



MANAGEMENTS DISCUSSION AND ANALYSIS AND CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

CONTENTS

- 1 Managements Discussion and Analysis
- 41 Consolidated Financial Statements
- 45 Notes to the Consolidated Financial Statements

MANAGEMENTS DISCUSSION AND ANALYSIS

For the years ended December 31, 2024 and December 31, 2023

This management's discussion and analysis ("MD&A") should be read in conjunction with Tourmaline Oil Corp.'s ("Tourmaline" or the "Company") consolidated financial statements and related notes for the years ended December 31, 2024 and December 31, 2023. These consolidated financial statements, the MD&A and additional information relating to Tourmaline can be found on SEDAR+ at www.sedarplus.ca or on Tourmaline's website at www.tourmalineoil.com. This MD&A is dated March 5, 2025.

The financial information contained herein has been prepared in accordance with IFRS Accounting Standards and sometimes referred to in this MD&A as Generally Accepted Accounting Principles ("GAAP") as issued by the International Accounting Standards Board.

All dollar amounts are expressed in Canadian currency, unless otherwise noted.

This MD&A contains certain specified financial measures consisting of non-GAAP financial measures, a non-GAAP financial ratio and capital management measures. See "Non-GAAP and Other Financial Measures" for information regarding the following non-GAAP financial measures, non-GAAP financial ratio and capital management measures used in this MD&A: "cash flow", "capital expenditures", "exploration and production expenditures", "operating netback", "operating netback per boe", "adjusted working capital" and "net debt". Since these specified financial measures may not have a standardized meaning, securities regulations require that specified financial measures are clearly defined, qualified and, where required, reconciled with their nearest GAAP measure. See "Non-GAAP and Other Financial Measures" for further information on the definition, calculation and reconciliation of these measures.

Forward-Looking Statements - Certain information regarding Tourmaline set forth in this MD&A, including management's assessment of the Company's future plans and operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. Such statements represent Tourmaline's internal projections, forecasts, estimates or beliefs concerning, among other things, an outlook on the estimated amounts and timing of capital investment or expenditures, anticipated future debt, expenses, production, cash flow and revenues or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. These statements are only predictions and actual events or results may differ materially. Although Tourmaline believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political, geopolitical, and social risks, uncertainties and contingencies.

In particular, forward-looking statements included in this MD&A include, but are not limited to, statements with respect to: the size of, and future net revenues and cash flow from, crude oil, condensate, NGL (natural gas liquids) and natural gas reserves; future prospects; the focus of and timing of capital expenditures; expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development; access to debt and equity markets; projections of market prices and costs; the performance characteristics of the Company's crude oil, condensate, NGL and natural gas properties; crude oil, condensate, NGL and natural gas production levels and product mix and guidance; the payment of any dividends (regular or special) and the timing and amount thereof; the shareholder return plans and expectation for potential share buybacks; Tourmaline's future operating and financial results; capital investment programs; supply and demand for crude oil, condensate, NGL and natural gas; future royalty rates; drilling, development and completion plans and the results therefrom; future land expiries; dispositions and joint venture arrangements; amount of operating, transportation and general and administrative expenses; treatment under governmental regulatory regimes and tax and environmental laws and regulations; and estimated tax pool balances. In addition, statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

These forward-looking statements are subject to numerous risks and uncertainties, most of which are beyond the Company's control, including the impact of general economic conditions; volatility and uncertainty in market prices for crude oil, condensate, NGL and natural gas; industry conditions; currency and interest rate fluctuation; imprecision of reserve estimates; liabilities inherent in crude oil, condensate, NGL and natural gas operations; environmental, political, geopolitical, social and regulatory risks; incorrect assessments of the value of acquisitions and exploration and development programs; competition; the lack of availability of qualified personnel or management and skilled labour; its ability to maintain its investment grade credit rating; changes in income tax and environmental laws and regulations; incentive programs and royalty regimes relating to the oil and gas industry; hazards such as fire, explosion, blowouts, cratering, and spills, any of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; stock market volatility; ability to access sufficient capital from internal and external sources; the receipt of applicable regulatory or third-party approvals; risks of wars or other hostilities or geopolitical events, civil insurrection and pandemics; risks relating to Indigenous land claims and duty to consult; climate change risks; severe weather (including wildfires and drought); inflation; supply chain risks; data breaches and cyber attacks; risks relating to the use of artificial intelligence; changes in legislation, including but not limited to tax laws, royalties and environmental regulations (including greenhouse gas emission reduction requirements and other decarbonization or social policies and including uncertainty with respect to the interpretation of omnibus Bill C-59 and the related amendments to the *Competition Act* (Canada)); trade policy, barriers, disputes or wars (including new tariffs or changes to existing international trade arrangements); general economic and business conditions and markets; and the other risks considered under "Risk Factors" in Tourmaline's most recent annual information form available on SEDAR+ at www.sedarplus.ca and under "Business Risks and Uncertainties" in this MD&A.

With respect to forward-looking statements contained in this MD&A, Tourmaline has made assumptions regarding: prevailing and future commodity prices and royalty regimes and tax laws; future well production rates and reserve volumes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the impact of increasing competition; conditions in general economic and financial markets; political and geopolitical conditions and uncertainties; availability of drilling and related equipment and services; infrastructure access and capacity utilization of owned infrastructure; effects of regulation by governmental agencies; future operating costs; abandonment and decommissioning obligations; and ability to market crude oil, condensate, natural gas and NGL successfully. 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 Tourmaline to pay dividends will be subject to applicable laws (including the satisfaction of the solvency test contained in applicable corporate legislation) and contractual restrictions contained in the instruments governing its indebtedness, including its credit facility.

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 Tourmaline's future operations and such information may not be appropriate for other purposes. Tourmaline'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 publicly 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 six thousand cubic feet of natural gas to one barrel of oil equivalent (6:1). Barrel of oil equivalents (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, as the value ratio between natural gas and crude oil based on 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.

OPERATING ENVIRONMENT

Numerous factors beyond the Company's control affect the marketability and price of crude oil, condensate, NGL and natural gas which may be volatile for a number of reasons including uncertainties over the supply and demand of these commodities due to government policies (including trade policy), the current state of the world economies, sanctions or import bans, the imposition and effect of tariffs, reshuffling of global trade flows, global macro-economic concerns, actions of OPEC+, political and geopolitical uncertainties and conditions and legal and regulatory changes and uncertainties, ongoing wars and hostilities or other adverse economic or political development in the United States, Europe, Asia or the Middle East. Further, weakening global economic activity, inflation and corresponding higher interest rates, and the potential for a recession remain a risk to the pace of economic growth. In addition, natural gas prices are expected to remain under pressure in the near-term due to strong supply and high storage levels. Weather will continue to be a key driver of demand and impact natural gas prices.

Due to the uncertainty surrounding the magnitude, duration and potential outcomes of the above noted factors, the Company is unable, at this time, to predict its long-term impact on its operations, liquidity, financial condition and results, but the impact may be material.

See "Business Risks and Uncertainties" in this MD&A for additional information regarding certain other risks which Tourmaline and its business and operations are subject to.

CLIMATE CHANGE AND ENVIRONMENTAL REGULATION

Climate-related considerations are integrated into key business planning and risk management processes throughout the Company.

Regulatory Update

Emissions, carbon and other regulations impacting climate and climate-related matters are constantly evolving. With respect to environmental, social, governance ("ESG") and climate reporting, the International Sustainability Standards Board ("ISSB") has issued its first two IFRS Sustainability Disclosure Standards: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (together, the ISSB Standards). The ISSB Standards aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. Mandatory application of the ISSB Standards depends on each jurisdiction's endorsement or regulatory processes. In the Company's case, the Canadian Securities Administrators ("CSA") is responsible for developing climate-related disclosure requirements for reporting issuers in Canada. The CSA published Proposed National Instrument 51-107 – Disclosure of Climate Related Matters which is intended to introduce climate-related disclosure requirements for reporting issuers in Canada with limited exceptions. The Canadian Sustainability Standards Board ("CSSB") finalized and issued CSDS 1 - *General Requirements for Disclosure of Sustainability-related Financial Information* and CSDS 2 – *Climate-related Disclosures*, in December 2024. These standards are effective for reporting periods beginning on or after January 1, 2025. However, they remain voluntary unless mandated by the CSA. The CSA is currently evaluating the CSSB standards to determine their suitability for adoption in Canada. The Company is awaiting further guidance from the CSA on their final rules.

If the Company is not able to meet future sustainability reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licenses, registrations, approvals, and authorizations from various governmental authorities, and raise capital may be adversely affected. The cost to comply with these standards, and others that may be developed or evolve over time, has not yet been quantified. The Company continues to monitor the evolving ESG regulations and its potential impact on the Company.

Sustainability Reporting

The Company publishes an annual Sustainability Report containing comprehensive information relating to ESG performance which can be found on the Company's website at <https://sustainability.tourmaline.com/>.

The Sustainability Report was developed by integrating guidance from the Greenhouse Gas Protocol, the Sustainability Accounting Standards Board Oil & Gas – Exploration & Production Standard ("SASB EM-EP") and the Global Reporting Initiative. The Company has also included recommendations from the Task Force on Climate Related Disclosures and incorporated discussion points and metrics outlined by the ISSB.

CORPORATE ACQUISITIONS

The following table summarizes the completed corporate acquisitions made by the Company for the years ended December 31, 2024 and 2023:

Acquisition ⁽¹⁾	Type	Date	CGU	Purchase Price ⁽²⁾ (\$ MMs)	Production ⁽³⁾ (boe/d)
Bonavista	Corporate	November 17, 2023	Deep Basin	\$ 1,340.2	60,000
Crew	Corporate	October 1, 2024	BC Montney	\$ 1,188.1	30,000
Todd	Corporate	December 1, 2024	BC Montney	\$ 296.5	4,500

(1) Refer to the "Capital Expenditures" section of this MD&A and Note 6 of the Company's consolidated financial statements for further details about these transactions.

(2) These amounts reflect the purchase price in cash and/or common shares but does not include any assumed working capital (net debt).

(3) Estimated average production at the effective date of the acquisition.

PRODUCTION

	Three Months Ended December 31,			Years Ended December 31,		
	2024	2023	Change	2024	2023	Change
Natural gas (<i>mcf/d</i>)	2,799,365	2,543,185	10%	2,643,532	2,409,349	10%
Oil (<i>bbl/d</i>)	11,572	13,214	(12)%	12,173	11,907	2%
Condensate (<i>bbl/d</i>)	37,551	34,829	8%	34,799	33,009	5%
NGL (<i>bbl/d</i>)	89,729	85,050	6%	91,612	73,892	24%
Oil equivalent (<i>boe/d</i>)	605,413	556,957	9%	579,173	520,366	11%
Production in (sold from) storage (<i>boe/d</i>)	(1,501)	(2,732)	(45)%	(243)	1,192	(120)%
Total produced volumes (<i>boe/d</i>)	603,912	554,225	9%	578,930	521,558	11%
Natural gas %	77%	76%		76%	77%	

Production for the three months ended December 31, 2024, increased 9% up to an average of 605,413 boe/d compared to 556,957 boe/d for the same quarter of 2023. For the year ended December 31, 2024, average production increased 11% from 520,366 boe/d in 2023 to 579,173 boe/d in 2024.

The production increase for the three and twelve months ended December 31, 2024, is primarily a result of corporate and property acquisitions completed in 2023 and 2024, including the acquisitions of Bonavista Energy Corporation ("Bonavista"), Crew Energy Inc. ("Crew"), and Todd Energy Canada Limited ("Todd"), as well as a result of the Company's successful exploration and production program.

Included in the average production volumes discussed above, for the fourth quarter of 2024, was 1,501 boe/d of natural gas which was withdrawn from storage facilities during the quarter. Average produced volumes for the fourth quarter of 2024 were 603,912 boe/d. For the fourth quarter of 2023, 2,732 boe/d of natural gas was withdrawn from storage facilities resulting in average produced volumes of 554,225 boe/d.

The Company has storage capacity at both Dawn and PG&E Citygate. The storage capacity allows for the opportunity to inject in periods of lower commodity prices (typically summer months) and subsequently withdraw in periods of higher prices (typically winter months). The Company has total storage capacity of 6.0 bcf.

Full-year average production guidance for 2025 is expected to be in the range of 635,000-665,000 boe/d as disclosed in the Company's November 6, 2024 news release.

REVENUE AND REALIZED GAINS (LOSSES)

(000s)	Three Months Ended December 31,			Years Ended December 31,		
	2024	2023	Change	2024	2023	Change
Natural gas						
Sales from production	\$ 504,285	\$ 693,693	(27)%	\$ 1,965,974	\$ 2,867,752	(31)%
Premium on risk management activities	280,965	194,332	45%	824,094	809,886	2%
Realized gain on financial instruments	110,553	106,138	4%	476,237	566,603	(16)%
	895,803	994,163	(10)%	3,266,305	4,244,241	(23)%
Oil						
Sales from production	97,981	113,198	(13)%	416,191	413,799	1%
Premium on risk management activities	2,109	3,918	(46)%	13,873	16,455	(16)%
Realized gain (loss) on financial instruments	5,160	(2,073)	349%	6,057	(9,985)	161%
	105,250	115,043	(9)%	436,121	420,269	4%
Condensate						
Sales from production	333,485	321,531	4%	1,250,872	1,225,901	2%
(Loss) on risk management activities	(101)	(660)	85%	(843)	(2,236)	62%
Realized gain (loss) on financial instruments	14,877	(6,181)	341%	12,553	(29,294)	143%
	348,261	314,690	11%	1,262,582	1,194,371	6%
NGL						
Sales from production	279,299	237,618	18%	1,096,734	843,801	30%
(Loss) on risk management activities	(2,182)	(6,354)	66%	(8,656)	(12,842)	33%
Realized gain (loss) on financial instruments	(2,612)	3,723	(170)%	(8,313)	17,157	(148)%
	274,505	234,987	17%	1,079,765	848,116	27%
Total						
Sales from production	1,215,050	1,366,040	(11)%	4,729,771	5,351,253	(12)%
Premium on risk management activities	280,791	191,236	47%	828,468	811,263	2%
Realized gain on financial instruments	127,978	101,607	26%	486,534	544,481	(11)%
Total revenue from commodity sales, premium on risk management activities and realized gain on financial instruments	\$ 1,623,819	\$ 1,658,883	(2)%	\$ 6,044,773	\$ 6,706,997	(10)%

Total sales from production for the three months ended December 31, 2024, decreased 11% to \$1.2 billion from \$1.4 billion for the same quarter of 2023. Total sales from production for the year ended December 31, 2024, decreased 12% from \$5.4 billion in 2023 to \$4.7 billion in 2024. The decrease for both periods can be attributed to a decline in the AECO and Station 2 natural gas benchmark prices as well as slightly lower oil and condensate benchmark prices partially offset by the increase in produced volumes.

Included in the premium on risk management activities is the premium (loss) that Tourmaline receives from selling gas to markets outside Alberta and British Columbia and the premium (loss) received on physical commodity contract prices compared to benchmark pricing. Tourmaline has significantly diversified the markets where its natural gas is sold including Sumas, PG&E Malin, PG&E Citygate, Chicago Citygate, Ventura, Dawn, and Asia (via the US Gulf Coast) all of which have historically had higher natural gas prices as compared to AECO.

Total revenue for the three and twelve months ended December 31, 2024, included a premium on risk management activities of \$280.8 million and \$828.5 million, respectively, compared to a premium of \$191.2 million and \$811.3 million, respectively, for the same periods of the prior year. For the three and twelve months ended December 31, 2024, AECO prices, on average, were lower than the prices received (after transportation) at the other hubs where Tourmaline sells its natural gas including Sumas, PG&E Malin, PG&E Citygate, Chicago Citygate, Ventura, Dawn, and Asia (via the US Gulf Coast) resulting in a premium received on risk management activities.

Total revenue, for the three and twelve months ended December 31, 2024, was also impacted by a realized gain on financial instruments of \$128.0 million and \$486.5 million, respectively, (three and twelve months ended December 31, 2023 – realized gain on financial instruments of \$101.6 million and \$544.5 million, respectively) reflecting higher prices received on financial commodity contracts when compared to lower benchmark prices.

Total revenue from commodity sales, the premium on risk management activities and realized gains on financial instruments excludes the effect of unrealized gains (losses) on commodity contracts until these gains or losses are realized.

BENCHMARK OIL AND GAS PRICES:

	Three Months Ended December 31,			Years Ended December 31,		
	2024	2023	Change	2024	2023	Change
Natural gas						
NYMEX Last Day (USD\$/mcf)	\$ 2.79	\$ 2.88	(3)%	\$ 2.27	\$ 2.74	(17)%
AECO 5A (CAD\$/mcf)	\$ 1.50	\$ 2.34	(36)%	\$ 1.48	\$ 2.68	(45)%
West Coast Station 2 (CAD\$/mcf)	\$ 0.90	\$ 2.06	(56)%	\$ 1.19	\$ 2.27	(48)%
Sumas (USD\$/mmbtu)	\$ 2.16	\$ 3.22	(33)%	\$ 1.99	\$ 4.22	(53)%
ATP 5A Day Ahead (CAD\$/mcf)	\$ 1.03	\$ 2.43	(58)%	\$ 1.43	\$ 2.47	(42)%
Chicago Citygate (USD\$/mmbtu)	\$ 2.21	\$ 2.28	(3)%	\$ 2.12	\$ 2.30	(8)%
Ventura (USD\$/mmbtu)	\$ 2.17	\$ 2.23	(3)%	\$ 2.20	\$ 2.29	(4)%
PG&E Malin (USD\$/mmbtu)	\$ 2.48	\$ 3.64	(32)%	\$ 2.19	\$ 4.69	(53)%
PG&E Citygate (USD\$/mmbtu)	\$ 3.45	\$ 5.05	(32)%	\$ 3.08	\$ 6.09	(49)%
Dawn (USD\$/mmbtu)	\$ 2.23	\$ 2.28	(2)%	\$ 1.96	\$ 2.33	(16)%
JKM (USD\$/mmbtu)	\$ 13.85	\$ 15.59	(11)%	\$ 11.80	\$ 14.61	(19)%
TTF (USD\$/mmbtu)	\$ 12.85	\$ 13.59	(5)%	\$ 10.79	\$ 15.34	(30)%
Oil and condensate						
NYMEX WTI (USD\$/bbl)	\$ 70.32	\$ 78.53	(10)%	\$ 75.79	\$ 77.61	(2)%
Edmonton Par (CAD\$/bbl)	\$ 94.54	\$ 96.96	(2)%	\$ 97.18	\$ 99.62	(2)%
Edmonton Condensate (CAD\$/bbl)	\$ 99.11	\$ 104.53	(5)%	\$ 100.65	\$ 102.79	(2)%
Electricity						
AESO (CAD\$/MWH)	\$ 51.73	\$ 81.76	(37)%	\$ 62.79	\$ 133.55	(53)%

CURRENCY – EXCHANGE RATES:

	Three Months Ended December 31,			Years Ended December 31,		
	2024	2023	Change	2024	2023	Change
CAD\$/USD\$ ⁽¹⁾	\$ 0.7147	\$ 0.7347	(3)%	\$ 0.7299	\$ 0.7411	(2)%

(1) Average rates for the period.

TOURMALINE REALIZED PRICES⁽¹⁾:

	Three Months Ended December 31,			Years Ended December 31,		
	2024	2023	Change	2024	2023	Change
Natural gas (\$/mcf)	\$ 3.48	\$ 4.25	(18)%	\$ 3.38	\$ 4.83	(30)%
Oil (\$/bbl)	\$ 98.86	\$ 94.63	4%	\$ 97.89	\$ 96.70	1%
Condensate (\$/bbl)	\$ 100.81	\$ 98.21	3%	\$ 99.13	\$ 99.13	–%
NGL (\$/bbl)	\$ 33.25	\$ 30.03	11%	\$ 32.20	\$ 31.45	2%
Oil equivalent (\$/boe)	\$ 29.15	\$ 32.37	(10)%	\$ 28.52	\$ 35.31	(19)%

(1) Realized prices include sales from production, premium on risk management activities and realized gain on financial instruments.

The realized average natural gas price for the three months ended December 31, 2024, decreased by 18% to \$3.48/mcf from \$4.25/mcf for the same period of the prior year. For the year ended December 31, 2024, the realized average natural gas price was \$3.38/mcf, which is 30% lower than the same period of the prior year. The decrease is the result of lower natural gas benchmark prices at all of the major hubs where the Company sells its natural gas, prior to any deductions for transportation.

Realized oil prices increased by 4% and 1% for the three and twelve months ended December 31, 2024, respectively, compared to the same periods of the prior year. The increase reflects higher realized gains on financial instruments, partially offset by a decrease in the benchmark oil prices in the three and twelve months ended December 31, 2024, compared to the same periods in 2023.

For the three months ended December 31, 2024, the realized price of condensate was \$100.81/bbl, which is 3%, higher than the same period of the prior year. The increase reflects higher realized gains on financial instruments, partially offset by the lower benchmark prices received during the period. For the twelve months ended December 31, 2024, the price of condensate remained consistent with the prior year.

The realized NGL price for the three and twelve months ended December 31, 2024, increased by 11% and 2%, respectively, compared to the same periods of the prior year. The increase reflects higher benchmark prices for propane and butane.

