)	(337,169)	206,319	(130,850)

(1) Prior years impact on Deficit ($millions): 2019 - $2.7; 2020 - $17.3; 2021 - $47.1; 2022 - $65.8; and 2023 - $73.4.

(2) Derived from the Company's December 31, 2023 Consolidated Financial Statements.

Impacts on the Consolidated Statements of Comprehensive Income

	Dec. 31, 2025	Dec. 31, 2024		
For the year ended ($000s)	Adjustments	Previous	Adjustments	Adjusted
Depletion and depreciation	(54,459)	196,446	(71,887)	124,559
Deferred tax expense	10,216	22,245	12,617	34,862
Net income and comprehensive income	44,243	46,386	59,270	105,656

Impacts on the Consolidated Statements of Cash Flows

	Dec. 31, 2025	Dec. 31, 2024		
For the year ended ($000s)	Adjustments	Previous	Adjustments	Adjusted
Net income	44,243	46,386	59,270	105,656
Depletion and depreciation	(54,459)	196,446	(71,887)	124,559
Deferred tax expense	10,216	22,245	12,617	34,862

4. ACCOUNTING CHANGES

The IASB issued a new Accounting Standard IFRS 18 *Presentation and Disclosure in Financial Statements*, which will replace IAS 1 *Presentation of Financial Statements*. The new accounting standard will change how items of net income are presented on the face of the Consolidated Statements of Net Income and Comprehensive Income and disclose information in the notes to the financial statements. As well, management-defined performance measures will now be disclosed in the financial statements and subject to audit. The new Accounting Standard is effective from January 1, 2027, and applies retrospectively. Early adoption is permitted. The Company is assessing the potential effects of this new accounting standard.

5. DETERMINATION OF FAIR VALUE

Several of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a. ***Petroleum and natural gas interests***

The fair value of petroleum and natural gas interests recognized in a business combination and for impairment testing, is based on market values. The market value of these assets is the estimated amount that could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of petroleum and natural gas interests is estimated with reference to the discounted cash flow expected to be derived from proved and probable developed petroleum and natural gas reserves based on externally prepared reserve reports. The risk-adjusted discount rate is specific to the asset with reference to general market conditions. The fair value less costs of disposal value used to determine the recoverable amount of any impaired petroleum and natural gas interests are classified as Level 3 fair value measurements. Refer to *"Measurement"* section below for fair value hierarchy classifications.

b. ***Cash, accounts receivable, deposits, accounts payable and accrued liabilities and bank debt***

The fair value of cash, accounts receivable, deposits, accounts payable and accrued liabilities is estimated as the present value of future cash flow, discounted at the market rate of interest at the reporting date. At the reporting dates, the fair value of these balances approximated their carrying value due to their short term to maturity. Bank debt bears interest at a floating market rate and accordingly the fair market value approximates the carrying value.

c. ***Derivatives***

The fair value of financial commodity price risk management contracts is determined by discounting the difference between the contracted prices and published forward price curves as at the consolidated statement of financial position date, using the remaining contracted crude oil and natural gas volumes and a risk-free interest rate (based on published government rates). The fair value of options is based on option models that use published information with respect to volatility, prices and interest rates.

d. ***Stock options and share-based awards***

The fair value of employee stock options is measured using a Black-Scholes option-pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). The fair value of PSUs and DSUs is measured using the volume-weighted average share price on the date of the respective grant, less the present value of estimated future dividends.

e. ***Measurement***

The Company's fair value measurements require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- **Level 1** – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

- **Level 2** – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

- **Level 3** – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level. The Company's risk management contracts are considered Level 2.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to financial risks related to its financial assets and liabilities. Financial risks include credit risk, liquidity risk, and market risk (including commodity price and interest rate risk).

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations in accordance with agreed terms. The Company's policy to mitigate credit risk is to establish contractual agreements with creditworthy counterparties. The Company's accounts receivable at December 31, 2025 predominantly relates to monthly revenue and other income owed pursuant to its royalty and contractual agreements with a number of counterparties, the most significant of which is a related party (see note 17), Tourmaline Oil Corp ("Tourmaline"). Royalty production revenue is generally received two months after the natural gas, crude oil, heavy oil, and natural gas liquids volumes are produced. At December 31, 2025, the Company does not have any material receivables (December 31, 2024 - $nil) over 90 days and believes that Tourmaline's strong creditworthiness reduces Topaz's credit risk. The Company is satisfied that the accounts receivable amounts are collectible.

The carrying amount of cash, accounts receivable, deposits and derivative assets represent the Company's maximum credit exposure. The Company has not recorded an expected credit loss as at December 31, 2025 (December 31, 2024 – $nil) nor was it required to write-off any receivables during the year ended December 31, 2025 (December 31, 2024 – $nil). At December 31, 2025, 55% (December 31, 2024 – 47%) of all amounts owing to the Company were due from Tourmaline.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations as they come due. The Company manages its liquidity risk by ensuring that it will have sufficient liquidity to meet its financial obligations under both normal and risked conditions. The Company has unused capacity under its available credit facilities, described in note 9, of $127.5 million at December 31, 2025 (December 31, 2024 - $159.0 million).

The timing of expected cash outflows relating to accounts payable and accrued liabilities of $3.6 million as at December 31, 2025, is less than one year. The Company expects to pay suppliers within 30-60 days. These terms are consistent with industry practice. As at December 31, 2025, all the accounts payable balances were less than 90 days outstanding. Management maintains a conservative approach to debt management that aims to provide financial flexibility with respect to capital allocation and the payment of dividends to shareholders. The Board of Directors reviews and determines the dividend rate quarterly after considering expected commodity prices, expected royalty production volumes, expected cash flow, economic conditions, income taxes, and the Company's capacity to fund its operations and investment opportunities.

