



MANAGEMENT'S DISCUSSION AND ANALYSIS AND INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2025 and for the three and six months ended June 30, 2025 and 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") should be read in conjunction with Tourmaline Oil Corp.'s ("Tourmaline" or the "Company") unaudited interim condensed consolidated financial statements and related notes as at and for the three and six months ended June 30, 2025 and 2024 and the consolidated financial statements for the year ended December 31, 2024. The 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 July 30, 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, floods 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 and impact 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.

CLIMATE CHANGE AND ENVIRONMENTAL REGULATION

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

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 effects of tariffs, reshuffling of global trade flows, global macroeconomic concerns, actions of OPEC+, political and geopolitical uncertainties and conditions, 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. 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.

SIGNIFICANT ACQUISITION ACTIVITY

The following table summarizes the significant acquisition activity of the Company for the six months ended June 30, 2025, and the year ended December 31, 2024:

Acquisition	Type	Date	CGU	Purchase Price ⁽³⁾ (\$ MM\$)	Production ⁽⁴⁾ (boe/d)
Crew ⁽¹⁾	Corporate	October 1, 2024	BC Montney	\$ 1,188.1	30,000
Todd ⁽¹⁾	Corporate	December 1, 2024	BC Montney	\$ 296.5	4,500
Strathcona ⁽²⁾	Property	June 1, 2025	BC Montney	\$ 285.7	8,000
Saguaro ⁽²⁾	Corporate	June 6, 2025	BC Montney	\$ 481.5	12,000

(1) Refer to Note 6 of the Company's consolidated financial statements at December 31, 2024 for further detail about these transactions.

(2) Refer to the "Capital Expenditures" section of this MD&A and Note 5 of the Company's unaudited consolidated financial statements at June 30, 2025 for further details about these transactions.

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

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

PRODUCTION

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
Natural gas (mcf/d)	2,877,712	2,537,283	13%	2,909,964	2,609,823	12%
Oil (bbl/d)	13,729	13,458	2%	12,734	13,548	(6)%
Condensate (bbl/d)	37,123	32,528	14%	38,970	34,099	14%
NGL (bbl/d)	90,286	92,920	(3)%	92,567	94,315	(2)%
Oil equivalent (boe/d)	620,757	561,787	10%	629,265	576,933	9%
Production in (sold from) storage (boe/d)	3,512	4,778	(26)%	(1,072)	(1,027)	4%
Total produced volumes (boe/d)	624,269	566,565	10%	628,193	575,906	9%
Natural gas %	77%	75%		77%	75%	

Production for the three months ended June 30, 2025 increased 10% to an average of 620,757 boe/d compared to 561,787 boe/d for the same quarter of 2024. For the six months ended June 30, 2025, average production increased 9% to 629,265 boe/d from 576,933 boe/d for the same period of 2024.

The production increase since June 30, 2024 can be attributed to the acquisitions of Crew Energy Inc. ("Crew") and Todd Energy Canada Limited ("Todd"), both of which were completed during the three months ended December 31, 2024, a property acquisition from Strathcona Resources Ltd. ("Strathcona") and the acquisition of Saguaro Resources Ltd. ("Saguaro"), both of which were completed during the three months ended June 30, 2025, as well as a result of the Company's successful exploration and production program. The average production volumes for the three months ended June 30, 2025 were achieved despite reductions related to wildfires in the Peace River High complex, low commodity price related shut-ins in NEBC, and several frac activity deferrals into the second half of 2025.

Excluded from the second quarter of 2025 average production volumes discussed above was 3,512 boe/d of natural gas that was injected into storage facilities during the quarter. Average produced volumes for the second quarter of 2025 were 624,269 boe/d. For the second quarter of 2024, 4,778 boe/d of natural gas was injected into storage facilities resulting in average produced volumes of 566,565 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). As at June 30, 2025, the Company has total storage capacity of 4.0 Bcf.

Full-year average production guidance for 2025 is expected to be in the range of 635,000-650,000 boe/d. Compared to the previously-disclosed guidance in the Company's March 31, 2025 MD&A, the upper range of this guidance has been reduced as a result of deferring certain capital expenditures from the second quarter of 2025 to the second half of 2025.