ROYALTIES

(000s)	Three Months Ended December 31,			Years Ended December 31,		
	2024	2023	Change	2024	2023	Change
Natural gas						
Crown royalties	\$ 30,136	\$ 47,364	(36)%	\$ 123,097	\$ 342,220	(64)%
GORR royalties	11,396	17,587	(35)%	43,617	79,056	(45)%
Royalty credits	(34,007)	(24,815)	37%	(113,188)	(190,283)	(41)%
	7,525	40,136	(81)%	53,526	230,993	(77)%
Oil, condensate and NGL						
Crown royalties	107,801	105,983	2%	425,407	420,140	1%
GORR royalties	15,157	13,659	11%	54,235	51,359	6%
Royalty credits	(4,784)	(9,312)	(49)%	(23,916)	(64,073)	(63)%
	118,174	110,330	7%	455,726	407,426	12%
Total royalties	\$ 125,699	\$ 150,466	(16)%	\$ 509,252	\$ 638,419	(20)%
Royalties as a percentage of commodity sales from production	10.3%	11.0%		10.8%	11.9%	

For the three and twelve months ended December 31, 2024, the average effective royalty rate was 10.3% and 10.8% compared to 11.0% and 11.9%, respectively, for the same periods of the prior year. The decrease in the royalty rate reflects lower commodity benchmark prices compared to the prior year.

Natural gas royalties of \$7.5 million and \$53.5 million, for the three and twelve months ended December 31, 2024, respectively, included crown and GORR royalties of \$41.5 million and \$166.7 million offset by credits of \$34.0 million and \$113.2 million. For the three and twelve months ended December 31, 2023, natural gas royalties of \$40.1 million and \$231.0 million, respectively, included crown and GORR royalties of \$65.0 and \$421.3 million offset by credits of \$24.8 million and \$190.3 million, respectively. Included in the credits received for the three and twelve months ended December 31, 2024, and 2023, was Gas Cost Allowance ("GCA") which is provided from the Crown to account for expenses incurred to process and transport the Crown's portion of natural gas production. Also offsetting natural gas crown royalties are credits for the Drilling and Completion Cost Allowance ("C*") in Alberta, as well as the Deep Well Royalty Credit Program in British Columbia.

The Company expects its royalty rate for 2025 to be approximately 11%, consistent with the 2024 rate. The royalty rate is sensitive to commodity prices, and as such, a change in commodity prices will impact the actual rate.

COMMODITY MARKETING

(000s)	Three Months Ended December 31,			Years Ended December 31,		
	2024	2023	Change	2024	2023	Change
Marketing revenue	\$ 21,649	\$ 19,052	14%	\$ 91,804	\$ 79,724	15%
Marketing purchases	\$ (19,717)	\$ (7,888)	150%	\$ (69,129)	\$ (30,006)	130%

Marketing revenue and marketing purchases represent the volume sold and purchased from third parties which is recorded gross for financial statement presentation purposes. Any gains or losses on the sale of third-party product related to the price differential are recorded in marketing revenue.

For the three and twelve months ended December 31, 2024, marketing revenue increased by 14% and 15%, respectively, and marketing purchases increased by 150% and 130%, respectively, compared to the same periods of 2023. The increase in both marketing revenue and marketing purchases can be attributed to more third-party volume available for purchase in 2024 compared to the same periods of 2023. Additionally, for the three and twelve months ended December 31, 2024, marketing revenue and marketing purchases include natural gas which was purchased from third parties to be sold at a JKM price under Tourmaline's natural gas supply agreement with Cheniere Energy. For the twelve months ended December 31, 2023, marketing revenue reflects revenue received for third-party natural gas purchased by Cheniere Energy and subsequently sold under Tourmaline's natural gas supply agreement. The net revenue from this transaction was recorded as marketing revenue.

OTHER INCOME

(000s)	Three Months Ended December 31,			Years Ended December 31,		
	2024	2023	Change	2024	2023	Change
Processing income	\$ 6,469	\$ 5,609	15%	\$ 23,682	\$ 17,629	34%
Power income	1,448	2,506	(42)%	6,686	15,579	(57)%
Other	814	3,179	(74)%	11,737	14,220	(17)%
Total other income	\$ 8,731	\$ 11,294	(23)%	\$ 42,105	\$ 47,428	(11)%

Other income for the three and twelve months ended December 31, 2024, was \$8.7 million and \$42.1 million, respectively, compared to \$11.3 million and \$47.4 million, respectively, for the same periods of the prior year. The decrease in other income is primarily related to lower power generation income in 2024, as the AESO benchmark power price decreased significantly compared to 2023.

OPERATING EXPENSES

(000s) except per-boe amounts	Three Months Ended December 31,			Years Ended December 31,		
	2024	2023	Change	2024	2023	Change
Operating expenses	\$ 251,594	\$ 216,462	16%	\$ 1,006,541	\$ 857,173	17%
Per boe	\$ 4.52	\$ 4.22	7%	\$ 4.75	\$ 4.51	5%

Operating expenses include all periodic lease and field-level expenses and exclude income recoveries from processing third-party volumes. For the fourth quarter of 2024, total operating expenses were \$251.6 million compared to \$216.5 million for the same period of 2023, an increase of 16% over a 9% increase in production. Operating costs for the year ended December 31, 2024 were \$1.0 billion compared to \$0.9 billion for the same period in 2023, reflecting a 17% increase in total costs over an 11% increase in production.

On a per-boe basis, the costs increased from \$4.22/boe for the fourth quarter of 2023 to \$4.52/boe in the fourth quarter of 2024. For the year ended December 31, 2024, operating costs were \$4.75/boe, up from \$4.51/boe in the prior year. The higher per-boe costs for the three and twelve months ended December 31, 2024, reflect the production acquired through corporate and asset acquisitions in 2023 and 2024, which generally carried higher operating expenses per-boe which the Company continues to bring down as the assets are integrated and operational efficiencies are realized. Additionally, general inflationary pressures increased operating costs compared to the prior year. The increase was partially offset by lower fuel and power costs.

The Company's operating costs for 2025 are expected to average approximately \$4.90/boe. The increase over 2024 per-boe costs takes into consideration the higher anticipated property taxes, carbon taxes, regulatory fees as well as increased operating costs related to the Crew and Todd assets. The Company continues to increase its liquids portfolio which also carries higher operating costs. Actual cash costs can change, however, depending on a number of factors, including the Company's actual production levels.

TRANSPORTATION

<i>(000s) except per-boe amounts</i>	Three Months Ended December 31,			Years Ended December 31,		
	2024	2023	Change	2024	2023	Change
Natural gas transportation	\$ 227,775	\$ 227,736	–%	\$ 879,684	\$ 787,118	12%
Oil and NGL transportation	48,827	49,255	(1)%	202,908	213,452	(5)%
Total transportation	\$ 276,602	\$ 276,991	–%	\$ 1,082,592	\$ 1,000,570	8%
Per boe	\$ 4.97	\$ 5.41	(8)%	\$ 5.11	\$ 5.27	(3)%

For the fourth quarter of 2024, total transportation expenses were \$276.6 million compared to \$277.0 million in the fourth quarter of 2023. For the year ended December 31, 2024, transportation expenses were \$1.1 billion, compared to \$1.0 billion for the same period of 2023.

On a per-boe basis, transportation costs decreased from \$5.41/boe in the fourth quarter of 2023 to \$4.97/boe in the fourth quarter of 2024. For the year ended December 31, 2024, the per-boe transportation costs decreased from \$5.27/boe in the prior year to \$5.11/boe. Although volumes year-over-year have increased, the decrease in the per-boe costs reflects lower trucking fees for liquids and lower fuel gas expense due to lower natural gas benchmark prices as well as the addition of the Bonavista and Crew volumes which had lower per-boe transportation costs.

GENERAL & ADMINISTRATIVE (“G&A”) EXPENSES

<i>(000s) except per-boe amounts</i>	Three Months Ended December 31,			Years Ended December 31,		
	2024	2023	Change	2024	2023	Change
G&A expenses	\$ 58,075	\$ 42,405	37%	\$ 218,687	\$ 178,439	23%
Administrative and capital recovery	(2,965)	(1,835)	62%	(9,345)	(7,048)	33%
Capitalized G&A	(9,429)	(10,757)	(12)%	(45,242)	(43,165)	5%
Total G&A expenses	\$ 45,681	\$ 29,813	53%	\$ 164,100	\$ 128,226	28%
Per boe	\$ 0.82	\$ 0.58	41%	\$ 0.77	\$ 0.68	13%

Total G&A expenses in the fourth quarter of 2024 were \$45.7 million compared to \$29.8 million for the same quarter of 2023. For the year ended December 31, 2024, G&A expenses were \$164.1 million compared to \$128.2 million for the same period of 2023. The increase is primarily due to staff additions, additional office space, costs related to corporate and property acquisitions as well as higher third-party service provider fees, insurance and increased costs related to industry marketing initiatives.

G&A expenses for 2025 are expected to average approximately \$0.70/boe. Actual costs per boe can change, however, depending on a number of factors including the Company's actual production levels.

SHARE-BASED PAYMENTS

<i>(000s) except per-boe amounts</i>	Three Months Ended December 31,		Years Ended December 31,	
	2024	2023	2024	2023
Share-based payments	\$ 25,126	\$ 18,696	\$ 102,475	\$ 85,186
Capitalized share-based payments	(9,255)	(7,669)	(38,618)	(34,888)
Total share-based payments	\$ 15,871	\$ 11,027	\$ 63,857	\$ 50,298
Per boe	\$ 0.28	\$ 0.22	\$ 0.30	\$ 0.26

The Company recognized \$15.9 million and \$63.9 million of share-based payments expense for the three and twelve months ended December 31, 2024, compared to \$11.0 million and \$50.3 million for the same periods of the prior year. Capitalized share-based payments for the three and twelve months ended December 31, 2024 were \$9.3 million and \$38.6 million compared to \$7.7 million and \$34.9 million, respectively, for the same periods of the prior year.

Share-based payments are higher in 2024, compared to 2023, which reflects options with a higher fair value being expensed in 2024 compared to 2023 and an increase in the number of restricted share units (“RSUs”) outstanding.

STOCK OPTION PLAN

The Company uses the fair-value method for the determination of non-cash, share-based payments expense. During the fourth quarter of 2024, 3,707,500 stock options were granted at a weighted-average exercise price of \$66.79 per option and 434,849 were exercised, bringing \$12.3 million of cash into treasury.

RSU PLAN

During the fourth quarter of 2024, the Company granted 419,596 RSUs. As at December 31, 2024, the Company had 728,321 RSUs outstanding and recognized \$3.0 million and \$10.6 million of RSU payments expense for the three and twelve months ended December 31, 2024 (December 31, 2023 – \$2.1 million and \$6.9 million, respectively). Capitalized RSU payments for the three and twelve months ended December 31, 2024 were \$2.0 million and \$7.2 million (December 31, 2023 – \$1.5 million and \$5.1 million, respectively). Both of these amounts are included in the share-based payments table above.

DEPLETION, DEPRECIATION AND AMORTIZATION ("DD&A")

<i>(000s) except per-boe amounts</i>	Three Months Ended December 31,		Years Ended December 31,	
	2024	2023	2024	2023
Total depletion, depreciation and amortization	\$ 408,010	\$ 371,071	\$ 1,551,963	\$ 1,303,444
Less mineral lease expiries	(1,045)	(3,749)	(10,711)	(17,850)
DD&A	\$ 406,965	\$ 367,322	\$ 1,541,252	\$ 1,285,594
Per boe	\$ 7.31	\$ 7.17	\$ 7.27	\$ 6.77

DD&A expense, excluding mineral lease expiries, was \$407.0 million for the fourth quarter of 2024 compared to \$367.3 million for the same period of 2023. DD&A expense includes depletion of oil and gas interests (excluding plant and facilities) of \$375.2 million (three months ended December 31, 2023 - \$345.0 million) and combined depreciation of plants and facilities, office equipment, furniture and fixtures and ROU asset.

For the twelve-month period ended December 31, 2024, DD&A expense (excluding mineral lease expiries) was \$1.5 billion compared to \$1.3 billion for the same period of 2023. Included in DD&A expense is \$1.4 billion attributable to depletion expense related to oil and gas interests (December 31, 2023 - \$1.2 billion). The increase in DD&A expense in 2024 over 2023 is primarily due to higher production volumes as well as a higher depletable base, including an increase in future development costs.

The per-boe DD&A rate (excluding the impact of mineral lease expiries) of \$7.31/boe and \$7.27/boe for the three and twelve months ended December 31, 2024, respectively, increased compared to the rate of \$7.17/boe and \$6.77/boe for the same periods of the prior year. The increase in the per-boe rate is primarily due to the increase in future development costs which increases the depletable base.

Mineral lease expiries for the three months ended December 31, 2024 were \$1.0 million, compared to expiries in the same quarter of the prior year of \$3.7 million. For the twelve months ended December 31, 2024, expiries were \$10.7 million compared to \$17.9 million for the same period of 2023. The expired leases for the twelve months ended December 31, 2024 amount to less than 1% of Tourmaline's total land base.

The Company prioritizes drilling on what it believes to be the most cost-efficient and productive acreage, and, with such a large land base, the Company has chosen not to continue some of the expiring sections of land. The Company explores all alternatives (including swaps, farm-outs, joint ventures and dispositions) to realize the value from these sections before they expire.

At December 31, 2024, and December 31, 2023, the Company did not identify indicators of impairment on any of its cash-generating units ("CGUs") and therefore, an impairment test was not performed. The Company has no CGUs with historical impairment that have not been fully reversed.

FINANCE EXPENSES

(000s)	Three Months Ended December 31,			Years Ended December 31,		
	2024	2023	Change	2024	2023	Change
Interest on loans and borrowings	\$ 19,972	\$ 14,114	42%	\$ 79,591	\$ 37,347	113%
Accretion expense	7,865	6,791	16%	29,971	19,362	55%
Lease interest	503	404	25%	1,766	840	110%
Foreign exchange (gain) loss on U.S. denominated debt	43,201	(25,007)	273%	31,371	(25,007)	225%
Realized (gain) loss on cross-currency swaps	(43,201)	25,007	(273)%	(31,371)	25,007	(225)%
Transaction costs on corporate and property acquisitions	8,337	7,372	13%	9,453	7,419	27%
Total finance expenses	\$ 36,677	\$ 28,681	28%	\$ 120,781	\$ 64,968	86%

Finance expenses for the three months ended December 31, 2024, totaled \$36.7 million compared to \$28.7 million for the same period of 2023. The average combined bank debt and senior unsecured notes outstanding, and the average effective interest rate on the debt was \$1.5 billion and 4.82% for the three months ended December 31, 2024, compared to \$1.0 billion and 4.69% for the same period of 2023, respectively.

For the year ended December 31, 2024, finance expenses totaled \$120.8 million compared to \$65.0 million for the same period of 2023. The average combined bank debt and senior unsecured notes outstanding, and the average effective interest rate on the debt for the year ended December 31, 2024, was \$1.5 billion and 4.97% compared to \$0.7 billion and 3.95% for the same period of 2023, respectively.

Interest expense increased for the year ended December 31, 2024, due to the increase in the effective interest rate and the increase in average bank debt outstanding compared to 2023. The increase in the effective interest rate for both the three and twelve months ended December 31, 2024 reflects the higher Bank of Canada prime rate in 2024 over the same periods of 2023.

For the three and twelve-month periods ended December 31, 2024, the Company drew from the credit facility in U.S. dollars, as permitted under the credit facility which, when repaid, created a foreign exchange loss due to the weakening of the Canadian dollar. Concurrent with the draw of U.S. dollar denominated borrowings, the Company entered into cross-currency swaps to offset the foreign currency risk resulting from holding U.S. dollar denominated borrowings. This transaction allows the Company to take advantage of the interest rate spread between the Canadian Overnight Repo Rate Average (“CORRA”) or prior to June 28, 2024 the Canadian Dollar Offered Rate (“CDOR”) and the Secured Overnight Financing Rate (“SOFR”) without taking on any foreign exchange risk.

The CDOR benchmark was discontinued on June 28, 2024 and replaced with the CORRA benchmark, an alternative that will apply to the Company's Canadian dollar borrowings.

INCOME TAXES

(000s)	Three Months Ended December 31,			Years Ended December 31,		
	2024	2023	Change	2024	2023	Change
Current income taxes	\$ 55,657	\$ 75,669	(26)%	\$ 84,165	\$ 431,298	(80)%
Deferred income taxes	59,370	113,823	(48)%	309,659	12,196	2,439%
Income taxes	\$ 115,027	\$ 189,492	(39)%	\$ 393,824	\$ 443,494	(11)%

For the three and twelve months ended December 31, 2024, current income taxes were \$55.7 million and \$84.2 million, respectively, compared to \$75.7 million and \$431.3 million for the same periods of the prior year. The decrease in current income taxes reflects lower income before taxes for the three and twelve months ended December 31, 2024, compared to the same periods of 2023. Additionally, the current tax for 2024 was reduced by the usage of non-capital losses and other tax attributes from the Bonavista acquisition.

For the three months ended December 31, 2024, the provision for deferred income taxes was \$59.4 million compared to \$113.8 million for the same period of the prior year. For the year ended December 31, 2024, the provision for deferred income taxes was \$309.7 million compared to deferred income taxes of \$12.2 million for the same period of 2023. The increase in deferred income taxes for the twelve months ended December 31, 2024 reflects the decrease in current income taxes. Additionally, there was an overall tax rate decrease in 2023 which decreased the deferred income tax expense for the twelve months ended December 31, 2023, while there was a slight tax rate increase for the twelve months ended December 31, 2024.

CASH FLOW FROM OPERATING ACTIVITIES, CASH FLOW AND NET EARNINGS

(000s) except per-unit amounts	Three Months Ended December 31,			Years Ended December 31,		
	2024	2023	Change	2024	2023	Change
Cash flow from operating activities	\$ 666,110	\$ 1,012,819	(34)%	\$ 2,729,780	\$ 4,406,092	(38)%
Per share ⁽¹⁾	\$ 1.78	\$ 2.90	(39)%	\$ 7.58	\$ 12.76	(41)%
Cash flow ⁽²⁾	\$ 850,330	\$ 918,008	(7)%	\$ 3,218,491	\$ 3,707,683	(13)%
Per share ⁽¹⁾⁽²⁾	\$ 2.27	\$ 2.62	(13)%	\$ 8.93	\$ 10.73	(17)%
Net earnings (loss)	\$ 407,445	\$ 700,202	(42)%	\$ 1,264,109	\$ 1,735,880	(27)%
Per share ⁽¹⁾	\$ 1.09	\$ 2.00	(46)%	\$ 3.51	\$ 5.03	(30)%
Operating netback per boe ⁽²⁾	\$ 17.40	\$ 19.80	(12)%	\$ 16.26	\$ 22.17	(27)%

(1) Per share amounts have been calculated using the weighted average number of diluted common shares for the respective period.

(2) See "Non-GAAP and Other Financial Measures".

Cash flow for the three months ended December 31, 2024 was \$850.3 million or \$2.27 per diluted share compared to \$918.0 million or \$2.62 per diluted share for the same period of 2023. For the year ended December 31, 2024, cash flow was \$3.2 billion or \$8.93 per diluted share compared to \$3.7 billion or \$10.73 per diluted share for the same period of 2023. The decrease in cash flow for the three and twelve months ended December 31, 2024, compared to the same periods of 2023, reflects a lower operating netback which was partially offset by the increased production volume as well as a reduction in current income tax expense.

The Company had after-tax net earnings for the three months ended December 31, 2024 of \$407.4 million or \$1.09 per diluted share compared to after-tax net earnings of \$700.2 million or \$2.00 per diluted share for the same period of 2023. The decrease in after-tax net earnings for the three months ended December 31, 2024, reflects an unrealized loss on financial instruments of \$237.1 million, primarily related to losses on foreign exchange derivatives, compared to an unrealized gain on financial instruments of \$200.6 million, recorded in the same quarter of the prior year, primarily related to gains on commodity contracts. Partially offsetting the loss on financial instruments for the three months ended December 31, 2024, were realized gains on divestitures of \$274.0 million resulting from the sale of GORR interests to Topaz and Tourmaline's sale of Topaz common shares compared to a realized gain on the acquisition of Bonavista of \$82.2 million for the three months ended December 31, 2023.

For the twelve-month period ended December 31, 2024, after-tax net earnings were \$1.3 billion or \$3.51 per diluted share compared to after-tax net earnings of \$1.7 billion or \$5.03 per diluted share for the same period of the prior year. The decrease in after-tax net earnings in 2024, compared to 2023, reflects the decrease in the Company's operating netback and an increase in DD&A.

CAPITAL EXPENDITURES

(000s)	Three Months Ended December 31,		Years Ended December 31,	
	2024	2023	2024	2023
Land and seismic	\$ 4,517	\$ 9,288	\$ 55,265	\$ 40,157
Drilling and completions	603,163	493,482	1,733,811	1,575,652
Facilities	135,736	120,480	384,387	355,401
Exploration and production expenditures ⁽¹⁾	743,416	623,250	2,173,463	1,971,210
Property acquisitions	7,379	–	33,083	58,536
Property dispositions	(300,858)	–	(357,692)	(7,789)
Other	10,256	12,737	52,607	51,292
Total capital expenditures ⁽¹⁾	\$ 460,193	\$ 635,987	\$ 1,901,461	\$ 2,073,249

(1) See "Non-GAAP and Other Financial Measures".