The following are the contractual maturities of financial liabilities at December 31, 2025:

($000s)	Total	< 1 year	1 to 5 years
Non-derivative financial liabilities:			
Accounts payable and accrued liabilities	3,645	3,645	—
Bank debt	570,768	—	570,768
Derivative financial liabilities:			
Financial instruments	1,811	1,811	—

Market risk

Market risk is the risk that changes in market conditions, such as commodity prices and interest rates will affect the Company's earnings or value of financial instruments. The objective of market risk management is to manage and curtail market risk exposure within acceptable limits, while maximizing the Company's returns. The Company utilizes financial derivative contracts to manage market risks.

Interest rate risk is the risk that changes in market interest rates may affect future cash flows from the Company's financial assets or liabilities. The Company is exposed to interest rate risk to the extent that changes in market interest rates would impact any borrowings under the Company's credit facility which is subject to a floating interest rate. The Company has $572.5 million of borrowings against its credit facility at December 31, 2025 (December 31, 2024 – $541.0 million) (note 9). Assuming all other variables held constant for the year ended December 31, 2025, if interest rates were 1% higher, net income before taxes would decrease by $5.8 million (December 31, 2024 – net income before tax would decrease by $4.5 million). An equal and opposite impact would occur if interest rates were 1% lower.

Commodity price risk is the risk that the fair value or future cash flow will fluctuate as a result of changes in commodity prices. Commodity prices for oil and natural gas are based upon the US dollar and as a result the price received by Canadian producers is affected by the Canadian to US dollar exchange rate. The commodity prices are also impacted by weather and world economic events that dictate the levels of supply and demand. Over the past few years, the market has experienced volatile supply and demand changes, ranging from excess supply to significant supply and demand volatility attributed to the global health crisis and the current geopolitical environment, including recent uncertainties surrounding tariffs. In 2025 and 2024, geopolitical events continue to have an impact on the global economy and contribute to supply and demand volatility in global crude oil, natural gas and natural gas liquids.

The Company has entered into certain financial derivative contracts in order to manage commodity price risk. These instruments are not used for trading or speculative purposes. The Company has not designated its financial derivative contracts as effective accounting hedges, even though the Company considers all financial derivative contracts to be effective economic hedges. As a result, all financial instruments are recorded on the consolidated statement of financial position at fair value, with changes in the fair value being recognized as an unrealized gain or loss on the consolidated statements of income and comprehensive income.

Financial Instruments

The Company utilizes financial derivative and foreign exchange contracts as a risk management technique to mitigate exposure to commodity price volatility. The following table presents the financial derivative contracts outstanding as at December 31, 2025. The fair value of these contracts is a net asset of $3.5 million at December 31, 2025 (December 31, 2024 – net asset of $2.0 million) as detailed below.

Contract type		Q1 2026	Q2 2026	Q3 2026	Q4 2026	>1 year
AECO (5A) fixed price	Average Volumes (GJ/d)	17,500	30,000	30,000	16,667	7,500
	W.A.[1] Price (C$/GJ)	$3.20	$2.95	$2.95	$3.06	$3.39
NYMEX-Call option	Average Volumes (mmbtu/d)	15,000	15,000	15,000	15,000	—
	W.A.[1] Price (USD$/mmbtu)	$4.50	$4.50	$4.50	$4.50	—

(1) Weighted average.

Subsequent to December 31, 2025, the Company entered into the following financial derivative contracts:

Contract type		Q1 2026	Q2 2026	Q3 2026	Q4 2026	>1 year
WTI USD fixed price	Average Volumes (bbl/d)	333	1,000	1,000	1,000	–
	W.A.[1] Price (US$/bbl)	$67.68	$67.68	$67.68	$67.68	–
NYMEX-Call option	Average Volumes (bbls/d)	333	1,000	1,000	1,000	–
	W.A.[1] Price (USD$/bbl)	$70.00	$70.00	$70.00	$70.00	–

(1) Weighted average.

At December 31, 2025, the Company had the following foreign exchange derivative contract in place:

Contract type and currency	Term	Notional Amount (US$000/month)	Floor price	Ceiling price
USD/CAD variable rate collar	January 2026 - December 2026	2,000	$ 1.3200	$ 1.4050

Subsequent to December 31, 2025, the Company entered into the following interest rate derivative contract:

Contract type	Term	Notional Amount (CAD$000/month)	Interest rate
Extendable fixed rate interest rate swap	February 2027 – April 2028[(1)]	150,000	2.45%

(1) Extendable for 1 year at the option of the financial institution.

Financial assets and liabilities are presented on a net basis if the Company has a legal right to offset and intends to either settle on a net basis or to realize the asset and settle the liability simultaneously. The Company offsets financial assets and liabilities when the counterparty, currency and timing of settlement are the same. As at December 31, 2025, there were no financial derivative contracts presented on a net basis in the consolidated statements of financial position (December 31, 2024 – nil).

As at December 31, 2025 and 2024 the reconciliation of financial instruments to the consolidated statements of financial position includes:

	At Dec. 31, 2025		At Dec. 31, 2024	
($000s)	Asset	Liability	Asset	Liability
Current financial instruments	4,536	1,811	10,603	5,989
Long term financial instruments	821	–	2,335	4,913

The following table provides the realized and unrealized gains and losses on financial instruments for the years presented.