REVENUE AND REALIZED GAINS (LOSSES)

(000s)	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
Natural gas						
Sales from production	\$ 521,923	\$ 394,592	32%	\$ 1,234,445	\$ 1,163,256	6%
Premium on risk management activities	269,761	168,841	60%	598,988	233,452	157%
Realized gain on financial instruments	81,827	136,830	(40)%	178,667	223,363	(20)%
	873,511	700,263	25%	2,012,100	1,620,071	24%
Oil						
Sales from production	103,281	121,477	(15)%	200,100	230,141	(13)%
Premium on risk management activities	835	3,865	(78)%	3,019	8,166	(63)%
Realized gain (loss) on financial instruments	5,872	(2,337)	351%	7,156	(2,397)	399%
	109,988	123,005	(11)%	210,275	235,910	(11)%
Condensate						
Sales from production	290,993	307,832	(5)%	651,733	622,671	5%
(Loss) on risk management activities	(91)	(222)	59%	(233)	(623)	63%
Realized gain (loss) on financial instruments	18,021	(5,742)	414%	21,737	(5,930)	467%
	308,923	301,868	2%	673,237	616,118	9%
NGL						
Sales from production	218,269	281,039	(22)%	505,755	563,251	(10)%
Premium (loss) on risk management activities	(7,859)	7,143	(210)%	(1,519)	5,977	(125)%
Realized gain (loss) on financial instruments	3,217	(626)	614%	(2,206)	(2,466)	11%
	213,627	287,556	(26)%	502,030	566,762	(11)%
Total						
Sales from production	1,134,466	1,104,940	3%	2,592,033	2,579,319	-%
Premium on risk management activities	262,646	179,627	46%	600,255	246,972	143%
Realized gain on financial instruments	108,937	128,125	(15)%	205,354	212,570	(3)%
Total revenue from commodity sales, premium on risk management activities, and realized gain on financial instruments	\$1,506,049	\$1,412,692	7%	\$ 3,397,642	\$ 3,038,861	12%

Total sales from production for the three months ended June 30, 2025 increased by 3% compared to the same quarter of 2024. Total sales from production of \$2.6 billion for the six months ended June 30, 2025 is consistent with the same period of 2024. The total sales from production for the three and six months ended June 30, 2025 are generally consistent with the same periods of the prior year reflecting the increase in the average daily production and AECO natural gas benchmark pricing, largely offset by reductions in Station 2 natural gas benchmark pricing and liquids benchmark pricing.

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 ("BC") 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.

The three and six months ended June 30, 2025 included a premium on risk management activities of \$262.6 million and \$600.3 million, respectively, compared to a premium of \$179.6 million and \$247.0 million, respectively, for the same periods of the prior year. For the three and six months ended June 30, 2025, AECO prices, on average, were lower than the prices received (after transportation) at all other hubs (except for Sumas) where Tourmaline sells its natural gas, resulting in a premium on risk management activities.

Total revenue, for the three and six months ended June 30, 2025, was also impacted by a realized gain on financial instruments of \$108.9 million and \$205.4 million, respectively, (three and six months ended June 30, 2024 – realized gain on financial instruments of \$128.1 million and \$212.6 million, respectively) reflecting higher prices received on financial commodity contracts when compared to benchmark prices.

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

BENCHMARK OIL AND GAS PRICES:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
Natural gas						
NYMEX Last Day (USD\$/mcf)	\$ 3.44	\$ 1.89	82%	\$ 3.55	\$ 2.07	71%
AECO 5A (CAD\$/mcf)	\$ 1.72	\$ 1.20	43%	\$ 1.95	\$ 1.87	4%
West Coast Station 2 (CAD\$/mcf)	\$ 0.46	\$ 0.77	(40)%	\$ 0.87	\$ 1.68	(48)%
Sumas (USD\$/mmbtu)	\$ 0.92	\$ 1.13	(19)%	\$ 1.73	\$ 2.17	(20)%
ATP 5A Day Ahead (CAD\$/mcf)	\$ 1.52	\$ 1.25	22%	\$ 1.65	\$ 1.92	(14)%
Chicago Citygate (USD\$/mmbtu)	\$ 2.86	\$ 1.65	73%	\$ 3.43	\$ 2.23	54%
Ventura (USD\$/mmbtu)	\$ 2.75	\$ 1.54	79%	\$ 3.49	\$ 2.45	42%
PG&E Malin (USD\$/mmbtu)	\$ 2.17	\$ 1.38	57%	\$ 2.71	\$ 2.26	20%
PG&E Citygate (USD\$/mmbtu)	\$ 2.81	\$ 2.21	27%	\$ 3.26	\$ 3.04	7%
Dawn (USD\$/mmbtu)	\$ 2.88	\$ 1.66	73%	\$ 3.38	\$ 1.96	72%
JKM (USD\$/mmbtu)	\$ 12.15	\$ 10.76	13%	\$ 13.20	\$ 10.22	29%
TTF (USD\$/mmbtu)	\$ 12.19	\$ 9.23	32%	\$ 13.42	\$ 9.55	41%
Oil and condensate						
NYMEX WTI (USD\$/bbl)	\$ 63.72	\$ 80.64	(21)%	\$ 67.57	\$ 78.79	(14)%
Edmonton Par (CAD\$/bbl)	\$ 84.94	\$ 104.56	(19)%	\$ 90.06	\$ 98.21	(8)%
Edmonton Condensate (CAD\$/bbl)	\$ 87.99	\$ 104.89	(16)%	\$ 93.51	\$ 101.82	(8)%
Electricity						
AESO (CAD\$/MWh)	\$ 40.48	\$ 45.28	(11)%	\$ 40.38	\$ 72.09	(44)%