During the fourth quarter of 2024, the Company invested \$460.2 million of cash consideration, net of dispositions, compared to \$636.0 million for the same period of 2023. Expenditures on exploration and production ("EP") were \$743.4 million for the fourth quarter of 2024 compared to \$623.3 million for the same quarter of 2023. During the twelve-month period ended December 31, 2024, the Company invested \$1.9 billion of cash consideration, net of dispositions, compared to \$2.1 billion for the same period of 2023.

The following table summarizes the drill, complete and tie-in activities for the periods:

	Year Ended December 31, 2024		Year Ended December 31, 2023	
	Gross	Net	Gross	Net
Drilled	286	263.62	280	266.30
Completed	289	271.78	259	245.29
Tied-in	274	253.52	266	251.40

EP capital expenditures in 2025 are forecast to be \$2.60 – \$2.85 billion, plus an additional \$150.0 million in exploration-directed spending. As it relates to EP capital expenditures, the Company expects drilling and completions costs of approximately \$2.30 – \$2.55 billion and facilities expenditures (including equipment, pipelines and tie-ins) of approximately \$300.0 million. The capital budget is closely monitored and will continue to be adjusted as required, depending on cash flow available.

Corporate Acquisitions

On October 1, 2024, the Company acquired all of the issued and outstanding shares of Crew. The Company issued 18,778,162 Tourmaline common shares at a price of \$63.27 per share for share consideration of \$1.2 billion as well as assumed Crew's net debt of \$219.8 million. Total transaction costs incurred by the Company of \$8.0 million associated with this acquisition were included in finance expense on the consolidated statement of income and comprehensive income for the year ended December 31, 2024. The acquisition has been accounted for as a business combination and resulted in an increase in PP&E of approximately \$1.5 billion, net debt of \$219.8 million (bank debt, net of working capital of \$84.8 million), decommissioning obligations of \$23.3 million, and a deferred income tax liability of \$126.0 million. The acquisition represents an important component of the Company's continuing NEBC consolidation strategy that builds on its long-term organic growth plan. The Crew assets are an extension of Tourmaline's existing NEBC operations and provide for an increase in drilling inventory, developed lands, production and infrastructure.

On December 1, 2024, the Company acquired all the issued and outstanding shares of Todd. The Company issued 1,928,846 Tourmaline common shares at a price of \$66.08 per share for share consideration of \$127.5 million and paid \$169.0 million of cash consideration, as well as assumed Todd's net debt of \$4.2 million. Total transaction costs incurred by the Company of \$0.4 million associated with this acquisition were included in finance expense on the consolidated statement of income and comprehensive income for the year ended December 31, 2024. The acquisition has been accounted for as a business combination and resulted in an increase in PP&E of approximately \$312.2 million, net debt of \$4.2 million (working capital deficit, net of cash), decommissioning obligations of \$1.5 million, and a deferred income tax liability of \$9.9 million. Prior to the acquisition, Tourmaline was a 50% owner in the Todd assets and the acquisition consolidates this ownership and provides for an increase in drilling inventory, developed lands, production and infrastructure.

See note 6 of the Company's December 31, 2024 consolidated financial statements for additional information relating to the above noted corporate acquisitions.

Dispositions of Oil and Natural Gas Properties

On May 1, 2024, the Company sold certain assets, which were acquired pursuant to the corporate acquisition of Bonavista, completed in November 2023, for cash consideration of \$53.1 million, before customary closing adjustments.

On November 1, 2024, the Company sold a royalty interest on the acquired Crew and Bonavista lands, discussed above, and on other acquired Tourmaline lands to Topaz for cash consideration of \$277.5 million, before customary closing adjustments. The transaction resulted in a gain on disposition of \$77.0 million which was recorded in the Company's consolidated income statement for the three and twelve months ended December 31, 2024.

On December 1, 2024, the Company sold a royalty interest on the acquired Todd lands, discussed above, to Topaz for cash consideration of \$23.5 million, before customary closing adjustments. The transaction resulted in a gain on disposition of \$4.8 million which was recorded in the Company's consolidated income statement for the three and twelve months ended December 31, 2024.

Total Property Acquisitions and Dispositions

In total, for the year ended December 31, 2024, the Company completed property acquisitions for cash consideration of \$33.1 million (December 31, 2023 - \$58.5 million) and \$7.8 million in property acquisitions for non-cash consideration (December 31, 2023 - \$1.0 million). The Company assumed \$1.2 million in decommissioning liabilities as a result of these acquisitions (December 31, 2023 - \$1.2 million).

For the year ended December 31, 2024, the Company also completed property dispositions for total cash consideration of \$357.7 million (December 31, 2023 - \$7.8 million) and non-cash consideration of \$7.8 million (December 31, 2023 - \$1.0 million). The Company disposed of \$1.5 million in decommissioning liabilities as a result of these dispositions (December 31, 2023 - nil).

LIQUIDITY AND CAPITAL RESOURCES

Bank debt

The Company has a covenant-based, unsecured, five-year extendible revolving credit facility in place with a syndicate of banks in the amount of \$2.55 billion maturing in June 2029. The maturity date may, at the request of the Company and with consent of the lenders, be extended on an annual basis. The revolving credit facility includes an expansion feature ("accordion") which allows the Company, upon approval from the lenders, to increase the facility amount by up to \$500 million by adding a new financial institution or by increasing the commitment of its existing lenders. The revolving credit facility can be drawn in either Canadian or U.S. funds and bears interest at the agent bank's prime lending rate, CORRA or SOFR (for U.S. borrowings), plus applicable margins. At December 31, 2024, \$533.6 million was drawn on the revolving credit facility.

Under the terms of the revolving credit facility, Tourmaline is subject to the following covenant: (i) the ratio of total debt to total capitalization must not exceed 0.65:1. At December 31, 2024, the ratio of total debt to total capitalization was 0.08:1. As at, and for the year ending December 31, 2024, the Company is in compliance with all debt covenants.

Under the Company's credit facility "total debt" means generally the sum of debt plus subordinated debt, (Tourmaline currently does not have any subordinated debt), and "total capitalization" means generally the sum of the Company's shareholders' equity and all other indebtedness of the Company including bank debt, all determined on a consolidated basis in accordance with GAAP.

The Company also has a covenant-based, unsecured, operating credit facility with a Canadian bank in the amount of \$50.0 million. The operating credit facility has a maturity date of June 2026, which may, at the request of the Company and with consent of the lender, be extended on an annual basis. The covenant is the same as the revolving credit facility. At December 31, 2024, \$40.7 million was drawn on the operating credit facility.

Additionally, the Company has an unsecured credit facility payable on demand in the amount of \$50.0 million with a Canadian bank. At December 31, 2024, the demand credit facility was undrawn.

At December 31, 2024, Tourmaline had outstanding letters of credit in the amount of \$64.9 million (December 31, 2023 - \$74.8 million) which were secured by the operating credit facility and the demand facility as well as an additional \$11.0 million unsecured letter of credit facility, which was used for the purposes of the Crew acquisition and terminated subsequent to year end.

Senior unsecured notes

On January 25, 2021, the Company issued \$250.0 million of senior unsecured notes. The notes bear interest at a fixed rate of 2.077%, payable semi-annually commencing on July 25, 2021, with a maturity date of January 25, 2028, and rank equally with all other present unsecured and subordinated debt of the Company. There are no financial covenants on these senior unsecured notes.

On August 9, 2021, the Company issued \$200.0 million of senior unsecured notes. The notes bear interest at a fixed rate of 2.529%, payable semi-annually commencing on February 12, 2022, with a maturity date of February 12, 2029, and rank equally with all other present unsecured and subordinated debt of the Company. There are no financial covenants on these senior unsecured notes.

On May 28, 2024, the Company issued \$250.0 million of unsecured notes. The notes bear interest at a fixed rate of 4.856%, payable semi-annually, commencing November 30, 2024, with a maturity date of May 30, 2027, and rank equally with all other present unsecured and subordinated debt of the Company. There are no financial covenants on these senior unsecured notes.

The Company's aggregate borrowing capacity at December 31, 2024 was \$3.35 billion including the bank debt and senior unsecured notes.

Adjusted working capital (deficit) and net debt ⁽¹⁾

As at December 31, 2024, the Company had an adjusted working capital deficit of \$430.0 million, after adjusting for the fair value of short-term financial instruments, short-term lease liabilities, short-term decommissioning obligations and unrealized foreign exchange in working capital (the working capital deficit was \$167.6 million) (December 31, 2023 – adjusted working capital deficit of \$679.5 million and working capital deficit of \$298.3 million, respectively). As at December 31, 2024, the Company had \$574.3 million of bank debt and \$698.4 million of notes outstanding for total combined bank debt and senior unsecured notes of \$1.3 billion (net of debt issue costs) (December 31, 2023 - \$1.1 billion). Net debt at December 31, 2024 was \$1.7 billion, excluding the fair value of short-term financial instruments, short-term lease liabilities, short-term decommissioning obligations and unrealized foreign exchange in working capital (December 31, 2023 - \$1.8 billion).

(1) See "Non-GAAP and Other Financial Measures".

Normal course issuer bid

The Company has a normal course issuer bid ("NCIB") in place. On July 31, 2024, the Company renewed its NCIB allowing up to 17,621,578 common shares, representing 5% of its common shares outstanding at July 25, 2024, to be purchased over a period of twelve months commencing on August 8, 2024. Under the NCIB, common shares may be repurchased at prevailing market prices and any common shares that are purchased under the NCIB will be cancelled upon their purchase by the Company. For the year ended December 31, 2024, the Company did not purchase any common shares for cancellation.

Dividends

During the three and twelve months ended December 31, 2024, the Company paid a quarterly cash dividend of \$0.35 and \$1.32 per common share totalling \$130.8 million and \$472.3 million, respectively, compared to \$0.28 and \$1.05 per common share totalling \$98.4 million and \$359.8 million, respectively, for the same periods of the prior year.

On March 21, 2024, the Company paid a special dividend of \$0.50 per common share totalling \$175.7 million.

On May 16, 2024, the Company paid a special dividend of \$0.50 per common share totalling \$175.9 million.

On August 21, 2024, the Company paid a special dividend of \$0.50 per common share totalling \$176.2 million.

On November 26, 2024, the Company paid a special dividend of \$0.50 per common share totalling \$185.8 million.

Capital management

The Company will continue to use internally generated cash flow to fund its exploration and development program and is dedicated to keeping a strong statement of financial position, which has proven to be very important, especially in times of volatile commodity prices. Cash flow has consistently been directed towards modest, sustainable dividend increases, special dividends and debt reduction. On a go-forward basis, the Company intends to continue to return the vast majority of cash flow less capital expenditures back to shareholders which will be achieved through modest and sustainable base dividend increases, special dividends when appropriate, and tactical share buybacks. Management's approach to capital management is further described in note 4(d) of the Company's annual consolidated financial statements.

INVESTMENT IN TOPAZ ENERGY CORP. ("TOPAZ")

At December 31, 2024, the Company owned 21.3% of the outstanding common shares of its associate, Topaz. For the three and twelve months ended December 31, 2024, Tourmaline recorded income from its investment in Topaz of \$1.2 million and \$14.3 million, respectively (three and twelve months ended December 31, 2023 - \$5.6 million and \$14.9 million, respectively). For the three and twelve months ended December 31, 2024, Topaz paid a cash dividend of \$0.33 and \$1.30 per common share resulting in Tourmaline receiving \$10.8 million and \$54.6 million, respectively, which was recorded as a reduction to the investment in Topaz (three and twelve months ended December 31, 2023 - cash dividend of \$0.31 and \$1.22 per common share receiving \$14.0 million and \$55.1 million, respectively).

On October 22, 2024, Topaz completed an equity financing, which resulted in the issuance of 8.3 million Topaz common shares and a reduction in Tourmaline's ownership interest from 31.2% to 29.5%. The dilution of Tourmaline's ownership in Topaz resulted in a gain of \$27.3 million as the transaction was completed at a higher valuation of the Topaz common shares when compared to Tourmaline's carrying value of its Topaz investment.

On December 11, 2024, Tourmaline sold some of its investment in Topaz through a secondary offering of Topaz common shares for net consideration of \$331.5 million (net of brokers fees of \$13.8 million) which resulted in the Company selling 12.4 million Topaz common shares representing 8.1% of the total Topaz common shares outstanding. The secondary offering resulted in Tourmaline recording a gain of \$164.9 million in the Company's consolidated statement of income and comprehensive income and reducing Tourmaline's ownership interest in Topaz from 29.5% to 21.3%.

The Company has entered into a number of agreements with Topaz, relating to both royalty and infrastructure assets. For the three and twelve months ended December 31, 2024, gross overriding royalties of \$21.1 million and \$81.7 million and processing fees of \$9.7 million and \$39.2 million, respectively, were payable to Topaz and are included in the Company's consolidated statement of income and comprehensive income as royalties and operating expenses. For the three and twelve months ended December 31, 2023, gross overriding royalties of \$27.7 million and \$115.2 million and processing fees of \$10.4 million and \$39.3 million, respectively, were payable to Topaz and are included in the Company's consolidated statement of income and comprehensive income as royalties and operating expenses.

SHARES AND STOCK OPTIONS OUTSTANDING

As at March 5, 2025, the Company has 374,274,431 common shares and 17,122,734 stock options outstanding.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

In the normal course of business, Tourmaline is obligated to make future payments. These obligations represent contracts and other commitments that are known and non-cancellable.

PAYMENTS DUE BY YEAR

(000s)	1 Year	2-3 Years	4-5 Years	>5 Years	Total
Operating commitments ⁽¹⁾	\$ 5,264	\$ 8,625	\$ 8,412	\$ 17,838	\$ 40,139
Firm transportation agreements	1,211,023	1,980,234	1,433,368	5,429,435	10,054,060
Processing commitments ⁽²⁾	211,351	350,105	226,492	365,984	1,153,932
Capital commitments ⁽³⁾	10,672	12,935	2,313	–	25,920
Revolving credit facility ⁽⁴⁾	–	–	711,109	–	711,109
Senior unsecured notes ⁽⁵⁾	22,391	287,699	456,010	–	766,100
	\$ 1,460,701	\$ 2,639,598	\$ 2,837,704	\$ 5,813,257	\$12,751,260

(1) Operating commitments includes variable operating costs related to the Company's office leases.

(2) Includes processing and power commitments.

(3) Includes drilling commitments.

(4) Includes interest expense at 4.79% being the rate applicable to outstanding debt on the credit facility at December 31, 2024 and interest paid at the maturity of the facility.

(5) Includes interest expense at 3.20% being the average rate applicable on the senior unsecured notes at December 31, 2024 with interest payments made semi-annually.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not believe it has any material 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.

FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company's financial risks are discussed in note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2024.

As at December 31, 2024, the Company has entered into certain financial derivative contracts in order to manage commodity 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 commodity contracts to be effective economic hedges. Such financial derivative commodity contracts 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 statement of income and comprehensive income. The contracts that the Company has in place at December 31, 2024 are summarized and disclosed in note 4 of the Company's consolidated financial statements for the year ended December 31, 2024.

The following table provides a summary of the unrealized gains and losses on financial instruments for the year ended December 31, 2024:

(000s)	Three Months Ended December 31,		Years Ended December 31,	
	2024	2023	2024	2023
Unrealized gain (loss) on financial instruments	\$ (237,108)	\$ 200,597	\$ (298,559)	\$ (658,200)

The Company has entered into physical delivery sales contracts to manage commodity risk. These contracts are considered normal sales contracts and are not recorded at fair value in the consolidated financial statements. Physical contracts in place at December 31, 2024 have been summarized and disclosed in note 4 of the Company's consolidated financial statements for the years ended December 31, 2024 and 2023.

The Company determines the fair value of embedded derivatives, at the end of each period, through the use of internal models which incorporate significant unobservable inputs (Level 3 inputs). In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks, such as future prices of energy and discount rates. When determining fair value estimates, the Company attempts to maximize the use of observable inputs and minimize the use of unobservable inputs. The Company's embedded derivatives at December 31, 2024, have been disclosed in note 4 of the Company's consolidated financial statements for the years ended December 31, 2024 and 2023.

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 preparing the consolidated financial statements are discussed in note 1 of the consolidated financial statements for the year ended December 31, 2024.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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 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, 2024, 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, 2024 and ending December 31, 2024 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.

CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES

When applying IFRS 9 – Financial instruments the Company uses judgement when determining the definition of the host contract and the separate embedded derivative, as well as the assessment of whether the embedded derivative is clearly and closely related to the host contract.

BUSINESS RISKS AND UNCERTAINTIES

Tourmaline monitors and complies with current government regulations that affect its activities, which includes changes to royalty programs or frameworks (including the new royalty framework in British Columbia scheduled to take effect January 1, 2027, with a transition period applying to new oil and gas wells spud on or after September 1, 2024), the regulation of industrial activities and emission reduction legislation. Operations may be adversely affected by changes in government policy, regulations or taxation. In addition, Tourmaline maintains a level of liability, property and business interruption insurance which is believed to be adequate for Tourmaline's size and activities but is unable to obtain insurance to cover all risks within the business or in amounts to cover all possible claims.

The Company's business, financial condition, results of operations, cash flows, reputation, access to capital, cost of borrowing, access to liquidity, and/or business plans may, in particular, and without limitation, be adversely impacted as a result of a decline in commodity prices.

The industry has been impacted by significant cost inflation, higher interest rates, increasing regulatory burdens, labour shortages and supply constraints, and the Company expects these pressures will continue in the short term. The Company will continue to actively monitor inflationary pressures and supply chain constraints and their impact on the Company's business.

In addition, if the Company is not able to meet future sustainability reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licenses, registrations, approvals, and authorizations from various governmental authorities, and raise capital may be adversely affected. The cost to comply with these standards, and others that may be developed or evolve over time, has not yet been quantified. The Company continues to monitor the evolving ESG regulations and its potential impact on the Company.

Due to the uncertainty surrounding the magnitude, duration and potential outcomes of the above noted factors, the Company is unable at this time to predict the long-term impact on its operations, liquidity, financial condition and results, but the impact may be material.

See "Business Risks and Uncertainties" in Tourmaline's most recent annual MD&A, "Forward-Looking Statements" in this MD&A and "Risk Factors" in Tourmaline's most recent annual information form for additional information regarding the risks to which Tourmaline and its business and operations are subject to.

IMPACT OF ENVIRONMENTAL REGULATIONS

The oil and gas industry is subject to regulation pursuant to a variety of provincial and federal environmental legislation, all of which is subject to governmental review and revision from time to time. Such legislation provides for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced in association with certain oil and gas industry operations, such as sulphur dioxide and nitrous oxide. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability and the imposition of material fines and penalties.

The use of fracture stimulations has been ongoing safely in an environmentally responsible manner in western Canada for decades. With the increase in the use of fracture stimulations in horizontal wells, there is increased communication between the oil and natural gas industry and a wider variety of stakeholders regarding the responsible use of this technology. This increased attention to fracture stimulations may result in increased regulation or changes of law which may make the operation of the Company's business more expensive or prevent the Company from operating its business as currently conducted. Tourmaline focuses on conducting transparent, safe and responsible operations.

NON-GAAP AND OTHER FINANCIAL MEASURES

This MD&A contains the terms cash flow, capital expenditures, exploration and production expenditures, and operating netback which are considered "non-GAAP financial measures" and operating netback per-boe which is considered a "non-GAAP financial ratio". These terms do not have a standardized meaning prescribed by GAAP. In addition, this MD&A contains the terms adjusted working capital and net debt, which are considered "capital management measures". Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Investors are cautioned that these measures should not be construed as an alternative to net income determined in accordance with GAAP and these measures should not be considered to be more meaningful than GAAP measures in evaluating the Company's performance.

The terms "total debt" and "total capitalization" are not used by management in measuring performance but are used in the financial covenants under the Company's credit facility. Under the Company's credit facility "total debt" means generally the sum of debt plus subordinated debt, (Tourmaline currently does not have any subordinated debt), and "total capitalization" means generally the sum of the Company's shareholders' equity and all other indebtedness of the Company including bank debt, all determined on a consolidated basis in accordance with GAAP.

Non-GAAP Financial Measures

Cash Flow

Management uses the term "cash flow" for its own performance measure and to provide shareholders and potential investors with a measurement of the Company's efficiency and its ability to generate the cash (net of current income taxes) necessary to fund its future growth expenditures, to repay debt or to pay dividends. The most directly comparable GAAP measure for cash flow is cash flow from operating activities. A summary of the reconciliation of cash flow from operating activities to cash flow, is set forth below:

(000s)	Three Months Ended December 31,		Years Ended December 31,	
	2024	2023	2024	2023
Cash flow from operating activities (per GAAP)	\$ 666,110	\$ 1,012,819	\$ 2,729,780	\$ 4,406,092
Current income taxes ⁽¹⁾	(36,665)	(75,669)	(65,173)	(431,298)
Current income taxes paid (recovered)	(34)	6,051	526,768	40,548
Change in non-cash working capital (deficit)	220,919	(25,193)	27,116	(307,659)
Cash flow	\$ 850,330	\$ 918,008	\$ 3,218,491	\$ 3,707,683

(1) For the purposes of this reconciliation, current income taxes exclude \$19.0 million of income taxes related to the capital gain on the sale of Topaz shares during the three and twelve months ended December 31, 2024. Refer to note 11 and 14 of the Company's consolidated financial statements for further details.