For the years ended ($000s)	Dec. 31, 2025	Dec. 31, 2024
Realized gain on financial instruments	19,826	11,316
Unrealized gain (loss) on financial instruments	1,510	(8,266)
Total	**21,336**	**3,050**

The Company's financial derivative contracts are sensitive to fluctuations in commodity prices. For the contracts in place at December 31, 2025, if the future strip prices for natural gas were $0.10 per mcf higher and future strip prices for crude oil were $1.00 per bbl higher, with all other variables held constant, the unrealized gain would decrease by $1.0 million, directly impacting net income (December 31, 2024 - unrealized loss would increase by $1.6 million). An equal and opposite impact would have occurred if natural gas prices were $0.10 per mcf lower and crude oil prices were $1.00 per bbl lower. For the current foreign exchange contracts in place at December 31, 2025, if the future strip prices for USD/CAD exchange rate increased by $0.01, with all other variables held constant, the 2025 unrealized gain on foreign exchange contracts would be remain relatively unchanged, as the foreign exchange forward pricing would remain within the contract pricing collars.

Capital Management

In order to manage its capital structure, the Company's objective is to maintain financial flexibility in order to distribute cash to shareholders in the form of dividends after considering the Company's operational financial requirements and its future growth opportunities. As a royalty and non-operated infrastructure company, Topaz does not have any significant capital expenditure commitments, which enhances its financial flexibility.

The Company considers its capital structure to include shareholders' equity, bank debt and working capital. In order to maintain or adjust the capital structure, the Company may from time-to-time issue equity, utilize available credit facilities, adjust its dividend distributions and/or adjust its investment activities to manage current and forecast debt levels. The Company's operating results, and capital structure are impacted by royalty production volumes, commodity prices and third-party revenue generated at its non-operated processing facilities or through its contracted third-party income.

The Company's capital structure is managed through its financial and operating forecast process. The forecast of the Company's future cash flows is based on estimates of royalty interest production, natural gas, crude oil and natural gas liquids prices, third-party facility utilization, operating and marketing expense, administrative expenses, taxes and other investing and financing activities. The forecast is regularly updated based on changes in commodity prices, royalty interest production expectations, third-party facility utilization expectations and other factors that, in the Company's view, could impact cash from operating activities.

Management uses the terms "adjusted working capital", "net debt", free cash flow ("FCF") and "Excess FCF" 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. "FCF" is defined as cash flow less capital expenditures and provides a measure of cash available after capital costs, but before acquisitions. Excess FCF is defined as FCF less dividends paid. Management uses FCF for its own performance measures and to provide investors with a measure 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.

As at December 31, 2025, the Company had an adjusted working capital of $53.3 million (December 31, 2024 – $48.4 million), unutilized capacity of $127.5 million on its Syndicated Credit Facility (note 9), and $300.0 million of additional capacity available through an accordion feature (subject to agent consent). Net debt at December 31, 2025 was $517.5 million, compared to net debt at December 31, 2024 of $492.0 million. During the year ended December 31, 2025, the Company generated cash flow of $312.8 million, completed $125.4 million in acquisitions, paid dividends of $207.7 million, and increased net debt by $25.5 million.

A reconciliation of working capital to adjusted working capital and net debt as at December 31, 2025 and December 31, 2024 is provided below.

As at ($000s)	**Dec. 31, 2025**	**Dec. 31, 2024**
Working capital	55,999	51,758
Exclude fair value of financial asset	2,725	4,614
Exclude work in progress capital costs	—	(1,228)
Adjusted working capital	**53,274**	**48,372**
Less: bank debt	570,768	540,396
Net debt	**517,494**	**492,024**

For the year ended December 31, 2025, the Company generated FCF of $307.5 million (year ended December 31, 2024 - $272.0 million), after capital expenditures of $5.3 million (year ended December 31, 2024 - $7.3 million). After the payment of dividends, Topaz generated $99.8 million of Excess FCF during the year ended December 31, 2025 (year ended December 31, 2024 - $80.8 million).

A reconciliation of FCF and excess FCF for the years ended December 31, 2025 and 2024 is outlined below.

For the years ended ($000s)	Dec. 31, 2025	Dec. 31, 2024
Cash from operating activities	308,760	276,271
Exclude net change in non-cash working capital	(4,002)	(3,048)
Cash flow	**312,762**	**279,319**
Less: Capital expenditures	5,261	7,330
FCF	**307,501**	**271,989**
Less: Dividends	207,687	191,167
Excess FCF	**99,814**	**80,822**

7. ACQUISITIONS

For the years ended ($000s)	Dec. 31, 2025	Dec. 31, 2024
Royalty assets	96,179	302,135
Infrastructure assets	29,484	129,120
Total acquisitions	**125,663**	**431,255**

During the year ended December 31, 2025 the Company completed $96.2 million in royalty asset acquisitions and $29.5 million in infrastructure acquisitions as noted below (year ended December 31, 2024 - $302.1 million and $129.1 million, respectively):

2025 Acquisitions

Acquisition date	Type	Cash consideration ($000s)	Shares issued	Share price	Total acquisition cost ($000s)[1]	Footnote
Jan. 31, 2025	Royalty	17,000	—	—	16,644	(2)
May 30, 2025	Infrastructure	26,000	—	—	26,225	(3)
Sep. 30, 2025	Royalty	71,700	—	—	71,604	(4)
Various	Infrastructure	2,698	—	—	2,698	(5)
Dec. 22, 2025	Royalty	7,800	—	—	7,709	(6)
Other	Royalty and Infrastructure	783	—	—	783	(7)

(1) After customary closing adjustments, including non-cash decommissioning costs and directly attributable capitalized transaction costs.