Capital Expenditures

Management uses the term "capital expenditures" as a measure of capital investment in exploration and production activity, as well as property acquisitions and divestitures, and such spending is compared to the Company's annual budgeted capital expenditures. The most directly comparable GAAP measure for capital expenditures is cash flow used in investing activities. A summary of the reconciliation of cash flow used in investing activities to capital expenditures, is set forth below:

(000s)	Three Months Ended December 31,		Years Ended December 31,	
	2024	2023	2024	2023
Cash flow used in investing activities (per GAAP)	\$ 123,552	\$ 1,196,019	\$ 1,638,627	\$ 2,602,360
Corporate acquisitions	(169,040)	(650,986)	(169,040)	(650,986)
Change in non-cash working capital	174,216	90,954	100,409	121,875
Proceeds from sale of investments	331,465	—	331,465	—
Capital expenditures	\$ 460,193	\$ 635,987	\$ 1,901,461	\$ 2,073,249

Exploration and Production Expenditures

Management uses the term "exploration and production expenditures" as a measure of capital investment in exploration and production activity, and such spending is compared to the Company's annual budgeted exploration and production expenditures. The most directly comparable GAAP measure for exploration and production spending is cash flow used in investing activities. A summary of the reconciliation of cash flow used in investing activities to exploration and development expenditures, is set forth below:

(000s)	Three Months Ended December 31,		Years Ended December 31,	
	2024	2023	2024	2023
Cash flow used in investing activities (per GAAP)	\$ 123,552	\$ 1,196,019	\$ 1,638,627	\$ 2,602,360
Change in non-cash working capital	174,216	90,954	100,409	121,875
Proceeds from sale of investments	331,465	–	331,465	–
Corporate acquisitions	(169,040)	(650,986)	(169,040)	(650,986)
Property acquisitions	(7,379)	–	(33,083)	(58,536)
Proceeds from divestitures	300,858	–	357,692	7,789
Other	(10,256)	(12,737)	(52,607)	(51,292)
Exploration and production expenditures	\$ 743,416	\$ 623,250	\$ 2,173,463	\$ 1,971,210

Operating Netback

Management uses the term "operating netback" as a key performance indicator and one that is commonly presented by other oil and natural gas producers. Operating netback is defined as the sum of commodity sales from production, premium on risk management activities and realized gain on financial instruments less the sum of royalties, transportation costs and operating expenses. A summary of the reconciliation of operating netback from commodity sales from production, which is a GAAP measure, is set forth below:

(000)	Three Months Ended December 31,		Years Ended December 31,	
	2024	2023	2024	2023
Commodity sales from production	\$ 1,215,050	\$ 1,366,040	\$ 4,729,771	\$ 5,351,253
Premium on risk management activities	280,791	191,236	828,468	811,263
Realized gain on financial instruments	127,978	101,607	486,534	544,481
Royalties	(125,699)	(150,466)	(509,252)	(638,419)
Transportation costs	(276,602)	(276,991)	(1,082,592)	(1,000,570)
Operating expenses	(251,594)	(216,462)	(1,006,541)	(857,173)
Operating netback	\$ 969,924	\$ 1,014,964	\$ 3,446,388	\$ 4,210,835

Non-GAAP Financial Ratio

Operating Netback per-boe

Management calculates "operating netback per-boe" as operating netback divided by total production for the period. Operating netback per-boe is a key performance indicator and measure of operational efficiency and one that is commonly presented by other oil and natural gas producers. A summary of the calculation of operating netback per-boe, is set forth below:

(\$/boe)	Three Months Ended December 31,		Years Ended December 31,	
	2024	2023	2024	2023
Revenue, excluding processing income	\$ 29.15	\$ 32.37	\$ 28.52	\$ 35.31
Royalties	(2.26)	(2.94)	(2.40)	(3.36)
Transportation costs	(4.97)	(5.41)	(5.11)	(5.27)
Operating expenses	(4.52)	(4.22)	(4.75)	(4.51)
Operating netback	\$ 17.40	\$ 19.80	\$ 16.26	\$ 22.17

Capital Management Measures

Adjusted Working Capital

Management uses the term "adjusted working capital" for its own performance measures and to provide shareholders and potential investors with a measurement of the Company's liquidity. A summary of the composition of adjusted working capital (deficit), is set forth below:

(000s)	As at December 31,	
	2024	2023
Working capital (deficit)	\$ (167,623)	\$(298,280)
Fair value of financial instruments – short-term (asset)	(315,365)	(437,535)
Lease liabilities – short-term	8,385	5,796
Decommissioning obligations – short-term	60,000	45,000
Unrealized foreign exchange in working capital – (asset) liability	(15,354)	5,524
Adjusted working capital (deficit)	\$ (429,957)	\$(679,495)

Net Debt

Management uses the term "net debt", as a key measure for evaluating its capital structure and to provide shareholders and potential investors with a measurement of the Company's total indebtedness. A summary of the composition of net debt, is set forth below:

(000s)	As at December 31,	
	2024	2023
Bank debt	\$ (574,339)	\$ (651,594)
Senior unsecured notes	(698,436)	(448,643)
Adjusted working capital (deficit)	(429,957)	(679,495)
Net debt	\$ (1,702,732)	\$(1,779,732)

SELECTED QUARTERLY INFORMATION

(\$000s, unless otherwise noted)	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
PRODUCTION								
Natural gas (mcf)	257,541,580	235,003,236	230,892,753	244,095,080	233,973,042	213,285,116	209,876,924	222,277,213
Oil, condensate and NGL (bbls)	12,774,384	12,110,328	12,640,446	13,196,483	12,244,630	10,684,682	10,149,148	10,286,198
Oil equivalent (boe)	55,697,996	51,277,580	51,122,572	53,878,996	51,240,044	46,232,201	45,128,638	47,332,400
Natural gas (mcf/d)	2,799,365	2,554,383	2,537,283	2,682,364	2,543,185	2,318,316	2,306,340	2,469,747
Oil, condensate and NGL (bbls/d)	138,852	131,634	138,906	145,016	133,093	116,138	111,528	114,291
Oil equivalent (boe/d)	605,413	557,365	561,787	592,077	556,957	502,524	495,918	525,916
FINANCIAL								
Total revenue from commodity sales, premium on risk management activities and realized gain on financial instruments	1,623,819	1,382,093	1,412,692	1,626,169	1,658,883	1,587,929	1,436,601	2,023,584
Cash flow from operating activities	666,110	727,042	696,011	640,617	1,012,819	882,814	972,384	1,538,075
Per diluted share	1.78	2.05	1.96	1.81	2.90	2.56	2.83	4.48
Cash flow ⁽¹⁾	850,330	741,900	755,117	871,144	918,008	878,532	784,008	1,127,135
Per diluted share	2.27	2.09	2.12	2.45	2.62	2.55	2.28	3.28
Net earnings (loss)	407,445	355,193	256,597	244,874	700,202	274,687	510,671	250,320
Per basic share	1.09	1.01	0.73	0.70	2.02	0.81	1.51	0.74
Per diluted share	1.09	1.00	0.72	0.69	2.00	0.80	1.49	0.73
Total assets	22,311,543	20,245,850	19,884,722	20,024,237	20,097,375	17,788,561	17,681,175	18,025,514
Working capital (deficit)	(167,623)	13,370	112,002	(134,559)	(298,280)	(161,167)	223,317	161,663
Adjusted working capital (deficit) ⁽¹⁾	(429,957)	(306,721)	(146,425)	(373,508)	(679,495)	(431,232)	(204,071)	(260,949)
Capital expenditures ⁽¹⁾	460,193	590,918	294,105	556,245	635,987	565,448	277,317	594,497
Dividends paid	316,564	299,606	288,547	281,195	439,134	428,505	596,908	762,320
Total outstanding shares (000s)	373,684	352,542	352,375	351,552	351,351	340,544	339,410	339,047
PER UNIT								
Natural gas (\$/mcf)	3.48	3.19	3.03	3.77	4.25	4.56	4.31	6.18
Oil and NGL (\$/bbl)	56.99	52.16	56.36	53.53	54.29	57.68	52.42	63.16
Revenue (\$/boe)	29.15	26.95	27.63	30.18	32.37	34.35	31.83	42.75
Operating netback (\$/boe) ⁽¹⁾	17.40	14.75	15.36	17.35	19.80	21.61	19.23	28.08

(1) See Non-GAAP and Other Financial Measures.

SELECTED ANNUAL INFORMATION

<i>(\$000s unless otherwise noted)</i>	2024	2023	2022
PRODUCTION			
Natural gas (<i>mcf</i>)	967,532,712	879,412,295	850,535,422
Oil, condensate and NGL (<i>bbls</i>)	50,721,744	43,364,660	41,047,693
Oil equivalent (<i>boe</i>)	211,977,318	189,933,376	182,803,597
Natural gas (<i>mcf/d</i>)	2,643,532	2,409,349	2,330,234
Oil, condensate and NGL (<i>bbls/d</i>)	138,584	118,808	112,460
Oil equivalent (<i>boe/d</i>)	579,173	520,366	500,832
FINANCIAL			
Total revenue from commodity sales, premium on risk management activities and realized gain on financial instruments	6,044,773	6,706,997	7,742,837
Cash flow from operating activities	2,729,780	4,406,092	4,692,731
Per diluted share	7.58	12.76	13.70
Cash flow ⁽¹⁾	3,218,491	3,707,683	4,883,949
Per diluted share	8.93	10.73	14.26
Net earnings attributable to shareholders of the Company	1,264,109	1,735,880	4,487,049
Per basic share	3.54	5.09	13.37
Per diluted share	3.51	5.03	13.10
Total assets	22,311,543	20,097,375	18,893,041
Working capital (deficit)	(167,623)	(298,280)	809,449
Adjusted working capital (deficit) ⁽¹⁾	(429,957)	(679,495)	124,667
Capital expenditures ⁽¹⁾	1,901,461	2,073,249	1,879,347
Dividends paid	1,185,912	2,226,867	2,653,248
Basic outstanding shares (<i>000s</i>)	373,684	351,351	338,685
PER UNIT			
Natural gas (<i>\$/mcf</i>)	3.38	4.83	5.87
Oil and NGL (<i>\$/bbl</i>)	54.78	56.79	66.97
Revenue (<i>\$/boe</i>)	28.52	35.31	42.36
Operating netback (<i>\$/boe</i>) ⁽¹⁾	16.26	22.17	27.04

⁽¹⁾ See Non-GAAP and Other Financial Measures.

The oil and gas exploration and production industry is cyclical. The Company's financial position, results of operations and cash flows are principally impacted by production levels and commodity prices, particularly natural gas prices.

On an annual basis, the Company has had continued production growth over the last three years. The Company's average annual production has increased from 500,832 boe per day in 2022, 520,366 boe per day in 2023 and 579,173 boe per day in 2024. The production growth can be attributed primarily to the Company's exploration and development activities, and from acquisitions of producing properties.

The Company's cash flow was \$4.9 billion in 2022, \$3.7 billion in 2023 and \$3.2 billion in 2024. The decrease in 2024 and 2023 cash flow over 2022 reflects a decrease in commodity prices partially offset by increased production volumes.

Commodity price fluctuations can indirectly impact expected production by changing the amount of funds available to reinvest in exploration, development and acquisition activities in the future. Changes in commodity prices impact revenue and cash flow available for exploration, and also the economics of potential capital projects as low (high) commodity prices can potentially reduce (increase) the quantities of reserves that are commercially recoverable. The Company's capital program is dependent on cash flow generated from operations.

MANAGEMENT'S REPORT

To the Shareholders of Tourmaline Oil Corp.:

The accompanying consolidated financial statements of Tourmaline Oil 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. 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 International Accounting Standards Board. The Board of Directors has approved the consolidated financial statements.

(signed)

Michael L. Rose
*President and
Chief Executive Officer*

Calgary, Alberta

March 5, 2025

(signed)

Brian G. Robinson
Chief Financial Officer

Calgary, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tourmaline Oil Corp.

Opinion

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

- the consolidated statements of financial position as at December 31, 2024 and December 31, 2023
- the consolidated statements of income and comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flow for the years then ended
- 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, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance IFRS Accounting Standards as issued by the International Accounting Standards Board.

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.

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, 2024. 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 matters described below to be the key audit matters to be communicated in our auditor’s report.

Assessment of the impact of estimated proved and probable oil and gas reserves on depletion expense

Description of the matter

We draw attention to note 1, note 2 and note 6 to the financial statements. The Company depletes its net carrying value of oil and natural gas interests, excluding plants and facilities, using the unit-of-production method by reference to the ratio of production in the period to the related proved and probable oil and gas reserves, taking into account estimated forecasted future development costs necessary to bring those reserves into production. The Company recorded depletion expense related to its oil and gas interests of \$1.4 billion for the year ended December 31, 2024.

The estimate of proved and probable oil and gas reserves includes assumptions related to:

- Forecasted oil and gas commodity prices
- Forecasted production
- Forecasted operating costs
- Forecasted royalty costs
- Forecasted future development costs.

The Company engages independent third-party reserve evaluators to estimate the proved and probable oil and gas reserves and the related cash flows.

Why the matter is a key audit matter

We identified the assessment of the impact of estimated proved and probable oil and gas reserves on depletion expense as a key audit matter. Significant auditor judgement was required to evaluate the results of our audit procedures regarding the estimate of proved and probable oil and gas reserves and the related cash flows.

How the matter was addressed in the audit

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

We assessed the depletion expense calculation for compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

With respect to the estimate of proved and probable oil and gas reserves:

- We evaluated the competence, capabilities and objectivity of the independent third-party reserve evaluators engaged by the Company
- We compared the forecasted oil and gas commodity prices to those published by other independent third-party reserve evaluators
- We compared the 2024 actual production, operating costs, royalty costs and future development costs of the Company to those estimates used in the prior year's estimate of proved oil and gas reserves to assess the Company's ability to accurately forecast

We evaluated the appropriateness of forecasted production and forecasted operating costs, royalty costs and future development cost assumptions by comparing to 2024 actual results. We took into account changes in conditions and events affecting the Company to assess the adjustments or lack of adjustments made by the Company in arriving at the assumptions.

Evaluation of the acquisition-date fair value of property, plant and equipment of Crew Energy Inc.

Description of the matter

We draw attention to note 1, note 2, note 3 and note 6 to the financial statements. The Company acquired all of the issued and outstanding shares of Crew Energy Inc. (“Crew”) on October 1, 2024 (the “acquisition date”) for a total purchase price of \$1,188.1 million. In connection with the transaction, the Company recorded property, plant and equipment (“PP&E”) with an acquisition-date fair value of \$1,547.1 million.

The estimated acquisition-date fair value of the PP&E involves significant estimates, including:

- The estimate of proved and probable oil and gas reserves and the related cash flows
- The discount rates.

The estimate of proved and probable oil and gas reserves and the related cash flows requires the expertise of independent third-party reserve evaluators and includes assumptions related to:

- Forecasted oil and gas commodity prices
- Forecasted production
- Forecasted operating costs
- Forecasted royalty costs
- Forecasted future development costs.

The estimated acquisition-date fair value of the PP&E was derived from the estimate of proved and probable oil and gas reserves and the related cash flows prepared at December 31, 2023 by independent third-party reserve evaluators by Crew and updated internally to the acquisition date.

Why the matter is a key audit matter

We identified the evaluation of the acquisition-date fair value of PP&E of Crew as a key audit matter. Significant auditor judgment was required to evaluate the results of our audit procedures regarding the estimate of proved and probable oil and gas reserves and the related cash flows and the discount rates.

How the matter was addressed in the audit

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

With respect to the estimate of proved and probable oil and gas reserves and the related cash flows prepared at December 31, 2023:

- We evaluated the competence, capabilities and objectivity of the independent third-party reserve evaluators
- We compared the 2023 actual production, operating costs, royalty costs and future development costs to those estimates used in the 2022 estimate of proved oil and gas reserves and the related cash flows
- We evaluated the appropriateness of forecasted production and forecasted operating costs, royalty costs and future development cost assumptions by comparing to 2023 actual results. We took into account changes in conditions and events affecting Crew to assess the adjustments or lack of adjustments in arriving at the assumptions.

With respect to the estimate of proved and probable oil and gas reserves and related cash flows as at the acquisition date:

- We evaluated the competence, capabilities and objectivity of the internal reserve evaluators
- We compared forecasted oil and gas commodity prices to those published by other independent third-party reserve evaluators
- We evaluated the appropriateness of forecasted production and forecasted operating costs, royalty costs and future development cost assumptions by comparing to historical results. We took into account changes in conditions and events to assess the adjustments or lack of adjustments made by the Company in arriving at the assumptions.

We involved valuation professionals with specialized skills and knowledge, who assisted in:

- Evaluating the appropriateness of the Company's discount rates by comparing the discount rates to market and other external data
- Assessing the reasonableness of the Company's estimate of the acquisition-date fair value of PP&E by comparing the Company's estimate to market metrics and other external data.

Other Information

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

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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 filed with the relevant Canadian Securities Commissions 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, 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.

(signed) "KPMG LLP"

Chartered Professional Accountants

Calgary, Canada

March 5, 2025

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(000s)	As at December 31,	
	2024	2023
Assets		
Current assets:		
Accounts receivable	\$ 792,072	\$ 731,057
Prepaid expenses and deposits	83,032	87,903
Fair value of financial instruments (note 4)	437,739	476,446
Income tax receivable	39,919	–
Total current assets	1,352,762	1,295,406
Long-term asset	8,527	2,107
Fair value of financial instruments (note 4)	667,359	719,538
Exploration and evaluation assets (note 5)	191,081	231,904
Property, plant and equipment (note 6)	19,633,286	17,214,632
Right-of-use asset (note 7)	30,056	25,760
Investment in Topaz (note 11)	428,472	608,028
Total Assets	\$22,311,543	\$ 20,097,375
Liabilities and Shareholders Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,329,626	\$ 1,101,295
Fair value of financial instruments (note 4)	122,374	38,911
Lease liabilities (note 7)	8,385	5,796
Decommissioning obligations (note 8)	60,000	45,000
Income tax payable	–	402,684
Total current liabilities	1,520,385	1,593,686
Fair value of financial instruments (note 4)	141,538	27,506
Lease liabilities (note 7)	23,004	20,509
Decommissioning obligations (note 8)	950,459	922,041
Bank debt (note 9)	574,339	651,594
Senior unsecured notes (note 10)	698,436	448,643
Deferred taxes	2,859,818	2,417,645
Shareholders equity:		
Share capital (note 12)	9,856,122	8,487,838
Contributed surplus	426,902	345,570
Retained earnings	5,260,540	5,182,343
Total shareholders equity	15,543,564	14,015,751
Total Liabilities and Shareholders Equity	\$22,311,543	\$ 20,097,375

Commitments (note 21).

Subsequent events (notes 4 and 9).

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

<i>(000s) except per-share amounts</i>	Years Ended December 31,	
	2024	2023
Commodity sales from production <i>(note 13)</i>	\$ 4,729,771	\$ 5,351,253
Premium on risk management activities <i>(note 13)</i>	828,468	811,263
Marketing revenue <i>(note 13)</i>	91,804	79,724
Royalties	(509,252)	(638,419)
Other income <i>(note 17)</i>	42,105	47,428
Realized gain on financial instruments	486,534	544,481
Unrealized (loss) on financial instruments <i>(note 4)</i>	(298,559)	(658,200)
	5,370,871	5,537,530
Expenses:		
Operating	1,006,541	857,173
Transportation	1,082,592	1,000,570
Marketing purchases <i>(note 13)</i>	69,129	30,006
General and administration	164,100	128,226
Share-based payments	63,857	50,298
Depletion, depreciation and amortization <i>(notes 5, 6 and 7)</i>	1,551,963	1,303,444
Realized foreign exchange (gain) loss	(37,491)	15,032
Unrealized foreign exchange (gain) loss	(15,354)	5,524
Income from investment in Topaz <i>(note 11)</i>	(14,315)	(14,881)
Gain on acquisitions and divestitures	(278,865)	(82,204)
Total expenses	3,592,157	3,293,188
Income from operations	1,778,714	2,244,342
Finance expenses <i>(note 18)</i>	120,781	64,968
Income before taxes	1,657,933	2,179,374
Current tax expense <i>(note 14)</i>	84,165	431,298
Deferred tax expense <i>(note 14)</i>	309,659	12,196
Net income and comprehensive income	\$ 1,264,109	\$ 1,735,880
Net income per share <i>(note 15)</i>		
Basic	\$ 3.54	\$ 5.09
Diluted	\$ 3.51	\$ 5.03

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(000s)</i>	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance at December 31, 2023	\$ 8,487,838	\$ 345,570	\$ 5,182,343	\$14,015,751
Issue of common shares on corporate acquisitions (<i>note 12</i>)	1,315,552	–	–	1,315,552
Share-based payments	–	63,857	–	63,857
Capitalized share-based payments (<i>note 6</i>)	–	38,618	–	38,618
Options exercised (<i>note 12</i>)	52,732	(11,547)	–	41,185
Restricted share units settled (<i>note 16</i>)	–	(13,031)	–	(13,031)
Share-based payments – other (<i>note 14</i>)	–	3,435	–	3,435
Dividends paid (<i>note 12</i>)	–	–	(1,185,912)	(1,185,912)
Income attributable to common shareholders	–	–	1,264,109	1,264,109
Balance at December 31, 2024	\$ 9,856,122	\$ 426,902	\$ 5,260,540	\$15,543,564

<i>(000s)</i>	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance at December 31, 2022	\$ 7,725,189	\$ 288,334	\$ 5,673,330	\$ 13,686,853
Issue of common shares on corporate acquisitions (<i>note 12</i>)	689,176	–	–	689,176
Share-based payments	–	50,298	–	50,298
Capitalized share-based payments (<i>note 6</i>)	–	34,888	–	34,888
Options exercised (<i>note 12</i>)	73,473	(16,099)	–	57,374
Restricted share units settled (<i>note 16</i>)	–	(5,689)	–	(5,689)
Share-based payments – other (<i>note 14</i>)	–	(6,162)	–	(6,162)
Dividends paid	–	–	(2,226,867)	(2,226,867)
Net income and comprehensive income	–	–	1,735,880	1,735,880
Balance at December 31, 2023	\$ 8,487,838	\$ 345,570	\$ 5,182,343	\$ 14,015,751

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

	Years Ended December 31,	
(000s)	2024	2023
Cash provided by (used in):		
Operations:		
Net income	\$ 1,264,109	\$ 1,735,880
Items not involving cash:		
Depletion, depreciation, and amortization (notes 5, 6 and 7)	1,551,963	1,303,444
Accretion (note 8)	29,971	19,362
Lease interest expense (note 7)	1,766	840
Share-based payments	63,857	50,298
Current tax expense	84,165	431,298
Deferred tax expense	309,659	12,196
Unrealized loss on financial instruments (note 4)	298,559	658,200
Unrealized foreign exchange (gain) loss	(15,354)	5,524
Other non-cash items	2,062	681
Gain on acquisitions and divestitures	(278,865)	(82,204)
Income from investment in Topaz (note 11)	(14,315)	(14,881)
Decommissioning expenditures (note 8)	(55,476)	(31,050)
Cash taxes paid	(526,768)	(40,548)
Cash paid on restricted share units settled	(13,031)	(5,689)
Dividends received from Topaz (note 11)	54,594	55,082
Changes in non-cash operating working capital	(27,116)	307,659
Total cash flow from operating activities	2,729,780	4,406,092
Financing:		
Issue of common shares	41,185	57,374
Lease payments (note 7)	(9,192)	(5,743)
Dividends paid (note 12)	(1,185,912)	(2,226,867)
Increase (decrease) in bank debt	(187,027)	371,203
Increase in senior unsecured notes	249,793	301
Total cash flow used in financing activities	(1,091,153)	(1,803,732)
Investing:		
Property, plant and equipment (note 6)	(2,226,070)	(2,022,502)
Property acquisitions (note 6)	(33,083)	(58,536)
Proceeds from divestitures (note 6)	357,692	7,789
Corporate acquisitions (note 6)	(169,040)	(650,986)
Proceeds from sale of investments (note 11)	331,465	–
Changes in non-cash investing working capital	100,409	121,875
Total cash flow used in investing activities	(1,638,627)	(2,602,360)
Changes in cash	–	–
Cash, beginning of period	–	–
Cash, end of period	\$ –	\$ –

Cash is defined as cash and cash equivalents.

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024 AND 2023

(tabular amounts in thousands of dollars, unless otherwise noted)

Corporate Information:

Tourmaline Oil Corp. (the "Company") was incorporated under the laws of the Province of Alberta on July 21, 2008. The Company's registered office is located at Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta, Canada T2P 1G1.

The Company is engaged in the acquisition, exploration, development and production of petroleum and natural gas properties. These consolidated financial statements reflect only the Company's proportionate interest in such activities and are comprised of Tourmaline Oil Corp., and its 100% owned subsidiaries Tourmaline Oil Marketing Corp., Crew Energy Inc. ("Crew") and Todd Energy Canada Limited ("Todd").

On January 1, 2025, the Company's newly acquired subsidiaries, Crew and Todd, were amalgamated with Tourmaline.

OPERATING ENVIRONMENT

Numerous factors beyond the Company's control affect the marketability and price of crude oil, condensate, NGL and natural gas which may be volatile for a number of reasons including uncertainties over the supply and demand of these commodities due to government policies (including trade policy), the current state of the world economies, sanctions or import bans, the imposition of tariffs, reshuffling of global trade flows, global macro-economic concerns, actions of OPEC+, political and geopolitical uncertainties and conditions and legal and regulatory changes and uncertainties, ongoing wars and hostilities or other adverse economic or political development in the United States, Europe, Asia or the Middle East. Further, weakening global economic activity, inflation and corresponding higher interest rates, and the potential for a recession remain a risk to the pace of economic growth. In addition, natural gas prices are expected to remain under pressure in the near-term due to strong supply and high storage levels. Weather will continue to be a key driver of demand and impact natural gas prices.

Due to the uncertainty surrounding the magnitude, duration and potential outcomes of the above noted factors, the Company is unable, at this time, to predict its long-term impact on its operations, liquidity, financial condition and results, but the impact may be material.

See "Business Risks and Uncertainties" in the Company's December 31, 2024 MD&A for additional information regarding certain risks which Tourmaline and its business and operations are subject to.

CLIMATE CHANGE AND ENVIRONMENTAL REGULATION

Climate-related considerations are integrated into key business planning and risk management processes throughout the Company.

Regulatory Update

Emissions, carbon and other regulations impacting climate and climate-related matters are constantly evolving. With respect to environmental, social, governance ("ESG") and climate reporting, the International Sustainability Standards Board ("ISSB") has issued its first two IFRS Sustainability Disclosure Standards: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (together, the ISSB Standards). The ISSB Standards aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. Mandatory application of the ISSB Standards depends on each jurisdiction's endorsement or regulatory processes. In the Company's case, the Canadian Securities Administrators ("CSA") is responsible for developing climate-related disclosure requirements for reporting issuers in Canada. The CSA published Proposed National Instrument 51-107 – Disclosure of Climate Related Matters which is intended to introduce climate-related disclosure requirements for reporting issuers in Canada with limited exceptions. The Canadian Sustainability Standards Board ("CSSB") has finalized and issued CSDS 1 - *General Requirements for Disclosure of Sustainability-related Financial Information* and CSDS 2 – *Climate-related Disclosures*, in December 2024. These standards are effective for reporting periods beginning on or after January 1, 2025. However, they remain voluntary unless mandated by the CSA. The CSA is currently evaluating the CSSB standards to determine their suitability for adoption in Canada. The Company is awaiting further guidance from the CSA on their final rules.

If the Company is not able to meet future sustainability reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licenses, registrations, approvals, and authorizations from various governmental authorities, and raise capital may be adversely affected. The cost to comply with these standards, and others that may be developed or evolve over time, has not yet been quantified. The Company continues to monitor the evolving ESG regulations and its potential impact on the Company.

Sustainability Reporting

The Company publishes an annual Sustainability Report containing comprehensive information relating to ESG performance which can be found on the Company's website at <https://sustainability.tourmaline.com/>.

The Sustainability Report was developed by integrating guidance from the Greenhouse Gas Protocol, the Sustainability Accounting Standards Board Oil & Gas – Exploration & Production Standard ("SASB EM-EP") and the Global Reporting Initiative. The Company has also included recommendations from the Task Force on Climate Related Disclosures and incorporated discussion points and metrics outlined by the ISSB.

Impact of climate change and related events on amounts recorded in the 2024 financial statements

(i) Impairment

The Company has considered the impact of the evolving worldwide demand for energy and global advancement of alternative sources of energy that are not sourced from fossil fuels in its assessment of impairment on its oil and gas properties, as a possible indicator of impairment.

(ii) Reserves

The Company engages third party external reserve engineer consultants to prepare the Company's reserve report. The reserve report includes anticipated impacts from emissions related taxes, most notably the reserve report includes estimated carbon tax related to the Company's operations.

1. BASIS OF PREPARATION

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB.

The consolidated financial statements were authorized for issue by the Board of Directors on March 5, 2025.

(b) 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 3.

Operating expenses in the consolidated statements of income and comprehensive income are presented as a combination of function and nature in conformity with industry practice. Depletion, depreciation, amortization and impairment are presented in separate lines by their nature, while operating expenses and net administrative expenses are presented on a functional basis. Significant expenses are presented by their nature in the notes to the financial statements.

(c) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars. The functional currency of the Company and its subsidiaries is Canadian dollars other than Tourmaline Oil Marketing Corp. which has a functional currency of US dollars.

(d) Use of judgements and estimates:

The timely preparation of the consolidated financial statements requires management to use judgements, estimates and assumptions. These judgements, 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 judgements in applying accounting policies:

The following are the critical judgements, 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 material effect on the amounts recognized in these consolidated financial statements:

(i) Identification of cash-generating units:

The Company's assets are aggregated into cash-generating units ("CGU") for the purpose of calculating depletion and impairment. A CGU is comprised of assets that are grouped together into the smallest 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.

(ii) Impairment of petroleum and natural gas assets:

Judgements are required to assess when internal or external indicators of impairment exist, and impairment testing is required. Management considers internal and external sources of information including forecasted oil and gas commodity prices, expected production volumes, anticipated recoverable quantities of proved and probable oil and gas reserves and rates used to discount the related future cash flow estimates. Judgement is required to assess these internal and external factors when determining if the carrying amount of an asset or CGU is impaired.

(iii) Exploration and evaluation assets:

The application of the Company's accounting policy for exploration and evaluation ("E&E") assets requires management to make certain judgements as to future events and circumstances as to whether economic quantities of reserves have been found in assessing economic and technical feasibility.

(iv) Embedded derivatives:

When applying IFRS 9 – Financial instruments the Company uses judgement when determining the definition of the host contract and the separate embedded derivative, as well as the assessment of whether the embedded derivative is clearly and closely related to the host contract.

(v) Deferred taxes:

Deferred tax assets (if any) 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 or not 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.

(i) Reserves:

Estimates of proved and probable oil and gas reserves and the related cash flows are subject to assumptions regarding forecasted production, forecasted oil and gas commodity prices, forecasted operating costs, forecasted royalty costs and forecasted future development costs. It also requires interpretation of geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs, and their anticipated recoveries. The economical, geological, and technical factors used to estimate proved and probable oil and gas reserves may change from period to period. Changes in reported proved and probable oil and gas reserves can impact the carrying values of the Company's oil and gas interests (included in property, plant and equipment), the calculation of depletion expense, the provision for decommissioning obligations, and the recognition of deferred tax assets due to changes in expected future cash flows. The Company engages independent third-party reserve evaluators to estimate the proved and probable oil and gas reserves and related cash flows at least annually.

The Company's proved and probable oil and gas reserves represent the estimated quantities of oil, natural gas and NGLs which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are considered commercially producible. Such proved and probable oil and gas reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon (i) a reasonable assessment of the future economics of such production; (ii) a reasonable expectation that there is a market for all or substantially all the expected oil and natural gas production; and (iii) evidence that the necessary production, transmission and transportation facilities are available or can be made available. Reserves may only be considered proved and probable if producibility is supported by either production or conclusive formation tests. The Company's proved and probable oil and gas reserves are determined in accordance with the standards contained in National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook.

(ii) Business combinations:

In a business combination, management makes estimates of the acquisition-date fair value of assets acquired and liabilities assumed which includes assessing the estimated fair value of petroleum and natural gas properties (included in property, plant and equipment) derived from estimated recoverable quantities of proved and probable oil and gas reserves and the related cash flows being acquired.

(iii) Decommissioning obligations:

The Company estimates future remediation costs of production facilities, wells and pipelines at different stages of development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires judgment regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

(iv) Embedded Derivatives:

The Company determines the fair value of embedded derivatives, at the end of each period, through the use of internal models which incorporate significant unobservable inputs (Level 3 inputs). In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks, such as future prices of energy and discount rates. When determining fair value estimates the Company attempts to maximize the use of observable inputs and minimize the use of unobservable inputs.

(v) 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.

2. MATERIAL ACCOUNTING POLICIES

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

(a) Consolidation:

The consolidated financial statements include the accounts of Tourmaline Oil Corp., Tourmaline Oil Marketing Corp., Crew and Todd.

(i) *Subsidiaries:*

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, substantive potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) *Transactions eliminated on consolidation:*

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

(iii) *Jointly-owned assets:*

Substantially all of the Company's oil and natural gas activities 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.

(b) Foreign Currency:

(i) *Foreign currency transactions:*

Transactions in foreign currencies are translated into the respective entity's functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets that are measured in a foreign currency at historical cost are translated using the exchange rate at the date of the transaction. Translation gains and losses are included in earnings in the period in which they arise.

(ii) *Foreign Operations:*

In preparing the Company's consolidated financial statements, the financial statements of each entity are translated into Canadian dollars. The assets and liabilities of foreign operations are translated at the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated at the exchange rates that approximate those dates of the transactions.

Foreign currency differences are recognized in other comprehensive income ("OCI") and accumulated in the translation reserve.

(c) 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 acquisition date fair values. If the consideration of acquisition given up is less than the fair value of the net assets received, the difference is recognized immediately in the income statement. If the consideration of acquisition is greater than the fair value of the net assets received, the difference is recognized as goodwill on the statement of financial position. Acquisition costs incurred are expensed.

There is an option to apply a concentration test that permits a simplified assessment of whether an acquired set of activities and assets is in fact a business. The optional concentration test is met if substantially all of the fair value of the assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. 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 needed.

(d) Financial instruments:

(i) Non-derivative financial instruments:

Non-derivative financial instruments comprise cash and cash equivalents, accounts receivable, deposits, bank debt, senior unsecured notes 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. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Cash and cash equivalents:

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:

Other non-derivative financial instruments, such as accounts receivable, deposits, bank debt, senior unsecured notes and accounts payable and accrued liabilities, are measured at amortized cost using the effective interest method, less any impairment losses. The bank debt has a floating rate of interest and therefore the carrying value approximates the fair value. The senior unsecured notes are carried at amortized cost.

(ii) Derivative financial instruments:

The Company has entered into certain financial derivative contracts in order to manage the exposure to market risks from fluctuations in commodity prices and foreign exchange rates. 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 statement of financial position at fair value. Transaction costs are recognized in profit or loss when incurred.

The Company has accounted for its forward physical delivery sales contracts, which were entered into and continue to be held for the purpose of receipt or delivery of non-financial items in accordance with its expected purchase, sale or usage requirements as executory contracts. As such, these contracts are not considered to be derivative financial instruments and have not been recorded at fair value on the statement of financial position. Settlements on these physical sales contracts are recognized in commodity sales from production and premium (loss) on risk management activities.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through earnings. Changes in the fair value of separable embedded derivatives are recognized immediately in earnings.

(iii) Share capital:

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

(iv) Interests in equity-accounted investees:

The Company's interests in equity-accounted investees comprises its ownership interest in its associate, Topaz.

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Interests in associates are accounted for using the equity method. Subsequent to initial recognition, the consolidated financial statements include the Company's share of the profit or loss and dividends paid of equity accounted investees, until the date on which significant influence ceases.

(e) Property, plant and equipment and intangible exploration assets:

(i) Recognition and measurement:

Exploration and evaluation expenditures:

Pre-license costs are recognized in the statement of operations as incurred.

Exploration and evaluation costs, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. The costs are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven and/or probable reserves are determined to exist. A review of each exploration licence or field is carried out, at least annually, to ascertain whether proven or probable reserves have been discovered. Upon determination of proved and/or probable reserves, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within property, plant and equipment referred to as oil and gas interests. The cost of undeveloped land that expires or any impairment recognized during a period is charged as additional depletion and depreciation expense.

Development and production costs:

Items of property, plant and equipment, which include oil and gas interests, are measured at cost less accumulated depletion and depreciation. Development and production assets are grouped into CGUs for impairment testing. The Company allocated its property, plant and equipment to the following CGUs: 'Deep Basin', 'Spirit River' and 'BC Montney'. When significant parts of an item of property, plant and equipment, including oil and natural gas interests, have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of an item of property, plant and equipment, including oil and gas interests, are measured as the difference between the fair value of the proceeds received or given up and the carrying value of the assets disposed, and are recognized in profit or loss.

(ii) Subsequent costs:

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized oil and gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment, including oil and gas interests are recognized in profit or loss as incurred.

(iii) Depletion and depreciation:

The Company depletes its net carrying value of oil and gas interests, excluding plants and facilities, using the unit-of-production method by reference to the ratio of production in the period to the related proved and probable oil and gas reserves, taking into account estimated forecasted future development costs necessary to bring those reserves into production.

The Company engages independent third-party reserve evaluators to estimate the proved and probable oil and gas reserves at least annually. Proved and probable oil and gas reserves represent the estimated quantities of crude oil, condensate, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. For interim consolidated financial statements, internal estimates of changes in reserves and forecasted future development costs are used for determining depletion for the period.

For other assets, depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful life for plants and facilities is 30 years. Undeveloped land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(f) Impairment:

(i) 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 profit or loss.

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 profit or loss.

(ii) Non-financial assets:

The carrying amounts of the Company's non-financial assets, other than E&E assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment or reversal of impairment. If any such indication exists, then the asset's or CGUs recoverable amount is estimated. For goodwill and other intangible assets that have indefinite lives, or that are not yet available for use, an impairment test is completed each year. E&E assets are assessed for impairment when they are reclassified to property, plant and equipment, as oil and natural gas interests, or if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, assets are grouped into CGUs. The estimated 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 the value in use, proved and probable oil and gas reserves, and the related cash flows, are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The forecasted oil and gas commodity prices used in the impairment test are based on period-end forecasted oil and gas commodity prices estimated by the Company's independent third-party reserve evaluators.

The goodwill acquired in an acquisition, for the purpose of impairment testing, is allocated to the CGUs that are expected to benefit from the synergies of the combination. E&E assets are allocated to the related CGUs when they are assessed for impairment, both at the time of triggering facts and circumstances as well as upon their eventual reclassification to property, plant and equipment.

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 profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then 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 indications 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 estimated 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.

(g) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax "risk-free" rate that reflects current market assessments of the time value of money. Provisions are not recognized for future operating losses.

(i) 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 depleted on a unit-of-production basis over the life of the reserves. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings 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.

(h) Revenue recognition:

Revenue from the sale of crude oil, condensate, natural gas and natural gas liquids is recorded when control of the product is transferred to the buyer based on the consideration specified in the contracts with customers. This usually occurs when the product is physically transferred at the delivery point agreed upon in the contract and legal title to the product passes to the customer. The Company evaluates its arrangements with third parties and partners to determine if the Company acts as the principal or as an agent. In making this evaluation, the Company considers if it obtains control of the product delivered or services provided, which is indicated by the Company having the primary responsibility for the delivery of the product or rendering of the service, having the ability to establish prices or having inventory risk. If the Company acts in the capacity of an agent rather than as a principal in a transaction, then the revenue is recognized on a net-basis, only reflecting the fee, if any, realized by the Company from the transaction.

Royalty income is recognized as it accrues in accordance with the terms of the overriding royalty agreements.

(i) Income taxes:

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss 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.

(j) Share-based payments:

The Company applies the fair-value method for valuing share option grants. Under this method, compensation cost attributable to all share options 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 options that vest. Upon the exercise of the share options, consideration received, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The fair-value method is also used for valuing restricted share units (“RSU”) granted. Under this method, compensation cost attributable to all share units 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 units that vest. At the time the restricted units vest, the Company will purchase common shares on the open market to be distributed to the RSU holder and is recorded as a decrease to contributed surplus.

(k) Per-share information:

Basic per-share information is computed by dividing net income 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 share options, warrants or other dilutive instruments 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.

(l) Future Accounting Changes:

The following pronouncement from the IASB will become effective January 1, 2027, with earlier adoption permitted, and it must be adopted on a retrospective basis.

(i) IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements (“IFRS 18”), which will replace IAS 1. This standard introduces new requirements for entities applying IFRS Accounting Standards to present and disclosure financial information. IFRS 18 introduces new totals, subtotals, and categories for income and expenses in the statement of income, as well as requiring disclosure about management-defined performance measures and additional requirements regarding the aggregation and disaggregation of certain information. Tourmaline is currently evaluating the impact on its financial statements.

3. DETERMINATION OF FAIR VALUE

A number 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.

(i) Property, plant and equipment and intangible exploration assets:

The acquisition date fair value of property, plant and equipment recognized in a business combination, is based on fair value. The fair value of property, plant and equipment is the estimated amount for which property, plant and equipment 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 estimated acquisition-date fair value of the property, plant and equipment involves estimates including the estimate of proved and probable oil and gas reserves, the related cash flows and the discount rates. The risk-adjusted discount rate is specific to the asset with reference to general market conditions.

The fair value of other items of property, plant and equipment is based on the quoted market prices for similar items.

(ii) Cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities, income tax receivable, bank debt and senior unsecured notes:

The fair value of cash and cash equivalents, accounts receivable, deposits, and 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 December 31, 2024 and December 31, 2023, 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 with applicable variable margins, and accordingly the fair market value approximates the carrying amount. The fair value of the senior unsecured notes is determined based on the market prices.