(2) On January 31, 2025, Topaz completed an acquisition of gross overriding royalty interests on approximately 0.1 million gross acres (over 60% undeveloped) in the Alberta Montney, for total cash consideration of $17.0 million before customary closing adjustments.

(3) On May 30, 2025, the Company acquired a 35% working interest in an Alberta Montney natural gas processing facility (including a 15 year fixed take-or-pay commitment) for cash consideration of $26.0 million and the assumption of a decommissioning obligation of $0.2 million, before customary closing adjustments.

(4) On September 30, 2025, the Company acquired a gross overriding royalty interest on approximately 0.1 million gross acres (over 65% undeveloped), in its NEBC Montney core royalty area for total cash consideration of $71.7 million, before customary closing adjustments.

(5) During the year ended December 31, 2025, the Company participated in two modifications to a gas processing facility to which the Company has a 50% working interest for total cash consideration of $2.7 million, which increased the fixed fee revenue associated with the facilities take-or-pay arrangement.

(6) On December 22, 2025, the Company completed an acquisition of gross overriding and fee mineral title royalty interests, for total cash consideration of $7.8 million before customary closing adjustments.

(7) Other costs associated with final acquisition adjustments, land acquisitions and capitalized transaction costs.

2024 Acquisitions

Acquisition date	Type	Cash consideration ($000s)	Shares issued	Share price	Total acquisition cost ($000s)[1]	Footnote
Jun. 24, 2024	Infrastructure	100,000	—	—	99,863	(2)
Nov. 1, 2024	Royalty	278,200	—	—	277,584	(3)
Dec. 1, 2024	Royalty	23,500	—	—	23,500	(4)
Dec, 12, 2024	Royalty	1,000	—	—	1,029	(5)
Dec. 17, 2024	Infrastructure	31,169	—	—	29,256	(6)
Other	Royalty	22	—	—	22	(7)

(1) After customary closing adjustments, including non-cash decommissioning costs and directly attributable capitalized transaction costs.

(2) Topaz acquired a 50% working interest in a natural gas processing facility and associated condensate handling. The facility acquisition is supported by contractual commitments that provide Topaz with fixed take-or-pay revenue for a 10-year term and preferential capacity dedication for a subsequent 7-year term.

(3) Topaz completed an acquisition from Tourmaline of gross overriding royalty interests on approximately 3.0 million gross acres (over 50% undeveloped), across NEBC Montney, Alberta Deep Basin, and Peace River High core areas.

(4) Topaz completed an acquisition of gross overriding royalty interests on approximately 0.04 million gross acres in the NEBC Montney core area for cash consideration of $23.5 million before customary closing adjustments.

(5) Topaz completed an acquisition of gross overriding royalty interests on approximately 0.02 million gross acres in the NEBC Montney and Central Alberta core areas for total cash consideration of $1.0 million before customary closing adjustments.

(6) On October 25, 2023, Topaz entered into a definitive agreement to acquire a 99% working interest in a natural gas gathering system (supported by a long-term fixed take-or-pay agreement) that was commissioned during December 2024. Pursuant to the agreement, Topaz recorded work in progress capital costs of $21.3 million during 2024, as the construction costs were incurred by the operator. Upon commissioning of the gathering system in December 2024, Topaz completed the acquisition and paid cash consideration of $31.2 million, and the work in progress capital costs recorded were transferred to acquisitions.

(7) Other costs associated with final acquisition adjustments, land acquisitions and capitalized transaction costs.

All transactions for the years ended December 31, 2025 and 2024 were treated as asset acquisitions.

8. PETROLEUM AND NATURAL GAS INTERESTS

Cost ($000s)	Developed royalty assets	Undeveloped royalty assets	Infrastructure assets	Office equipment	Total
Balance, Dec. 31, 2023 *(adjusted, note 3)*	1,116,535	777,442	366,512	168	2,260,657
Additions	4,195	—	3,109	26	7,330
Acquisitions	166,496	135,639	129,120	—	431,255
Changes in decommissioning liabilities	—	—	(75)	—	(75)
Transfer of costs to developed royalty assets	38,643	(38,643)	—	—	—
Non-cash additions	4,966	—	—	—	4,966
Balance, Dec. 31, 2024 *(adjusted, note 3)*	**1,330,835**	**874,438**	**498,666**	**194**	**2,704,133**
Additions	3,203	—	2,034	24	5,261
Acquisitions	55,965	40,214	29,484	—	125,663
Changes in decommissioning liabilities *(note 10)*	—	—	(435)	—	(435)
Transfer of costs to developed royalty assets	42,666	(42,666)	—	—	—
Non-cash additions *(note 11)*	7,266	—	—	—	7,266
Balance, Dec. 31, 2025 *(adjusted, note 3)*	**1,439,935**	**871,986**	**529,749**	**218**	**2,841,888**

Accumulated DD&A ($000s)	Developed royalty assets	Undeveloped royalty assets	Infrastructure assets	Office equipment	Total
Balance, Dec. 31, 2023 *(adjusted, note 3)*	(381,344)	—	(41,336)	(81)	(422,761)
Depletion and depreciation	(108,041)	—	(16,495)	(23)	(124,559)
Balance, Dec. 31, 2024 *(adjusted, note 3)*	**(489,385)**	—	**(57,831)**	**(104)**	**(547,320)**
Depletion and depreciation	(116,079)	—	(19,026)	(24)	(135,129)
Balance, Dec. 31, 2025 *(adjusted, note 3)*	**(605,464)**	—	**(76,857)**	**(128)**	**(682,449)**

Net Book Value ($000s)	Developed royalty assets	Undeveloped royalty assets	Infrastructure assets	Office equipment	Total
Balance, Jan 1. 2024 *(adjusted, note 3)*	735,191	777,442	325,176	87	**1,837,896**
Balance, Dec. 31, 2024 *(adjusted, note 3)*	841,450	874,438	440,835	90	**2,156,813**
Balance, Dec. 31, 2025 *(adjusted, note 3)*	834,471	871,986	452,892	90	**2,159,439**

9. BANK DEBT

At December 31, 2025, Topaz had a covenant-based, unsecured, operating credit facility with a syndicate of Canadian banks in the amount of $700.0 million (“Syndicated Credit Facility”) which provides for a permitted increase to $1.0 billion, subject to agent consent. The maturity date is April 30, 2029. At the request of the Company and with consent of the lender, the Syndicated Credit Facility can be extended on an annual basis.