(iii) 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 statement of financial position date, using the remaining contracted oil and natural gas volumes and a risk-free interest rate (based on published government rates). The fair value of options and costless collars is based on option models that use published information with respect to volatility, prices and interest rates.

The Company determines the fair value of embedded derivatives, at the end of each period, through the use of internal models which incorporate significant unobservable inputs (Level 3 inputs). In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks, such as future prices of energy and discount rates. When determining fair value estimates the Company attempts to maximize the use of observable inputs and minimize the use of unobservable inputs.

(iv) *Share based payments:*

The fair value of share 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), expected forfeitures, weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

The fair value of RSUs is measured using the share price at the date of the grant.

(v) *Measurement:*

Tourmaline classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

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 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 necessarily based on observable market data.

The following tables provide fair value measurement information for financial assets and liabilities as of December 31, 2024 and December 31, 2023. The carrying value of cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities included in the consolidated statement of financial position approximate fair value due to the short-term nature of those instruments. These assets and liabilities are not included in the following tables.

<i>(000s)</i>	As at December 31, 2024	
	Carrying Amount	Fair Value
Financial assets:		
Commodity price risk contracts and foreign exchange rate risk contracts ⁽¹⁾	\$ 217,961	\$ 217,961
Natural gas embedded derivatives ⁽²⁾	887,137	887,137
Financial liabilities:		
Bank debt	574,339	574,339
Senior unsecured notes	698,436	687,531
Commodity price risk contracts and foreign exchange rate risk contracts ⁽¹⁾	261,976	261,976
Natural gas embedded derivatives ⁽²⁾	\$ 1,936	\$ 1,936

(1) *Commodity price and foreign exchange rate risk contracts are fair valued using Level 2 information.*

(2) *Natural gas embedded derivatives are fair valued using Level 3 information.*

(000s)	As at December 31, 2023	
	Carrying Amount	Fair Value
Financial assets:		
Commodity price risk contracts ⁽¹⁾	\$ 329,552	\$ 329,552
Natural gas embedded derivatives ⁽²⁾	866,432	866,432
Financial liabilities:		
Bank debt	651,594	651,594
Senior unsecured notes	448,643	410,368
Commodity price risk contracts ⁽¹⁾	57,079	57,079
Natural gas embedded derivatives ⁽²⁾	\$ 9,338	\$ 9,338

(1) Commodity price, interest rate and foreign exchange rate risk contracts are fair valued using Level 2 information.

(2) Natural gas embedded derivatives are fair valued using Level 3 information.

4. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

(a) 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 and arises principally from the Company's receivables from jointly-owned assets and oil and natural gas marketers. As at December 31, 2024, Tourmaline's receivables consisted of \$709.4 million from oil and natural gas marketers and financial institutions (December 31, 2023 - \$667.8 million), \$52.8 million from partners in jointly-owned assets (December 31, 2023 - \$36.6 million), and \$29.8 million from provincial governments (December 31, 2023 - \$26.6 million).

Receivables from oil and natural gas marketers are normally collected on the 25th day of the month following production. The Company sells a significant portion of its oil and gas to a limited number of counterparties. In 2024, Tourmaline had no counterparty (2023 – one) that individually accounted for more than ten percent of annual revenues. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with creditworthy purchasers. Tourmaline historically has not experienced any collection issues with its oil and natural gas marketers. Receivables from partners are typically collected within one to three months of the bill being issued to the partner. The Company attempts to mitigate the risk from receivables with partners by obtaining partner approval of significant capital expenditures prior to the expenditure. The receivables, however, are from participants in the oil and natural gas sector, and collection of the outstanding balances are dependent on industry factors such as commodity price fluctuations, escalating costs and the risk of unsuccessful drilling. In addition, further risk exists with joint asset partners as disagreements occasionally arise that increase the potential for non-collection. To further mitigate collection risk, the Company has the ability to obtain the partners' share of capital expenditures in advance of a project. The Company does not typically obtain collateral from oil and natural gas marketers or joint asset partners; however, the Company does have the ability to withhold production from partners in the event of non-payment.

The Company monitors the age of, and investigates issues behind, its receivables that have been past due for over 90 days. At December 31, 2024, the Company has \$12.7 million (December 31, 2023 - \$6.1 million) over 90 days. The Company is satisfied that these amounts are substantially collectible.

The carrying amount of cash and cash equivalents, accounts receivable, deposits and commodity price risk management contracts represents the maximum credit exposure. The Company has not recorded an expected credit loss as at December 31, 2024 (December 31, 2023 - nil) nor was it required to write-off any receivables during the year ended December 31, 2024 (December 31, 2023 – nil).

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. Liquidity risk is mitigated by cash on hand, when available, and access to credit facilities.

The Company's accounts payable and accrued liabilities balance at December 31, 2024 is \$1.3 billion (December 31, 2024 - \$1.1 billion). It is the Company's policy to pay suppliers within 45-75 days. These terms are consistent with industry practice. As at December 31, 2024, substantially all of the account payable balances were less than 90 days.

The Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. The Company also attempts to match its payment cycle with collection of oil and natural gas revenues on the 25th of each month.

The following are the contractual maturities of financial liabilities, including estimated interest payments, at December 31, 2024:

(000s)	Carrying Amount	Contractual Cash Flow	Less Than One Year	One to Two Years	Two to Five Years	More Than Five Years
Non-derivative financial liabilities:						
Accounts payable and accrued liabilities	\$ 1,329,626	\$ 1,329,626	\$ 1,329,626	\$ –	\$ –	\$ –
Bank debt ⁽¹⁾	574,339	711,109	–	–	711,109	–
Senior unsecured notes ⁽²⁾	698,436	766,100	22,391	22,391	721,318	–
Derivative financial liabilities:						
Financial commodity contracts	76,129	76,129	44,570	10,520	19,934	1,105
Financial foreign currency contracts	185,847	185,847	77,804	29,869	78,174	–
Natural gas embedded derivatives	1,936	1,936	–	1,936	–	–
	\$ 2,866,313	\$ 3,070,747	\$ 1,474,391	\$ 64,716	\$ 1,530,535	\$ 1,105

(1) Includes interest expense at 4.79% being the rate applicable to outstanding debt on the credit facility at December 31, 2024 and interest paid at the maturity of the facility.

(2) Includes interest expense at 3.20% being the average rate applicable on the senior unsecured notes at December 31, 2024 with interest payments made semi-annually.

(c) Market risk:

Market risk is the risk that changes in market conditions, such as commodity prices, interest rates and foreign exchange rates will affect the Company's net income 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 both financial derivatives and physical delivery sales contracts to manage market risks. All such transactions are conducted in accordance with the risk management policy that has been approved by the Board of Directors.

Currency risk is the risk that cash flows will fluctuate as a result of changes in the exchange rate between the US and Canadian dollar. The Company is exposed to currency risk as a result of its sales point diversification strategy whereby the Company sells to US markets and receives US dollars. The Company mitigates this risk by entering into foreign currency swaps in order to protect itself from large movements in the US to Canadian dollar exchange rate. Changes in the US to Canadian dollar exchange rate could also influence future oil and natural gas prices which could impact the value of certain derivative contracts. For the currency swaps in place at December 31, 2024 a \$0.01 change in the US to Canadian dollar exchange rate, assuming all other variables remained constant, would increase or decrease shareholders' equity and net income by \$15.3 million (December 31, 2023 - nil).

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk to the extent that changes in market interest rates will impact the Company's bank debt which is subject to a floating interest rate. Assuming all other variables remain constant, an increase or decrease of 1% in market interest rates for the year ended December 31, 2024 would have decreased or increased shareholders' equity and net income by \$10.9 million (December 31, 2023 - \$5.6 million). There were no interest rate swaps in place at December 31, 2024.

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 world economic events that dictate the levels of supply and demand. As at December 31, 2024, the Company has entered into certain financial derivative and physical delivery sales contracts in order to manage commodity 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 commodity contracts to be effective economic hedges. As a result, all such financial commodity contracts 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 statement of income and comprehensive income. The Company has not offset any financial assets and liabilities, in the consolidated statements of financial position.

The Company has the following financial commodity derivative contracts in place as at December 31, 2024 ⁽¹⁾:

		2025	2026	2027	2028	2029	Fair Value (000s)
Gas							
AECO swaps ⁽²⁾	<i>mmbtu/d</i>	7,109	—	—	—	—	\$ 2,934
	<i>CAD\$/mmbtu</i>	\$ 3.27					
NYMEX swaps	<i>mmbtu/d</i>	70,000	60,000	20,000	—	—	\$ 33,628
	<i>USD\$/mmbtu</i>	\$ 4.12	\$ 4.14	\$ 4.36			
International swaps ⁽³⁾	<i>mmbtu/d</i>	61,753	25,000	25,000	20,000	—	\$ 102,657
	<i>USD\$/mmbtu</i>	\$ 14.41	\$ 10.90	\$ 10.90	\$ 10.88		
Swaps - other	<i>mmbtu/d</i>	849	—	—	—	—	\$ 745
	<i>USD\$/mmbtu</i>	\$ 6.17					
AECO financial collars	<i>mmbtu/d</i>	14,217	—	—	—	—	\$ 4,611
	<i>CAD\$/mmbtu</i>	\$2.94-3.46					
NYMEX call options ⁽⁴⁾	<i>mmbtu/d</i>	60,000	70,000	80,000	62,500	52,500	\$ (21,068)
	<i>USD\$/mmbtu</i>	\$ 6.17	\$ 8.29	\$ 8.25	\$ 8.56	\$ 8.86	
AECO call options ⁽⁵⁾	<i>mmbtu/d</i>	—	24,643	—	—	—	\$ (769)
	<i>CAD\$/mmbtu</i>		\$ 3.60				
Oil							
Financial swaps	<i>bbls/d</i>	15,479	1,000	—	—	—	\$ 22,557
	<i>USD\$/bbl</i>	\$ 72.51	\$ 65.72				
Financial swaps	<i>bbls/d</i>	498	—	—	—	—	\$ 743
	<i>CAD\$/bbl</i>	\$ 100.82					
NYMEX call options	<i>bbls/d</i>	4,479	—	—	—	—	\$ (2,948)
	<i>USD\$/bbl</i>	\$ 80.85					
Propane financial swaps ⁽⁶⁾	<i>bbls/d</i>	5,611	—	—	—	—	\$ (1,258)
	<i>USD\$/bbl</i>	\$ 33.44					
Total fair value							\$ 141,832

(1) The volumes and prices reported are the weighted average volumes and prices for the period.

(2) These deals are 5A underlying.

(3) Includes international swaps (JKM and TTF). Tourmaline entered into a JKM netback agreement based on 62,500 mmbtu/d for a seven-year term beginning January 1, 2027. To determine the fair value of this agreement, Tourmaline used the same JKM pricing assumptions and discount rate as the JKM natural gas embedded derivative further discussed below.

(4) These are European calls whereby the counterparty can exercise the option monthly on a particular day to purchase NYMEX at a specified price.

(5) These are European calls whereby the counterparty can exercise the option to extend a gas swaption into the period subsequent to the calls date. These are one-time European swaptions.

(6) Propane financial swaps include OPIS Conway, Argus FEI, and Baltic LPG Freight financial swap transactions.

The Company's financial commodity contracts are sensitive to fluctuations in commodity prices. For the commodity contracts in place at December 31, 2024, if the future strip prices for oil were US \$1.00 per bbl higher and prices for natural gas were US \$0.10 per mcf higher, with all other variables held constant, the unrealized loss would increase by \$49.5 million, directly impacting pre-tax earnings (December 31, 2023 - \$42.3 million increase in the unrealized loss). An equal and opposite impact would have occurred if oil prices were US \$1.00 per bbl lower and gas prices were US \$0.10 per mcf lower.

The Company entered into the following financial commodity derivative contracts subsequent to December 31, 2024:

Type of Contract	Quantity	Time Period	Contract Price
International swaps - Gas	5,000 mmbtu/d	April 2025 – October 2025	\$16.00 USD/mmbtu
International swaps - Gas	5,000 mmbtu/d	November 2025 – December 2027	\$12.00 USD/mmbtu
International swaps - Gas	10,000 mmbtu/d	April 2027 – October 2027	\$9.50 USD/mmbtu
Financial swaps - Oil	1,000 bbls/d	February 2025 – June 2025	\$74.80 USD/bbl
Financial swaps - Oil	2,992 bbls/d	January 2026 – December 2026	\$67.69 USD/bbl
Financial swaps - Propane	1,638 bbls/d	January 2025 – December 2026	\$36.20 USD/bbl

The Company has the following financial foreign currency derivative contracts in place at December 31, 2024:

Type of Contract ⁽¹⁾		2025	2026	2027	Fair Value (000s)
Costless collar ⁽²⁾	USD\$(000s)/month	\$ 47,500	\$ 7,500	–	\$ (87,115)
	CAD\$/USD\$	\$1.34 - 1.43	\$1.34 - 1.44		
Target redemption forward (“TARF”) ⁽³⁾	USD\$(000s)/month	\$ 60,000	\$ 60,000	\$ 60,000	\$ (91,354)
	CAD\$/USD\$	\$ 1.43	\$ 1.43	\$ 1.43	
Call options sold ⁽⁴⁾	USD\$(000s)/month	\$ 7,500	\$ 7,500	–	\$ (3,957)
	CAD\$/USD\$	\$ 1.44	\$ 1.44		
Average rate forward	USD\$(000s)/month	\$ 5,000	–	–	\$ (3,421)
	CAD\$/USD\$	\$ 1.37			
Total fair value					\$ (185,847)

(1) All foreign currency derivative contracts are denominated in US dollars and represent a monthly transacted amount. Total fair value is translated into Canadian dollars for financial statement purposes.

(2) A portion of these financial collars have a European call writer option at period end that, if called, would result in an average rate forward in the following amounts: USD\$45.0 million/month at CAD\$/USD\$ 1.437 for 2026 and USD\$60.0 million/month at CAD\$/USD\$ 1.423 for 2027.

(3) If the spot rate exceeds CAD\$/USD\$ 1.429 on a specified day of the week for each contract, the Company will be required to settle the monthly amount at a rate of CAD\$/USD\$ 1.397. If the spot rate is below CAD\$/USD\$ 1.429 on the specific date, the Company will settle the monthly amount at the spot rate. The TARF may be terminated subject to other specific targets being met.

(4) If the spot rate exceeds CAD\$/USD\$ 1.440, the Company will be required to settle the monthly amount at a rate of CAD\$/USD\$ 1.440. If the spot exchange rate is less than or equal to CAD\$/USD\$ 1.440, the Company will settle the monthly amount at the spot rate and receive \$75,000.

The Company has not entered into any foreign currency derivative contracts subsequent to December 31, 2024.

The Company has a 15-year natural gas supply agreement, under which Tourmaline will deliver 140,000 mmbtu/d (approximately 140,000 mcf/d), which commenced in January 2023. Under the terms of the agreement, Tourmaline will deliver natural gas to its counterparty at a delivery point in Louisiana, USA and receive a Japan Korea Marker ("JKM") index price less deductions for transport and liquefaction. Due to the fact that the volumes are delivered to a counterparty in the United States, but Tourmaline ultimately receives a JKM index price, it was determined that the agreement also contained an embedded derivative as a result of the pricing spread between JKM and NYMEX. The Company defined the host contract as a natural gas sales contract with an underlying natural gas price of NYMEX.

The Company determines the fair value of the natural gas embedded derivative, at the end of each period, through the use of internal models which incorporate significant unobservable inputs (Level 3 inputs). In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks, such as future prices of energy for unobservable periods, volatility, foreign exchange and contract duration. When determining fair value estimates the Company attempts to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company will have unrealized gains (losses) on the JKM natural gas supply agreement embedded derivative based on the movements in the forecasted JKM and NYMEX prices. For the twelve months ended December 31, 2024, the JKM natural gas supply agreement embedded derivative resulted in an unrealized gain of \$21.3 million as a result of the strengthening of the forecast JKM price relative to the forecast NYMEX price (twelve months ended December 31, 2023 – unrealized loss of \$1.2 billion). At December 31, 2024, the Company recorded a level 3 fair value of the JKM natural gas supply agreement embedded derivative of \$857.0 million.

The following table includes quantitative information for the unobservable inputs for the Level 3 natural gas embedded derivative as at December 31, 2024:

	Fair value asset (millions)	Valuation Approach	Significant unobservable input	Range of significant unobservable inputs/weighted average (\$USD/mmbtu)
Natural gas embedded derivative	\$857.0	Market approach incorporating present value techniques	JKM index pricing spread relative to NYMEX	\$6.99 - \$11.51 / \$8.63

The Level 3 fair value measurements of the JKM natural gas supply agreement embedded derivative could be materially impacted by a change in the discount rate and significant movements in natural gas prices. At December 31, 2024, a change in the discount rate or a change in the price of the JKM index over the 15-year contract would have the following impact on the fair value of the JKM natural gas supply agreement embedded derivative:

(000s)	Discount rate		JKM Price	
	1% Increase	1% decrease	5% Increase	5% decrease
Fair value – increase (decrease)	\$ (21,857)	\$ 23,222	\$ 153,181	\$ (153,075)

In December 2023, the Company entered into a 34-month physical netback agreement, under which Tourmaline will deliver 50,000 mmbtu/d of natural gas at AB-NIT and receive a Dutch TTF index price (less associated deductions) beginning in March 2024. Due to the fact that the volumes are delivered to a counterparty in Alberta, but Tourmaline ultimately receives a Dutch TTF index price, it was determined that the agreement contained an embedded derivative as a result of the pricing spread between Dutch TTF and AECO. The Company defined the host contract as a natural gas sales contract with an underlying natural gas price of AECO. The fair value of the contract at December 31, 2024 was \$23.4 million (December 31, 2023 - \$1.9 million).

The following table is a summary of the fair value of financial instruments as at December 31, 2024:

(000s)	Financial derivative contracts	Foreign currency derivative contracts	Natural gas embedded derivatives ⁽¹⁾	Total
Current asset	\$ 91,582	\$ –	\$ 346,157	\$ 437,739
Long-term asset	126,379	–	540,980	667,359
Current liability	(44,570)	(77,804)	–	(122,374)
Long-term liability	(31,559)	(108,043)	(1,936)	(141,538)
Total fair value of financial instruments	\$ 141,832	\$ (185,847)	\$ 885,201	\$ 841,186

⁽¹⁾ Includes the JKM natural gas supply agreement embedded derivative, a TTF natural gas supply agreement embedded derivative and natural gas to power supply agreement embedded derivative.

The following table provides a summary of the unrealized gains and losses on financial instruments for the years ended December 31, 2024 and 2023:

(000s)	Years Ended December 31,	
	2024	2023
Unrealized gain (loss) on financial instruments – commodity contracts	\$ (140,819)	\$ 408,727
Unrealized gain (loss) on financial instruments – foreign currency	(185,847)	121,302
Unrealized gain (loss) on financial instruments – natural gas embedded derivatives ⁽¹⁾	28,107	(1,188,229)
Total unrealized (loss) on financial instruments	\$ (298,559)	\$ (658,200)

⁽¹⁾ Includes the JKM natural gas supply agreement embedded derivative, a TTF natural gas supply agreement embedded derivative and natural gas to power supply agreement embedded derivatives.

In addition to the financial commodity contracts discussed above, the Company has entered into physical contracts to manage commodity risk. These contracts are considered normal sales contracts and are not recorded at fair value in the consolidated financial statements.

The Company has the following physical commodity sale contracts in place at December 31, 2024 ⁽¹⁾⁽⁵⁾:

		2025	2026	2027	2028	2029
Gas						
Fixed price ⁽²⁾	<i>mmbtu/d</i>	886,161	135,384	37,913	18,956	18,956
	<i>CAD\$/mmbtu</i>	\$ 4.00	\$ 5.26	\$ 3.82	\$ 3.43	\$ 3.43
Basis differentials – AECO	<i>mmbtu/d</i>	86,658	103,452	70,000	62,500	52,500
	<i>USD\$/mmbtu</i>	\$ (0.69)	\$ (0.64)	\$ (0.64)	\$ (0.64)	\$ (0.63)
Basis differentials – Dawn	<i>mmbtu/d</i>	10,000	10,000	8,329	–	–
	<i>USD\$/mmbtu</i>	\$ (0.04)	\$ (0.04)	\$ (0.04)		
Basis differentials – Stn 2 ⁽³⁾	<i>mmbtu/d</i>	4,674	–	–	–	–
	<i>CAD\$/mmbtu</i>	\$ (0.33)				
Basis differentials – Other ⁽⁴⁾	<i>mmbtu/d</i>	35,000	–	–	–	–
	<i>USD\$/mmbtu</i>	\$ (0.24)				

(1) The volumes and prices reported are the weighted average volumes and prices for the period.

(2) These include AECO, Stn 2, Hunt, PGE, Malin, and Carlton.

(3) These volumes are priced at a basis to 7A.

(4) These are basis differentials for non-AECO markets.

(5) Tourmaline has third-party netback arrangements in the following markets: Chicago, Ventura, Emerson, Dawn, and Henry Hub. The average for 2025 - 2029 is 132.9 mmcf/d, and the exit for 2026 is 142.4 mmcf/d.

The Company has entered into the following physical commodity contracts subsequent to December 31, 2024:

Type of Contract	Quantity	Time Period	Contract Price
Fixed price - Gas	5,000 mmbtu/d	February 2025	\$5.00 USD/mmbtu
Fixed price - Gas	7,500 mmbtu/d	April 2025 – October 2025	\$3.70 USD/mmbtu
Fixed price - Gas	20,000 GJ/d	April 2025 – October 2025	\$2.05 CAD/GJ
Fixed price - Gas	20,000 mmbtu/d	January 2026 – December 2026	\$4.50 USD/mmbtu
Monthly option - Gas	20,000 GJ/d	April 2025 – October 2025	\$2.05 CAD/GJ
Geographic spread - Gas	20,000 mmbtu/d	April 2025 – October 2026	\$1.82 USD/mmbtu

(d) Capital Management:

The Company's policy is to maintain a strong capital base to preserve investor, creditor and market confidence and to sustain the future development of the business. The Company considers its capital structure to include shareholders' equity, bank debt, senior unsecured notes and working capital. In order to maintain or adjust the capital structure, the Company may from time-to-time issue or buyback shares, issue debt, adjust its dividend policy and adjust its capital spending to manage current and projected debt levels. The annual and updated budgets are approved by the Board of Directors.

The key measure that the Company utilizes in evaluating its capital structure is net debt to annualized cash flow, which is defined as bank debt and senior unsecured notes plus working capital (adjusted for the fair value of short-term financial instrument liabilities, short-term lease liabilities, short-term decommissioning obligations and unrealized foreign exchange), to annualized cash flow (based on the most recent quarter), defined as cash flow from operating activities before changes in non-cash working capital. Net debt to annualized cash flow represents a measure of the time it is expected to take to pay off the debt if no further capital expenditures were incurred and if cash flow in the next year were equal to the amount in the most recent quarter annualized.

As shown below, as at December 31, 2024, the Company's ratio of net debt to annualized cash flow was 0.50 to 1.00 (December 31, 2023 – 0.48 to 1.00).

(000s)	As at December 31,	
	2024	2023
Net debt:		
Working capital (deficit)	\$ (167,623)	\$ (298,280)
Fair value of financial instruments – short-term (asset)	(315,365)	(437,535)
Lease liabilities – short-term	8,385	5,796
Decommissioning obligations – short-term	60,000	45,000
Unrealized foreign exchange in working capital – (asset) liability	(15,354)	5,524
Adjusted working capital	\$ (429,957)	\$ (679,495)
Bank debt	(574,339)	(651,594)
Senior unsecured notes	(698,436)	(448,643)
Net debt	\$(1,702,732)	\$(1,779,732)
Annualized cash flow:		
Cash flow from operating activities for Q4	\$ 666,110	\$ 1,012,819
Current tax expense for Q4 ⁽¹⁾	(36,665)	(75,669)
Current taxes paid (recovered)	(34)	6,051
Change in non-cash working capital	220,919	(25,193)
Cash flow for Q4	\$ 850,330	\$ 918,008
Annualized cash flow (based on most recent quarter annualized)	\$ 3,401,320	\$ 3,672,032
Net debt to annualized cash flow	0.50	0.48

(1) Current income taxes exclude \$19.0 million of income tax related to the capital gain on the sale of Topaz shares during the three months ended December 31, 2024. Refer to notes 11 and 14 of the Company's consolidated financial statements for further details.

The Company increased its quarterly dividend from \$0.28 per share as at December 31, 2023, to \$0.35 per share as at December 31, 2024, and paid special dividends totalling \$2.00 per share.

The issuance of the unsecured notes in May 2024 (note 10), resulted in a \$250.0 million increase to the Company's aggregate borrowing capacity up to \$3.35 billion at December 31, 2024, including the bank debt and senior unsecured notes.

5. EXPLORATION AND EVALUATION ASSETS

(000s)

As at January 1, 2023	\$ 289,050
Transfers to property, plant and equipment (note 6)	(38,341)
Divestitures	(955)
Expired mineral leases	(17,850)
As at December 31, 2023	\$ 231,904
Transfers to property, plant and equipment (note 6)	(23,190)
Divestitures	(6,922)
Expired mineral leases	(10,711)
As at December 31, 2024	\$ 191,081

E&E assets consist of the Company's exploration projects which are pending the determination of proven and/or probable reserves. Additions represent the Company's share of costs on E&E assets during the year. Expired mineral lease expenses have been included in the "Depletion, Depreciation and Amortization" line item on the consolidated statements of income and comprehensive income.

Impairment Assessment

At December 31, 2024 and 2023, the Company determined that no internal or external indicators of impairment existed on its E&E assets; therefore, an impairment test was not performed.

6. PROPERTY, PLANT AND EQUIPMENT

Cost

(000s)

As at January 1, 2023	\$21,572,150
Capital expenditures	2,057,390
Transfers from exploration and evaluation (note 5)	38,341
Change in decommissioning liabilities (note 8)	162,989
Corporate acquisitions	1,678,357
Property acquisitions	60,701
Divestitures	(7,789)
As at December 31, 2023	\$ 25,562,139
Capital expenditures	2,264,688
Transfers from exploration and evaluation (note 5)	23,190
Change in decommissioning liabilities (note 8)	44,306
Corporate acquisitions	1,859,267
Property acquisitions	42,108
Divestitures	(287,470)
As at December 31, 2024	\$29,508,228

Accumulated Depletion, Depreciation and Amortization

(000s)

As at January 1, 2023	\$ 7,066,968
Depletion, depreciation and amortization	1,280,539
As at December 31, 2023	\$ 8,347,507
Depletion, depreciation and amortization	1,533,038
Divestitures	(5,603)
As at December 31, 2024	\$ 9,874,942

Net Book Value

(000s)

As at December 31, 2023	\$ 17,214,632
As at December 31, 2024	\$ 19,633,286

Forecasted future development costs for the year ended December 31, 2024 of \$18.4 billion (December 31, 2023 - \$16.9 billion) were included in the depletion calculation. The Company recorded depletion expense related to its oil and gas interests of \$1.4 billion for the year ended December 31, 2024 (December 31, 2023 - \$1.2 billion).

Capitalization of G&A and Share-Based Payments

A total of \$45.2 million in G&A expenditures have been capitalized and included in PP&E assets at December 31, 2024 (December 31, 2023 - \$43.2 million). Also included in PP&E are non-cash share-based payments of \$38.6 million at December 31, 2024 (December 31, 2023 - \$34.9 million).

Impairment Assessment

At December 31, 2024, and December 31, 2023, the Company did not identify indicators of impairment on any of its CGUs and therefore, an impairment test was not performed. The Company has no CGUs with historical impairment that have not been fully reversed.

Corporate Acquisitions

Crew

On October 1, 2024, the Company acquired all of the issued and outstanding shares of Crew. The Company issued 18,778,162 common shares at a price of \$63.27 per share for total share consideration of \$1.2 billion. Total transaction costs incurred by the Company of \$8.0 million associated with this acquisition were expensed in the consolidated statement of income and comprehensive income for the year ended December 31, 2024.

Results from operations for Crew are included in the Company's consolidated financial statements from the closing date of the transaction. The estimated acquisition date fair value attributed to the PP&E was derived from the estimate of proved and probable oil and gas reserves and the related cash flows prepared at December 31, 2023 by independent third-party reserve evaluators engaged by Crew and updated by internal reserve evaluators to reflect activity up to October 1, 2024. The estimated proved and probable oil and gas reserves and the related cash flows were discounted at a rate based on what a market participant would have paid, as well as market metrics in the prevailing area at that time. The acquisition has been accounted for using the purchase method based on estimated fair values as follows, using discount rates based on what a market participant would have paid:

(000s)	Crew
Fair value of net assets acquired:	
Cash	\$ 9,079
Working capital	(93,907)
Property, plant and equipment	1,547,113
Right-of-use assets	1,373
Financial instruments (net)	10,178
Bank debt	(135,000)
Lease liabilities	(1,373)
Decommissioning obligations	(23,340)
Deferred income taxes	(126,029)
Total	\$ 1,188,094
Consideration:	
Shares issued	\$ 1,188,094

Included in the Company's consolidated statements of income and comprehensive income for the year ended December 31, 2024, are the following amounts relating to Crew since October 1, 2024:

(000s)	Crew
Commodity sales from production	\$ 62,119
Net income and comprehensive income	\$ 34,346

If the Company had acquired Crew on January 1, 2024, the pro-forma results of the oil and gas sales and net income and comprehensive income for the year ended December 31, 2024 would have been as follows:

(000s)	As Stated	Crew	Pro Forma Year ended December 31, 2024
Commodity sales from production	\$ 4,729,771	\$ 226,105	\$ 4,955,876
Net income and comprehensive income	\$ 1,264,109	\$ 70,391	\$ 1,334,500

Todd

On December 1, 2024, the Company acquired all of the issued and outstanding shares of Todd. The Company issued 1,928,846 common shares at a price of \$66.08 for share consideration of \$127.5 million and paid \$169.0 million of cash consideration. Total transaction costs incurred by the Company of \$0.4 million associated with this acquisition were expensed in the consolidated statement of income and comprehensive income.

Results from operations for Todd are included in the Company's consolidated financial statements from the closing date of the transaction. The estimated acquisition date fair value attributed to the PP&E was derived from the estimate of proved and probable oil and gas reserves and the related cash flows prepared at December 31, 2023 by independent third-party reserve evaluators and updated by internal reserve evaluators to reflect activity up to December 1, 2024. The estimated proved and probable oil and gas reserves and the related cash flows were discounted at a rate based on what a market participant would have paid, as well as market metrics in the prevailing area at that time. The acquisition has been accounted for using the purchase method based on estimated fair values as follows, using discount rates based on what a market participant would have paid:

(000s)	Todd
Fair value of net assets acquired:	
Cash	\$ 16,149
Working capital	(20,341)
Property, plant and equipment	312,154
Decommissioning obligations	(1,544)
Deferred income taxes	(9,920)
Total	\$ 296,498
Consideration:	
Cash	\$ 169,040
Shares issued	127,458
Total	\$ 296,498

Included in the Company's consolidated statements of income and comprehensive income for the year ended December 31, 2024, are the following amounts relating to Todd since December 1, 2024:

(000s)	Todd
Commodity sales from production	\$ 5,673
Net income and comprehensive income	\$ 5,090

If the Company had acquired Todd on January 1, 2024, the pro-forma results of the oil and gas sales and net income and comprehensive income for the year ended December 31, 2024 would have been as follows:

(000s)	As Stated	Todd	Pro Forma Year ended December 31, 2024
Commodity sales from production	\$ 4,729,771	\$ 31,631	\$ 4,761,402
Net income and comprehensive income	\$ 1,264,109	\$ 2,299	\$ 1,266,408

Bonavista

On November 17, 2023, the Company acquired all of the issued and outstanding shares of Bonavista. The Company issued 10,341,778 common shares at a price of \$66.64 per share for share consideration of \$689.2 million and paid \$651.0 million of cash consideration. Total transaction costs incurred by the Company of \$7.4 million associated with this acquisition were expensed in the consolidated statement of income and comprehensive income.

Results from operations for Bonavista are included in the Company's consolidated financial statements from the closing date of the transaction. The estimated acquisition date fair value attributed to the PP&E was derived from the estimate of proved and probable oil and gas reserves and the related cash flows prepared at December 31, 2022 by independent third-party reserve evaluators engaged by Bonavista and updated by internal reserve evaluators to reflect activity up to November 17, 2023. The estimated proved and probable oil and gas reserves and the related cash flows were discounted at a rate based on what a market participant would have paid, as well as market metrics in the prevailing area at that time. The acquisition has been accounted for using the purchase method based on estimated fair values as follows, using discount rates based on what a market participant would have paid:

<i>(000s)</i>	Bonavista
Fair value of net assets acquired:	
Cash	\$ 8,651
Working capital	7,517
Property, plant and equipment	1,678,357
Right-of-use assets	1,632
Financial instruments (net)	11,284
Bank debt	(118,275)
Lease liabilities	(1,632)
Decommissioning obligations	(247,477)
Deferred income taxes	82,309
Gain on acquisition	(82,204)
Total	\$ 1,340,162
Consideration:	
Cash	\$ 650,986
Shares issued	689,176
Total	\$ 1,340,162

Included in the Company's consolidated statements of income and comprehensive income for the year ended December 31, 2023, are the following amounts relating to Bonavista since November 17, 2023:

<i>(000s)</i>	Bonavista
Commodity sales from production	\$ 69,195
Net income and comprehensive income	\$ 5,474

If the Company had acquired Bonavista on January 1, 2023, the pro-forma results of the oil and gas sales and net income and comprehensive income for the year ended December 31, 2023 would have been as follows:

<i>(000s)</i>	As Stated	Bonavista	Pro Forma Year ended December 31, 2023
Commodity sales from production	\$ 5,351,253	\$ 546,728	\$ 5,897,981
Net income and comprehensive income	\$ 1,735,880	\$ 169,799	\$ 1,905,679

Acquisitions of Oil and Natural Gas Properties

2023

On June 19, 2023, the Company acquired land in NEBC for cash consideration of \$32.5 million, before customary closing adjustments. The acquisition resulted in an increase in PP&E of approximately \$32.5 million and the assumption of nil in decommissioning liabilities.

On July 21, 2023, the Company acquired assets in the Deep Basin for cash consideration of \$19.1 million, before customary closing adjustments. The acquisition resulted in an increase in PP&E of approximately \$19.4 million and the assumption of \$0.3 million in decommissioning liabilities.

The Company applied the optional IFRS 3 concentration test to the above acquisitions in 2023 which resulted in the acquisitions being accounted for as asset acquisitions.

Disposition of Oil and Natural Gas Properties

2024

On May 1, 2024, the Company sold certain assets, which were acquired pursuant to the corporate acquisition of Bonavista, completed in November 2023, for cash consideration of \$53.1 million, before customary closing adjustments.

On November 1, 2024, the Company sold a royalty interest on the acquired Crew and Bonavista lands as discussed above and on other acquired developed and undeveloped lands to Topaz for cash consideration of \$277.5 million, before customary closing adjustments. The transaction resulted in a gain on disposition of \$77.0 million which was recorded in the Company's consolidated income statement for the year ended December 31, 2024.

On December 1, 2024, the Company sold a royalty interest on the acquired Todd lands to Topaz for cash consideration of \$23.5 million, before customary closing adjustments. The transaction resulted in a gain on disposition of \$4.8 million which was recorded in the Company's consolidated income statement for the year ended December 31, 2024.

Total Acquisitions and Dispositions of Oil and Natural Gas Properties

In total, for the year ended December 31, 2024, the Company completed property acquisitions for cash consideration of \$33.1 million (December 31, 2023 - \$58.5 million) and \$7.8 million in acquisitions for non-cash consideration (December 31, 2023 - \$1.0 million). The Company assumed \$1.2 million in decommissioning liabilities as a result of these acquisitions (December 31, 2023 - \$1.2 million).

For the year ended December 31, 2024, the Company also completed property dispositions, for total cash consideration of \$357.7 million (December 31, 2023 - \$7.8 million) and non-cash consideration of \$7.8 million (December 31, 2023 - \$1.0 million). The Company disposed of \$1.5 million in decommissioning liabilities as a result of these dispositions (December 31, 2023 - nil).

7. LEASES

Right-of-use assets

<i>(000s)</i>	As at December 31, 2024	As at December 31, 2023
Balance, beginning of year	\$ 25,760	\$ 9,762
Additions	11,533	10,138
Modifications	(396)	9,283
Right-of-use assets acquired from corporate acquisitions (<i>note 6</i>)	1,373	1,632
Depreciation	(8,214)	(5,055)
Balance, end of year	\$ 30,056	\$ 25,760

Lease Liabilities

<i>(000s)</i>	As at December 31, 2024	As at December 31, 2023
Balance, beginning of year	\$ 26,305	\$ 10,155
Additions	11,533	10,138
Modifications	(396)	9,283
Lease liabilities acquired from corporate acquisitions (<i>note 6</i>)	1,373	1,632
Lease interest expense	1,766	840
Lease payments	(9,192)	(5,743)
Balance, end of year	\$ 31,389	\$ 26,305
Current lease liabilities	\$ 8,385	\$ 5,796
Long-term lease liabilities	\$ 23,004	\$ 20,509

The Company leases office space, vehicles and IT equipment. The lease payments are discounted using the Company's borrowing rate at the inception of the lease to calculate the lease liability. The total payments made for short-term and low-value leases were less than \$0.1 million for the year ended December 31, 2024, which are not included in the lease liability (for the year ended December 31, 2023 – less than \$0.1 million).

The Company has variable lease payments related to its office leases not included in the calculation of the Company's lease obligations. For the year ended December 31, 2024, the variable lease payments were \$4.6 million (year ended December 31, 2023 - \$4.6 million) and have been recognized in G&A expense in the statement of income and comprehensive income. The Company's lease liabilities are for periods of one to eleven years but may have extension options. The undiscounted cash flows relating to the lease liabilities included in the statement of financial position are as follows:

PAYMENTS DUE BY YEAR

<i>(000s)</i>	1 Year	2-3 Years	4-5 Years	>5 Years	Total
Lease payments including principal and interest	\$ 7,047	\$ 8,524	\$ 4,941	\$ 12,330	\$ 32,842

8. DECOMMISSIONING OBLIGATIONS

The Company's decommissioning obligations result from net ownership interests in oil and natural gas assets including well sites, gathering systems and processing facilities. The Company estimates the total inflated but undiscounted amount of cash flow required to settle its decommissioning obligations is approximately \$2.8 billion (December 31, 2023 - \$2.4 billion), with some abandonments expected to commence in 2024. A risk-free rate of 3.33% (December 31, 2023 - 3.02%) and an inflation rate of 1.82% (December 31, 2023 – 1.62%) were used to calculate the decommissioning obligations. As at December 31, 2024, the change in future estimated cash outlays includes the difference between the discounted fair value of obligations acquired from the Crew and Todd corporate acquisitions and the discounted value using the risk-free rate as well as changes made to estimated costs of the future decommissioning expenditures.

<i>(000s)</i>	As at December 31, 2024	As at December 31, 2023
Balance, beginning of year	\$ 967,041	\$ 567,053
Obligation incurred	23,559	21,979
Obligation incurred on corporate acquisitions (<i>note 6</i>)	24,884	247,477
Obligation incurred on property acquisitions (<i>note 6</i>)	1,237	1,210
Obligation divested (<i>note 6</i>)	(1,504)	–
Obligation settled	(55,476)	(31,050)
Accretion expense	29,971	19,362
Change in future estimated cash outlays	20,747	141,010
Balance, end of year	\$ 1,010,459	\$ 967,041
Current decommissioning obligations	\$ 60,000	\$ 45,000
Long-term decommissioning obligation	\$ 950,459	\$ 922,041

9. BANK DEBT

<i>(000s)</i>	As at December 31, 2024	As at December 31, 2023
Revolving credit facility	\$ 534,646	\$ 652,310
Operating credit facility	40,731	–
Debt issue costs	(1,038)	(716)
Bank debt	\$ 574,339	\$ 651,594

The Company has a covenant-based, unsecured, five-year extendible revolving credit facility in place with a syndicate of banks in the amount of \$2.55 billion maturing in June 2029. The maturity date may, at the request of the Company and with consent of the lenders, be extended on an annual basis. The revolving credit facility includes an expansion feature ("accordion") which allows the Company, upon approval from the lenders, to increase the facility amount by up to \$500.0 million by adding a new financial institution or by increasing the commitment of its existing lenders. The revolving credit facility can be drawn in either Canadian or U.S. funds and bears interest at the agent bank's prime lending rate, CORRA or SOFR (for U.S. borrowings), plus applicable margins.

The Canadian Dollar Offered Rate ("CDOR") benchmark was discontinued on June 28, 2024, and replaced with the Canadian Overnight Repo Rate Average ("CORRA"), an alternative that will apply to our Canadian dollar borrowings.

Under the terms of the revolving credit facility, Tourmaline is subject to the following covenant, the ratio of total debt to total capitalization must not exceed 0.65:1. At December 31, 2024, the ratio of total debt to total capitalization was 0.08:1. As at, and for the year ending, December 31, 2024, the Company is in compliance with all debt covenants.

Under the Company's credit facility "total debt" means generally the sum of debt plus subordinated debt, (Tourmaline currently does not have any subordinated debt), and "total capitalization" means generally the sum of the Company's shareholders' equity and all other indebtedness of the Company including bank debt, all determined on a consolidated basis in accordance with GAAP.

For the year ended December 31, 2024, the Company drew from the credit facility in U.S. dollars, as permitted under the credit facility which, when repaid, created a foreign exchange loss due to the weakening of the Canadian dollar. Concurrent with the draw of U.S. dollar denominated borrowings, the Company entered into cross-currency swaps to offset the foreign currency risk resulting from holding U.S. dollar denominated borrowings. This transaction allows the Company to take advantage of the interest rate spread between CORRA and SOFR without taking on any foreign exchange risk.

The Company also has a covenant-based, unsecured, operating credit facility with a Canadian bank in the amount of \$50.0 million. The operating credit facility has a maturity date of June 2026, which may, at the request of the Company and with consent of the lender, be extended on an annual basis. The covenant is the same as the revolving credit facility. At December 31, 2024, \$40.7 million was drawn against the operating credit facility.