The Syndicated Credit Facility includes borrowing options of prime rate loans, Secured Overnight Financing Rate (‘SOFR’) loans, U.S. base rate loans, letters of credit and Canadian Overnight Repo Rate Average (‘CORRA’) loans, which will bear interest on a variable pricing grid based on certain financial ratios, in addition to the prevailing applicable interest rate for the respective type of loan. Topaz’s effective interest rate for the year ended December 31, 2025 was 4.77% (December 31, 2024 – 6.47%).

The Syndicated Credit Facility is subject to the following covenants, on a rolling four quarter basis: (i) the ratio of consolidated senior debt to EBITDA must not exceed 3.5:1, (ii) the ratio of total debt to EBITDA must not exceed 4.0:1, and (iii) the ratio of Total Debt to Capitalization must not exceed 55%.

The terms “consolidated senior debt”, “EBITDA”, “total debt”, and “capitalization” for purposes of the financial covenants are defined as follows under the Syndicated Credit Facility: “consolidated senior debt” is consolidated total debt excluding any subordinated debt, “EBITDA” is consolidated net income or loss from continuing operations, excluding extraordinary items, plus interest expense, income taxes, and adjusted for non-cash items, gains or losses on dispositions, and material acquisitions in accordance with the credit agreement; “total debt” is the aggregate principal amount of all consolidated debt; all of which are determined in accordance with GAAP; “capitalization” is the aggregate of consolidated total debt, any convertible debentures and consolidated shareholders’ equity.

The following tables reconcile each of the defined terms under the Syndicated Credit Facility as at and for the year ended December 31, 2025 and 2024.

For the years ended ($000s)	**Dec. 31, 2025**	**Dec. 31, 2024**
Net income	128,741	105,656
Unrealized (gain) loss on financial instruments	(1,510)	8,266
Share-based compensation	7,341	5,362
Finance expense	26,993	28,080
Depletion and depreciation	135,129	124,559
Deferred income tax expense	42,295	34,862
Less: interest income	(270)	(758)
EBITDA	**338,719**	**306,027**

As at ($000s)	**Dec. 31, 2025**
CORRA term loans	572,500
Total consolidated senior debt and total debt	**572,500**
Shareholder's equity	1,520,477
Capitalization	**2,092,977**

Based on the above covenant definitions, as at December 31, 2025, Topaz’s ratio of consolidated senior debt to EBITDA was 1.67, total debt to EBITDA was 1.67, and total debt to capitalization was 27%. For the covenant calculations, EBITDA is based on the rolling four quarters ($338.7 million), calculated in accordance with the terms of the credit agreement. The Company was in compliance with each of its financial covenants.

As at December 31, 2025, there was $572.5 million (December 31, 2024 - $541.0 million) drawn on the Syndicated Credit Facility and $1.7 million in deferred financing costs (December 31, 2024 - $0.6 million).

10. DECOMMISSIONING OBLIGATIONS

The decommissioning liability was estimated based on the Company's net ownership interest in all facilities within the infrastructure cash generating unit ("CGU"), the estimated costs to abandon and reclaim the facilities, and the estimated timing of the costs to be incurred in future periods. The estimated future cash flows have been discounted using an average risk-free rate of 3.85% and an inflation rate of 1.98% at December 31, 2025 (December 31, 2024; 3.33% and 1.82%, respectively). The Company has estimated the net present value of the decommissioning obligations to be $5.4 million at December 31, 2025 (December 31, 2024 - $5.4 million). The undiscounted, uninflated total future liability as at December 31, 2025 is $7.8 million (December 31, 2024 - $7.5 million). The payments are expected to be incurred over the operating lives of the assets. The following table reconciles the decommissioning liability:

($000s)	
Balance, Dec. 31, 2023	**4,647**
Change in estimates	(75)
Acquisitions	686
Accretion expense	161
Balance, Dec. 31, 2024	**5,419**
Change in estimates	(435)
Acquisitions *(note 7)*	225
Accretion expense	197
Balance, Dec. 31, 2025	**5,406**

11. SHARE CAPITAL

Authorized

The authorized share capital consists of an unlimited number of common voting shares without par value. The common shares entitle holders to one vote per share at meetings of shareholders.

Issued and Outstanding ($000s except share amounts)	**Number of Shares**	**Amount**
Balance, Dec. 31, 2023	**144,741,369**	**1,525,700**
Issue of common shares - bought deal financing	8,050,000	201,653
Issue of common shares - private placement	209,177	5,240
Exercise of share-based awards	456,500	8,505
Share issue costs, net of tax	—	(6,690)
Balance, Dec. 31, 2024	**153,457,046**	**1,734,408**
Exercise of share-based awards	532,831	10,190
Balance, Dec. 31, 2025	**153,989,877**	**1,744,598**

October 22, 2024, the Company completed an equity financing, at $25.05 per common share, whereby the Company issued 8,259,177 common shares, for total gross proceeds of $206.9 million before share issue costs of $6.7 million (net of tax of $2.1 million).

Dividends

During the year ended December 31, 2025, the Company paid $207.7 million ($1.35 per common share) in dividends to its shareholders, compared to $191.2 million ($1.30 per common share) during the year ended December 31, 2024.

SHARE-BASED COMPENSATION

The Company recorded share-based compensation expense of $7.3 million for the year ended December 31, 2025, net of capitalized costs (year ended December 31, 2024 - $5.4 million).

For the years ended ($000s)	Dec. 31, 2025	Dec. 31, 2024
Gross share-based compensation expense	14,607	10,328
Capitalized share-based compensation	(7,266)	(4,966)
Total share-based compensation expense	**7,341**	**5,362**

Performance Share Unit Awards

The Company has a performance share unit ("PSU") plan, whereby PSUs may be issued to employees, consultants, officers, and members of the Board. Each PSU is a notional unit equal in value to one Common Share, which entitles the holder to a Common Share or cash payment (at the option of the Company) upon redemption, plus accrued dividend equivalents. PSUs awarded under the Company's long-term incentive plan ("LTIP") vest on the third anniversary of the grant date and are adjusted for a performance multiplier ranging from 0 to 2 times which is linked to three-year average corporate performance measures.

PSU awards under the LTIP vest on the third anniversary of the grant date and are adjusted for a performance multiplier ranging from 0 to 2 times which is tied to comprehensive elements of the Company's financial and strategic performance, in addition to employee performance over the predetermined period. During the year ended December 31, 2025, Topaz granted 258,035 total PSUs under its LTIP and issued 47,139 PSUs under the dividend reinvestment program (December 31, 2024 – 332,260 and 40,494, respectively). During the year ended December 31, 2025, 299,796 PSUs (December 31, 2024 – 158,354) were granted following the determination of the performance multiplier in respect of the awards granted in 2023.

Under the STIP, employees can elect to receive 50% of the annual STIP award in equity whereby PSU awards vest immediately into Common Shares of the Company and are subject to a two-year contractual hold. During the year ended December 31, 2025, Topaz granted 88,123 total PSUs under its STIP (December 31, 2024 – 62,385) which were exercised into 88,123 common shares (December 31, 2024 – 62,385 shares issued). The fair value of these awards on the date of grant was based on the 5-day weighted average share price, which resulted in gross share-based compensation expense of $2.5 million recognized in net income (December 31, 2024 - $1.7 million) with a corresponding increase to share capital.

(000's)	Number of PSUs
PSUs outstanding, Dec. 31, 2024	936
Granted	346
Multiplier	300
Exercised	(405)
Dividend reinvestment	47
PSUs outstanding, Dec. 31, 2025	**1,224**

The fair value of PSUs granted under the LTIP, during the year ended December 31, 2025, was estimated based on the volume-weighted average share price on the date of the respective grant, less the present value of estimated future dividends, which are recorded over time as dividend reinvestment units. The weighted average fair value of PSUs granted during the year ended December 31, 2025 was $23.40 based on a weighted average share price of $27.15, adjusted for the present value of estimated future dividends (December 31, 2024 – weighted average fair value of $16.04 based on a weighted average share price of $19.52, adjusted for the present value of estimated future dividends).

Deferred Share Unit Awards

The Company has a deferred share unit ("DSU") plan, whereby DSUs may be issued to members of the Board. Each DSU is a notional unit which entitles the holder to a Common Share or cash payment (at the option of the Company) upon redemption, plus accrued dividend equivalents. DSUs vest immediately upon grant date but can only be converted to Common Shares or cash upon the holder ceasing to be a director and/or executive officer of the Company. During the year ended December 31, 2025, 30,848 DSUs were granted and 7,972 issued through the dividend reinvestment program (December 31, 2024 – 30,121 and 7,134 respectively). At December 31, 2025, 0.2 million DSUs were outstanding (December 31, 2024 – 0.1 million).

(000's)	Number of DSUs
DSUs outstanding, Dec. 31, 2024	134
Granted	31
Dividend reinvestment	7
DSUs outstanding, Dec. 31, 2025	**172**

The fair value of DSUs granted during the year ended December 31, 2025 was estimated based on the volume-weighted average share price on the date of the respective grant, less the present value of estimated future dividends, which are recorded over time as dividend reinvestments units. The weighted average fair value of DSUs granted during the year ended December 31, 2025 was $19.68 (December 31, 2024 - $18.44), based on a weighted average share price of $25.94 (December 31, 2024 - $24.41), adjusted for the present value of estimated future dividends.

Stock Options

The Company has a stock option plan in place whereby it may issue stock options to employees, consultants and directors of the Company. The aggregate number of shares that may be acquired upon exercise of all stock options granted pursuant to the plan shall, at any date or time of determination, be not greater than 5.0% of the number of the Company's basic common shares then issued and outstanding. Stock options are granted throughout the year and vest 1/3 on each the first, second and third anniversaries from the date of grant and expire seven years from the date of issuance. As at December 31, 2025 1.5 million stock options were outstanding (December 31, 2024 – 1.6 million stock options were outstanding).

(000's)	Number of Stock Options	W.A.[(1)] exercise price
Stock options outstanding, Dec. 31, 2024	**1,593**	**$14.78**
Exercised	(128)	$15.22
Stock options outstanding, Dec. 31, 2025	**1,465**	**$14.74**

(1) Weighted average.