At December 31, 2024, Tourmaline had outstanding letters of credit in the amount of \$64.9 million (December 31, 2023 - \$74.8 million) which were secured by the operating credit facility and the demand facility as well as an additional \$11.0 million unsecured letter of credit facility, which was used for the purposes of the Crew acquisition and terminated subsequent to year end.

The Company's aggregate borrowing capacity is \$3.35 billion at December 31, 2024, including the bank debt and senior unsecured notes (note 10).

As at December 31, 2024, the Company had \$574.3 million of bank debt and \$698.4 million of senior unsecured notes for total combined bank debt and senior unsecured notes of \$1.3 billion (net of debt issue costs) (December 31, 2023 - \$1.1 billion). The effective interest rate for the twelve months ended December 31, 2024 was 4.97% (year ended December 31, 2023 – 3.95%).

10. SENIOR UNSECURED NOTES

<i>(000s)</i>	As at December 31, 2024	As at December 31, 2023
Senior unsecured notes	\$ 700,000	\$ 450,000
Debt issue costs	(1,564)	(1,357)
Senior unsecured notes	\$ 698,436	\$ 448,643

On January 25, 2021, the Company issued \$250.0 million of senior unsecured notes. The notes bear interest at a fixed rate of 2.077%, payable semi-annually, commencing on July 25, 2021, with a maturity date of January 25, 2028, and rank equally with all other present unsecured and subordinated debt of the Company. There are no financial covenants on these senior unsecured notes.

On August 9, 2021, the Company issued \$200.0 million of senior unsecured notes. The notes bear interest at a fixed rate of 2.529%, payable semi-annually commencing on February 12, 2022, with a maturity date of February 12, 2029, and rank equally with all other present unsecured and subordinated debt of the Company. There are no financial covenants on these senior unsecured notes.

On May 28, 2024, the Company issued \$250.0 million of unsecured notes. The notes bear interest at a fixed rate of 4.856%, payable semi-annually, commencing November 30, 2024, with a maturity date of May 30, 2027, and rank equally with all other present unsecured and subordinated debt of the Company. There are no financial covenants on these senior unsecured notes.

11. INVESTMENT IN TOPAZ ENERGY CORP. (“TOPAZ”)

At December 31, 2024, the Company owned 21.3% of the outstanding common shares of its associate, Topaz. A reconciliation of the investment in Topaz is provided below:

<i>(000s)</i>	As at December 31, 2024	As at December 31, 2023
Balance, beginning of period	\$ 608,028	\$ 648,229
Income on investment in Topaz	14,315	14,881
Dividends received from Topaz	(54,594)	(55,082)
Divestitures of Topaz common shares	(166,611)	–
Gain on dilution of investment in Topaz	27,334	–
Balance, end of period	\$ 428,472	\$ 608,028

On October 22, 2024, Topaz completed an equity financing, which resulted in the issuance of 8.3 million common shares and a reduction in Tourmaline’s ownership interest from 31.2% to 29.5%. The dilution of Tourmaline’s ownership in Topaz resulted in a gain of \$27.3 million as the transaction was completed at a higher valuation of the Topaz common shares when compared to Tourmaline’s carrying value of its Topaz investment.

On December 11, 2024, Tourmaline sold some of its investment in Topaz through a secondary offering of Topaz common shares for net consideration of \$331.5 million (net of brokers fees of \$13.8 million) which resulted in the Company selling 12.4 million Topaz common shares representing 8.1% of the total Topaz common shares outstanding. The secondary offering resulted in Tourmaline recording a gain of \$164.9 million in the Company’s consolidated statement of income and comprehensive income and reducing Tourmaline’s ownership interest in Topaz from 29.5% to 21.3%.

For the year ended December 31, 2024, Topaz paid cash dividends of \$1.30 per common share and Tourmaline received \$54.6 million, which was recorded as a reduction to the investment in Topaz.

The following table summarizes the financial information of Topaz, as included in its own financial statements.

<i>(000s)</i>	As at, and for the period ended December 31,	
	2024	2023
Current assets	\$ 64,021	\$ 60,379
Non-current assets	1,830,593	1,586,768
Current liabilities	(12,263)	(7,084)
Non-current liabilities	(566,066)	(396,285)
Net assets	1,316,285	1,243,778
Revenue	299,803	306,691
Net Income	\$ 46,386	\$ 47,644

The fair value of Tourmaline's investment in Topaz is \$911.5 million, using the closing price of Topaz common shares on December 31, 2024 of \$27.85 per share.

12. SHARE CAPITAL

(a) Authorized

Unlimited number of Common Shares without par value.

Unlimited number of non-voting Preferred Shares, issuable in series.

(b) Common Shares Issued

	Year Ended December 31, 2024		Year Ended December 31, 2023	
	Number of Shares	Amount	Number of Shares	Amount
<i>(000s) except share amounts</i>				
Balance, beginning of year	351,350,749	\$ 8,487,838	338,684,709	\$ 7,725,189
Issued on corporate acquisitions (<i>note 6</i>)	20,707,008	1,315,552	10,341,778	689,176
For cash on exercise of stock options (<i>note 16</i>)	1,626,261	41,185	2,324,262	57,374
Contributed surplus on exercise of stock options	–	11,547	–	16,099
Balance, end of year	373,684,018	\$ 9,856,122	351,350,749	\$ 8,487,838

Normal course issuer bid

The Company has a normal course issuer bid ("NCIB") in place. On July 31, 2024, the Company renewed its NCIB allowing up to 17,621,578 common shares, representing 5% of its common shares outstanding at July 25, 2024, to be purchased over a period of twelve months commencing on August 8, 2024. Under the NCIB, common shares may be repurchased at prevailing market prices and any common shares that are purchased under the NCIB will be cancelled upon their purchase by the Company. For the year ended December 31, 2024, the Company did not purchase any common shares for cancellation.

Dividends

During the year ended December 31, 2024, the Company paid quarterly cash dividends of \$1.32 per common share totalling \$472.3 million. For the year ended December 31, 2023, the Company paid quarterly cash dividends of \$1.05 per common share totalling \$359.8 million.

On March 21, 2024, the Company paid a special dividend of \$0.50 per common share totalling \$175.7 million.

On May 16, 2024, the Company paid a special dividend of \$0.50 per common share totalling \$175.9 million.

On August 21, 2024, the Company paid a special dividend of \$0.50 per common share totalling \$176.2 million.

On November 26, 2024, the Company paid a special dividend of \$0.50 per common share totalling \$185.8 million.

13. REVENUE

The Company sells its production pursuant to fixed and variable priced contracts. The transaction price for variable priced contracts is based on the commodity price, adjusted for quality, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Under the contracts, the Company is required to deliver a fixed volume of crude oil, condensate, NGLs or natural gas to the contract counterparty. Revenue is recognized when a unit of production is delivered to the contract counterparty. The amount of revenue recognized is based on the agreed transaction price, whereby any variability in revenue related specifically to the Company's efforts to deliver production, and therefore the resulting revenue is allocated to the production delivered in the period during which the variability occurs. As a result, none of the variable revenue is considered constrained.

The sale of produced commodities are under contracts of varying terms of up to fifteen years. Revenues are typically collected on the 25th day of the month following production.

The following table presents the Company's commodity sales disaggregated by revenue source:

(000s)	Years Ended December 31,	
	2024	2023
Natural gas		
Sales from production	\$ 1,965,974	\$ 2,867,752
Premium on risk management activities	824,094	809,886
	2,790,068	3,677,638
Oil		
Sales from production	416,191	413,799
Premium on risk management activities	13,873	16,455
	430,064	430,254
Condensate		
Sales from production	1,250,872	1,225,901
(Loss) on risk management activities	(843)	(2,236)
	1,250,029	1,223,665
NGL		
Sales from production	1,096,734	843,801
(Loss) on risk management activities	(8,656)	(12,842)
	1,088,078	830,959
Marketing revenue ⁽¹⁾	91,804	79,724
Total		
Commodity sales from production	4,729,771	5,351,253
Premium on risk management activities	828,468	811,263
Marketing revenue	91,804	79,724
Revenue from contracts with customers	\$ 5,650,043	\$ 6,242,240

⁽¹⁾ Marketing revenue represents the sale of commodities purchased from third parties. For the year ended December 31, 2024, the Company had marketing purchases from third parties of \$69.1 million (2023 - \$30.0 million).

At December 31, 2024, receivables from contracts with customers, which are included in accounts receivable, were \$681.8 million (December 31, 2023 - \$627.7 million).

14. INCOME TAXES

The major components of income tax expense for the years ended December 31, 2024 and 2023 were as follows:

	Years Ended December 31,	
	2024	2023
Current tax expense	\$ 84,165	\$ 431,298
Deferred tax expense	309,659	12,196
	\$ 393,824	\$ 443,494

The provisions for deferred taxes in the consolidated statements of income and comprehensive income reflect an effective tax rate which differs from the expected statutory tax rate. Differences were accounted for as follows:

(000s)	Years Ended December 31,	
	2024	2023
Income before taxes	\$ 1,657,933	\$ 2,179,374
Canadian statutory rate ⁽¹⁾⁽²⁾⁽³⁾	23.59%	23.57%
Expected income taxes at statutory rates	391,106	513,678
Effect on income tax of:		
Share-based payments	21,445	16,786
Recognition of SRED income tax credits	(4,559)	–
Gain on acquisition	–	(19,220)
Income from equity investments	(48,716)	(3,507)
Taxable capital gain on equity investment in Topaz	18,992	–
Effect of change in corporate tax rate	18,595	(66,896)
Other	(3,039)	2,653
Income tax expense	\$ 393,824	\$ 443,494

(1) The statutory rate consists of the combined statutory tax rate for the Company for the year ended December 31, 2024.

(2) The BC corporate tax rate is 12%.

(3) The Alberta corporate tax rate is 8%.

The movement in deferred tax balances during the years ended December 31, 2024 and 2023 are as follows:

(000s)	Balance January 1, 2024	Recognized in Net Earnings	Acquired in business combination	Recognized in Equity	Balance December 31, 2024
Deferred tax liabilities:					
Exploration and evaluation and property, plant and equipment	\$ 2,526,281	\$ 237,461	\$ 264,439	\$ –	\$ 3,028,181
Risk management contracts	265,620	(68,864)	2,409	–	199,165
Right-of-use asset	6,058	733	325	–	7,116
Share-based payments	5,122	6,255	–	(3,435)	7,942
Long-term asset	495	1,524	–	–	2,019
Deferred tax assets:					
Decommissioning obligations	(227,401)	(5,951)	(5,890)	–	(239,242)
Lease liabilities	(6,186)	(921)	(325)	–	(7,432)
Non-capital losses	(133,033)	137,516	(125,009)	–	(120,526)
Share issue costs	(19,311)	1,906	–	–	(17,405)
Deferred tax liability (asset)	\$ 2,417,645	\$ 309,659	\$ 135,949	\$ (3,435)	\$ 2,859,818

(000s)	Balance January 1, 2023	Recognized in Net Earnings	Acquired in business combination	Recognized in Equity	Balance December 31, 2023
Deferred tax liabilities:					
Exploration and evaluation and property, plant and equipment	\$ 2,196,222	\$ 201,114	\$ 128,945	\$ –	\$ 2,526,281
Risk management contracts	429,193	(166,226)	2,653	–	265,620
Right-of-use asset	2,277	3,397	384	–	6,058
Share-based payments	–	6,017	–	(895)	5,122
Long-term asset	754	(259)	–	–	495
Deferred tax assets:					
Decommissioning obligations	(136,941)	(32,265)	(58,195)	–	(227,401)
Lease liabilities	(2,453)	(3,349)	(384)	–	(6,186)
Share-based payments	(7,057)	–	–	7,057	–
Non-capital losses	–	3,618	(136,651)	–	(133,033)
Share issue costs	(399)	149	(19,061)	–	(19,311)
Deferred tax liability (asset)	\$ 2,481,596	\$ 12,196	\$ (82,309)	\$ 6,162	\$ 2,417,645

As at December 31, 2024, the Company has estimated federal tax pools of \$7.4 billion (December 31, 2023 - \$7.2 billion) available for deduction against future taxable income, including \$509.1 million (December 31, 2023 - \$565.7 million) of unused tax losses.

Unrecognized deferred tax assets

At December 31, 2024, the Company had \$7.0 million of unrecognized deferred tax assets relating to successor tax pools (December 31, 2023 – nil).

Investments

The Company does not plan to dispose of investments in the foreseeable future, and therefore has measured deferred tax relating to these investments using the tax rates applicable to dividends, which are zero because such dividends are tax-exempt. As a result, no deferred tax has been recognized.

15. EARNINGS PER SHARE

Basic earnings per share was calculated as follows:

	Years Ended December 31,	
	2024	2023
Net income and comprehensive income (000s)	\$ 1,264,109	\$ 1,735,880
Weighted average number of common shares – basic	357,032,435	341,015,368
Earnings per share – basic	\$ 3.54	\$ 5.09

Diluted earnings per share was calculated as follows:

	Years Ended December 31,	
	2024	2023
Net income and comprehensive income (000s)	\$ 1,264,109	\$ 1,735,880
Weighted average number of common shares – diluted	360,249,193	345,383,038
Earnings per share – fully diluted	\$ 3.51	\$ 5.03

There were 8,662,621 options excluded from the weighted-average share calculation for the year ended December 31, 2024 because they were anti-dilutive (December 31, 2023 – 7,763,874).

16. SHARE-BASED PAYMENTS

STOCK OPTION PLAN

The Company has a rolling stock option plan. Under the employee stock option plan, the Company may grant options to its employees up to 28,026,301 shares of common stock, which represents 7.5% of the current outstanding common shares. The exercise price of each option equals the volume-weighted average market price for the five days preceding the issue date of the Company's stock on the date of grant and the option's maximum term is seven years. Options are granted throughout the year and vest 1/3 on each of the first, second and third anniversaries from the date of grant.

	Years Ended December 31, 2024		Years Ended December 31, 2023	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Stock options outstanding, beginning of year	14,224,264	\$ 50.69	12,541,699	\$ 41.22
Granted	5,136,100	65.67	4,162,700	65.25
Exercised	(1,626,261)	25.32	(2,324,262)	24.68
Expired/cancelled	(316,522)	69.29	(155,873)	65.11
Stock options outstanding, end of year	17,417,581	\$ 57.14	14,224,264	\$ 50.69

The weighted average trading price of the Company's common shares was \$62.39 during the year ended December 31, 2024 (December 31, 2023 – \$63.57).

The following table summarizes stock options outstanding and exercisable at December 31, 2024:

Range of Exercise Price	Number Outstanding at Period End	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at Year End	Weighted Average Exercise Price
\$12.57 – \$32.11	4,251,636	2.85	25.25	4,251,636	25.25
\$32.12 – \$65.95	2,704,036	5.49	57.25	836,966	49.56
\$65.96 – \$66.82	3,504,600	5.90	66.16	986,540	66.13
\$66.83 – \$68.20	3,462,100	6.86	67.16	31,500	68.17
\$68.21 – \$80.06	3,495,209	4.64	76.88	2,288,148	77.02
	17,417,581	5.03	57.14	8,394,790	46.75

The fair value of options, granted during the year, was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions and resulting values:

	Years Ended December 31,	
	2024	2023
Fair value of options granted (weighted average)	\$ 18.15	\$ 21.74
Risk-free interest rate	3.13%	3.73%
Estimated hold period prior to exercise	4.2 years	4.1 years
Expected volatility	36.0%	41.2%
Forfeiture rate	1.9%	1.8%
Dividend per share	\$ 1.37	\$ 1.05

RESTRICTED SHARE UNIT (“RSU”) PLAN

The Company has a non-treasury based RSU plan whereby RSUs may be granted to officers, employees, and consultants of the Company. The RSUs can be granted throughout the year and vest 1/3 on each of the first, second and third anniversaries from the date of grant. The RSUs will be settled on the vesting date in common shares purchased by an independent third-party service provider in the open market.

The following table summarizes the RSUs outstanding at December 31, 2024:

	Year Ended December 31,	
	2024	2023
RSUs outstanding, beginning of year	502,548	237,328
Granted	423,086	328,330
Settled	(199,118)	(86,456)
Forfeited	(25,424)	(4,418)
Dividends reinvested	27,229	27,764
RSUs outstanding, end of year	728,321	502,548

The expense related to RSUs is calculated using the fair value method based on the Company’s share price at the grant date and is recorded in share-based payments with a portion being capitalized. For the year ended December 31, 2024, the Company paid cash of \$13.0 million to purchase common shares to settle RSUs which had vested (December 31, 2023 - \$5.7 million).

17. OTHER INCOME

	Years Ended December 31,	
	2024	2023
(000s)		
Processing income	\$ 23,682	\$ 17,629
Power income	6,686	15,579
Other	11,737	14,220
Total other income	\$ 42,105	\$ 47,428

18. FINANCE EXPENSES

(000s)	Years Ended December 31,	
	2024	2023
Finance expenses:		
Interest on loans and borrowings	\$ 79,591	\$ 37,347
Accretion of decommissioning obligations (note 8)	29,971	19,362
Lease interest (note 7)	1,766	840
Foreign exchange (gain) loss on U.S. denominated debt	31,371	(25,007)
Realized (gain) loss on cross-currency swaps	(31,371)	25,007
Transaction costs on corporate and property acquisitions	9,453	7,419
Total finance expenses	\$ 120,781	\$ 64,968

19. SUPPLEMENTAL DISCLOSURES

Tourmaline's consolidated statement of income and comprehensive income is prepared primarily by nature of the expenses, with the exception of salaries and wages which are included in both the operating and general and administrative expense line items as follows:

(000s)	Years Ended December 31,	
	2024	2023
Operating	\$ 83,641	\$ 62,965
General and administration	92,752	72,189
Total employee compensation costs	\$ 176,393	\$ 135,154

20. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital is comprised of:

(000s)	Years Ended December 31,	
	2024	2023
Source/(use) of cash:		
Accounts receivables	\$ (32,535)	\$ 459,140
Prepaid expenses and deposits	4,889	(7,618)
Accounts payable and accrued liabilities	100,939	(21,988)
	\$ 73,293	\$ 429,534
Related to operating activities	\$ (27,116)	\$ 307,659
Related to investing activities	\$ 100,409	\$ 121,875

Cash interest paid was \$62.5 million for the year ended December 31, 2024 (December 31, 2023 - \$37.4 million).

21. COMMITMENTS

In the normal course of business, Tourmaline is obligated to make future payments. These obligations represent contracts and other commitments that are known and non-cancellable.

PAYMENTS DUE BY YEAR

(000s)	1 Year	2-3 Years	4-5 Years	>5 Years	Total
Operating commitments ⁽¹⁾	\$ 5,264	\$ 8,625	\$ 8,412	\$ 17,838	\$ 40,139
Firm transportation agreements	1,211,023	1,980,234	1,433,368	5,429,435	10,054,060
Processing commitments ⁽²⁾	211,351	350,105	226,492	365,984	1,153,932
Capital commitments ⁽³⁾	10,672	12,935	2,313	–	25,920
Revolving credit facility ⁽⁴⁾	–	–	711,109	–	711,109
Senior unsecured notes ⁽⁵⁾	22,391	287,699	456,010	–	766,100
	\$ 1,460,701	\$ 2,639,598	\$ 2,837,704	\$ 5,813,257	\$ 12,751,260

(1) Operating commitments includes variable operating costs related to the Company's office leases.

(2) Includes processing commitments and power commitments.

(3) Includes drilling commitments.

(4) Includes interest expense at 4.79% being the rate applicable to outstanding debt on the credit facility at December 31, 2024 and interest paid at the maturity of the facility.

(5) Includes interest expense at 3.20% being the average rate applicable on the senior unsecured notes at December 31, 2024 with interest payments made semi-annually.

22. KEY MANAGEMENT PERSONNEL COMPENSATION

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 certain executive officers of the Company. The table below summarizes all key management personnel compensation included in the consolidated financial statements for the years ended December 31, 2024 and 2023.

COMPENSATION OF KEY MANAGEMENT

(000s)	Years Ended December 31,	
	2024	2023
Short-term compensation ⁽¹⁾	\$ 17,711	\$ 15,203
Share-based payments ⁽²⁾	6,349	4,619
Total compensation paid to key management	\$ 24,060	\$ 19,822

(1) Short-term compensation includes annual salaries, bonuses, ESPP and benefits provided to key management personnel as well as directors' fees.

(2) Based on the grant date fair value of the applicable awards. The fair value of options granted is estimated at the date of grant using a Black-Scholes Option-Pricing Model. The total share-based payment of options issued in 2024 is based on a fair value ranging between \$17.43 and \$17.95 per option (2023 – between \$21.48 and \$21.75 per option).

23. RELATED PARTY

The Company has entered into a number of agreements with Topaz, relating to both royalty and infrastructure assets. From January 1, 2024, to December 31, 2024, gross overriding royalties of \$81.7 million and processing fees of \$39.2 million were payable to Topaz and are included in the Company's consolidated statement of income and comprehensive income as royalties and operating expenses. At December 31, 2024, \$24.5 million of the Company's accounts payable balance was due to Topaz (December 31, 2023 - \$25.5 million).

See note 11 for further details on transactions between Tourmaline and Topaz.