The following table summarizes stock options outstanding and exercisable as at December 31, 2025:

Exercise price	Number outstanding at period end	W.A.[(1)] remaining life	W.A.[(1)] exercise price	Number exercisable at period end	W.A.[(1)] exercise price
$10.00 - $11.00	663,332	1.23	$10.38	663,332	$10.38
$11.01 - $15.00	297,500	2.00	$14.33	297,500	$14.33
$15.01 - $21.00	504,000	3.52	$20.72	504,000	$20.72
Total	**1,464,832**	**2.18**	**$14.74**	**1,464,832**	**$14.74**

(1) Weighted average.

12. NET INCOME PER COMMON SHARE

Net income per share is calculated by dividing the net income for the period attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the period. The average market value of common shares for purposes of determining the dilutive effect of outstanding stock options was based on quoted market prices for the period.

For the years ended ($000s) ($000s, except for share information)	Dec. 31, 2025	Dec. 31, 2024
Net income	128,741	105,656
W.A.[(1)] common shares – basic	153,806,067	146,521,362
W.A.[(1)] common shares – diluted	154,424,380	147,131,147
Net income per common share - basic	**$ 0.84**	**$ 0.72**
Net income per common share - diluted	**$ 0.83**	**$ 0.72**

[(1)] Weighted Average.

For the year ended December 31, 2025 and 2024, no stock options were excluded from the weighted average share calculation as they were anti-dilutive.

13. REVENUE

The Company had two disaggregated sources of revenue: royalty production revenue and processing revenue. Amounts disclosed below do not include realized or unrealized gains or losses on financial derivative contracts resulting from the Company's commodity price risk management activities or other income.

Royalty production revenue

The Company's royalty production revenue is determined pursuant to the terms of its royalty agreements. The commodity prices for natural gas, light and medium crude oil, heavy crude oil, and natural gas liquids are primarily based on market index prices in the month of production and the majority of Topaz's royalty contracts do not permit transportation or quality deductions. The royalty production volumes are currently marketed with the respective royalty payor's production volume and revenue is generally received two months after the natural gas, crude oil and natural gas liquids volumes are produced. The Company can elect to take its share of the royalty production volume in kind, if desired. As at December 31, 2025, 80% of the accounts receivable balance of $55.6 million related to royalty production revenue (December 31, 2024 – 82%).

Processing revenue

The Company's processing revenue is generated through its non-operated ownership in processing facilities. The facilities provide services to customers on a fee-for-service basis, including natural gas processing and water usage, storage, and disposal. Certain fees include fixed take-or-pay arrangements under long-term commercial arrangements. As at December 31, 2025, 20% of the accounts receivable balance of $55.6 million related to processing revenue (December 31, 2024 – 18%).

For the years ended ($000s)	Dec. 31, 2025	Dec. 31, 2024
Royalty production revenue	241,810	233,426
Processing revenue	82,907	66,377
Total revenue	**324,717**	**299,803**

14. FINANCE EXPENSE

For the years ended ($000s)	Dec. 31, 2025	Dec. 31, 2024
Accretion expense	197	161
Amortization of debt transaction costs	569	453
Interest expense	26,227	27,466
Total finance expense	**26,993**	**28,080**

15. DEFERRED INCOME TAXES

For the years ended ($000s)	Dec. 31, 2025	Dec. 31, 2024
Income from continuing operations	171,036	140,518
Combined federal and provincial tax rate	23.54%	23.63%
Computed "expected" tax expense	40,262	33,204
Increase/(decrease) in tax resulting from:		
Share-based payments	961	1,097
Recognition of tax asset	1,274	1,315
Non-deductible expenses	(202)	(754)
Deferred tax expense	**42,295**	**34,862**

The movement and components in deferred tax balances during the periods ended December 31, 2025 and 2024 are as follows:

($000s)	Balance Jan. 1, 2025 *(adjusted, note 3)*	Recognized in net earnings	Recognized in equity	Balance Dec. 31, 2025 *(adjusted, note 3)*
Deferred tax liabilities:				
Petroleum and natural gas interests	(126,994)	(13,751)	–	(140,745)
Unrealized gain on financial instruments	(481)	(357)	–	(838)
Deferred financing fees	(140)	2	–	(138)
Deferred tax assets:				
Decommissioning obligation	1,280	(3)	–	1,277
Non-capital losses	41,955	(26,063)	–	15,892
Share issue costs	2,686	(1,339)	–	1,347
Share-based compensation awards	3,390	(784)	991	3,597
Deferred tax asset (liability)	**(78,304)**	**(42,295)**	**991**	**(119,608)**

($000s)	Balance Jan. 1, 2024 *(adjusted, note 3)*	Recognized in net earnings	Recognized in equity	Balance Dec. 31, 2024 *(adjusted, note 3)*
Deferred tax liabilities:				
Petroleum and natural gas interests	(104,713)	(22,281)	—	(126,994)
Unrealized loss on financial instruments	(2,434)	1,953	—	(481)
Deferred financing fees and other	(247)	107	—	(140)
Deferred tax assets:				
Decommissioning obligation	1,098	182	—	1,280
Non-capital losses	55,066	(13,111)	—	41,955
Share issue costs	2,955	(2,337)	2,068	2,686
Share-based compensation awards	1,140	625	1,625	3,390
Deferred tax asset (liability)	**(47,135)**	**(34,862)**	**3,693**	**(78,304)**

As at December 31, 2025, the Company had $1.6 billion of federal tax pools (December 31, 2024 - $1.8 billion). As at December 31, 2025, Topaz had an unrecognized deferred tax asset on $265.2 million of capital losses generated from a partnership reorganization (December 31, 2024 – $265.2 million). The Company has non-capital losses of approximately $67.3 million (December 31, 2024 - $197.0 million) which may be applied against future income for Canadian tax purposes. These non-capital losses expire in 2040 and onwards.

For accounting purposes, the acquisitions that occurred during the years ended December 31, 2025 and 2024 were asset acquisitions (note 7). Deferred income tax assets and liabilities are not recognized for temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profits. The unrecognized deferred income tax assets are being amortized based on the net tax pool claims calculated for the period. The expense related to the unrecognized deferred tax assets for the year ended December 31, 2025 was $1.3 million (December 31, 2024 – $1.3 million).

16. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended ($000s)	Dec. 31, 2025	Dec. 31, 2024
Source (use) in non-cash working capital		
Accounts receivable & prepaids	(3,068)	(5,084)
Accounts payable and accrued liabilities	(2,629)	(55)
	(5,697)	**(5,139)**
Operating activities	(4,002)	(3,048)
Financing activities	(206)	—
Investing activities	(1,489)	(2,091)

17. RELATED PARTY TRANSACTIONS

On October 22, 2025, Topaz completed a secondary offering of common shares, whereby Tourmaline sold 9.2 million common shares of the Company at a price of $25.10 per common share, for total gross proceeds to Tourmaline of $230.9 million. Following which, Tourmaline held a 15.3% ownership interest in the common shares of the Company as at December 31, 2025 (December 31, 2024 – 21.3%).

The Company has entered into a number of agreements relating to both royalty and infrastructure assets with Tourmaline. At December 31, 2025, $30.7 million (December 31, 2024 - $24.5 million) of the accounts receivable balance was due from Tourmaline, all of which are subsequently collected in the normal course of business. No bad debts were outstanding related to Tourmaline as at December 31, 2025 and December 31, 2024. During the year ended December 31, 2025, 41% of royalty production revenue and 48% of processing revenue was generated from Tourmaline (year ended December 31, 2024 – 35% and 59%, respectively).

The Company pays a marketing fee to Tourmaline for the Company's royalty production that is marketed with Tourmaline's production. During the year ended December 31, 2025, the Company paid $1.1 million (year ended December 31, 2024 - $0.9 million), in respect of marketing fees, which were incurred in the normal course of operations.

During the year ended December 31, 2025, the Company paid $0.2 million (year ended December 31, 2024 - $0.2 million) in rent expense to Tourmaline, which was incurred in the normal course of operations.

Key management personnel are persons who have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management includes all directors and executives of the Company. The table below summarizes all key management personnel gross compensation included in the consolidated financial statements for the years ended December 31, 2025 and 2024.

For the years ended ($000s)	Dec. 31, 2025	Dec. 31, 2024
Salaries and benefits	2,750	2,882
Share-based compensation	8,620	4,526
Total	**11,370**	**7,408**

18. COMMITMENTS

At December 31, 2025 and 2024, Topaz does not have any material commitments or contractual obligations.

19. SEGMENT INFORMATION

The Company's reconciliation of cash flow, net income before tax and total assets between operating segments as at and for the year ended December 31, 2025, is as follows:

Year ended Dec. 31, 2025 ($000s)	**Royalties**	**Infrastructure**	**Total**
Royalty production revenue	241,810	—	**241,810**
Processing revenue	—	82,907	**82,907**
Other income	—	11,787	**11,787**
Total	**241,810**	**94,694**	**336,504**
Cash expenses:			
Operating expense	—	(6,530)	**(6,530)**
Marketing expense	(1,537)	—	**(1,537)**
General and administrative expenses	(7,326)	(1,948)	**(9,274)**
Realized gain on financial instruments	19,826	—	**19,826**
Interest expense	(20,719)	(5,508)	**(26,227)**
Cash Flow	**232,054**	**80,708**	**312,762**
Depletion expense	(116,079)	(19,050)	**(135,129)**
Accretion	—	(197)	**(197)**
Amortization of debt transaction costs	(450)	(119)	**(569)**
Unrealized gain on financial instruments	1,510	—	**1,510**
Share-based compensation expense	(5,799)	(1,542)	**(7,341)**
Net income before tax	**111,236**	**59,800**	**171,036**

As at Dec. 31, 2025 ($000s)	**Royalties**	**Infrastructure**	**Total**
Total Assets	1,755,155	466,560	**2,221,715**

The Company's reconciliation of cash flow, net income before tax and total assets between operating segments as at and for the year ended December 31, 2024 is as follows:

Year ended Dec. 31, 2024 ($000s)	**Royalties**	**Infrastructure**	**Total**
Royalty production revenue	233,426	—	**233,426**
Processing revenue	—	66,377	**66,377**
Other income	—	12,595	**12,595**
Total	**233,426**	**78,972**	**312,398**
Cash expenses:			
Operating expense	—	(7,349)	**(7,349)**
Marketing expense	(1,360)	—	**(1,360)**
General and administrative expense	(6,329)	(1,891)	**(8,220)**
Realized gain of financial instruments	11,316	—	**11,316**
Interest expense	(21,149)	(6,317)	**(27,466)**
Cash Flow	**215,904**	**63,415**	**279,319**
Depletion expense[(1)]	(108,041)	(16,518)	**(124,559)**
Accretion	—	(161)	**(161)**
Amortization of debt transaction costs	(349)	(104)	**(453)**
Unrealized loss on financial instruments	(8,266)	—	**(8,266)**
Share-based compensation expense	(4,129)	(1,233)	**(5,362)**
Net income before tax	**95,119**	**45,399**	**140,518**

As at Dec. 31, 2024 ($000s)	**Royalties**	**Infrastructure**	**Total**
Total Assets	1,787,408	435,761	**2,223,169**

(1) Prior period figures are adjusted, refer to *note 3.*