CURRENCY – EXCHANGE RATES:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
CAD\$/USD\$ ⁽¹⁾	\$ 0.7225	\$ 0.7309	(1)%	\$ 0.7095	\$ 0.7364	(4)%

(1) Average rates for the period.

TOURMALINE REALIZED PRICES:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
Natural gas (\$/mcf)	\$ 3.34	\$ 3.03	10%	\$ 3.82	\$ 3.41	12%
Oil (\$/bbl)	\$ 88.04	\$ 100.44	(12)%	\$ 91.23	\$ 95.68	(5)%
Condensate (\$/bbl)	\$ 91.45	\$ 101.98	(10)%	\$ 95.45	\$ 99.28	(4)%
NGL (\$/bbl)	\$ 26.00	\$ 34.01	(24)%	\$ 29.96	\$ 33.02	(9)%
Oil equivalent (\$/boe)	\$ 26.66	\$ 27.63	(4)%	\$ 29.83	\$ 28.94	3%

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

The realized average natural gas price for the three months ended June 30, 2025 increased by 10% to \$3.34/mcf from \$3.03/mcf in the same period of the prior year. For the six months ended June 30, 2025, the realized average natural gas price was \$3.82/mcf, which is 12% higher than the same period of the prior year. The increase is the result of higher natural gas benchmark prices for the three and six months ended June 30, 2025, at all major hubs, with the exception of Station 2 and Sumas, where the Company sells its natural gas.

Realized oil prices decreased by 12% and 5% for the three and six months ended June 30, 2025, respectively, compared to the same periods of the prior year. The decrease for the three and six months ended June 30, 2025 reflects lower benchmark prices partially offset by higher realized gains on financial instruments.

For the three and six months ended June 30, 2025 the realized price of condensate was \$91.45/bbl and \$95.45/bbl, respectively, which is 10% and 4% lower than the same periods of the prior year. The decrease reflects the lower benchmark prices received during the three and six months ended June 30, 2025, which was partially offset by higher realized gains on financial instruments.

The realized NGL price for the three and six months ended June 30, 2025 decreased by 24% and 9%, respectively, compared to the same periods of the prior year. The decrease reflects lower benchmark prices for propane, butane and pentane which correlates with the decrease in oil and condensate benchmark prices in the period.

ROYALTIES

(000s)	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
Natural gas						
Crown royalties	\$ 20,836	\$ 13,759	51%	\$ 92,675	\$ 79,477	17%
GORR royalties	13,143	8,079	63%	32,048	27,601	16%
Royalty credits ⁽¹⁾	(8,320)	(3,359)	148%	(17,561)	(13,651)	29%
	25,659	18,479	39%	107,162	93,427	15%
Oil, condensate and NGL						
Crown royalties	73,927	113,313	(35)%	179,479	215,739	(17)%
GORR royalties	12,342	14,211	(13)%	29,265	27,678	6%
Royalty credits ⁽¹⁾	(21,600)	(18,537)	17%	(46,419)	(58,907)	(21)%
	64,669	108,987	(41)%	162,325	184,510	(12)%
Total royalties	\$ 90,328	\$ 127,466	(29)%	\$ 269,487	\$ 277,937	(3)%
Royalties as a percentage of commodity sales from production	8.0%	11.5%		10.4%	10.8%	

(1) Certain comparative amounts have been reclassified to conform with the current year's presentation.

For the three and six months ended June 30, 2025, the average effective royalty rate was 8.0% and 10.4%, respectively, compared to 11.5% and 10.8%, respectively, for the same periods of the prior year. The decrease in the royalty rate reflects lower oil, condensate and NGL benchmark pricing, partially offset by higher realized natural gas prices.

Natural gas royalties of \$25.7 million and \$107.2 million for the three and six months ended June 30, 2025, respectively, included crown and GORR royalties of \$34.0 million and \$124.7 million offset by credits of \$8.3 million and \$17.6 million. For the three and six months ended June 30, 2024, natural gas royalties of \$18.5 million and \$93.4 million, respectively, included crown and GORR royalties of \$21.8 million and \$107.1 million offset by credits of \$3.4 million and \$13.7 million. Included in the credits received for the three and six months ended June 30, 2025 and 2024 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 now expects its royalty rate for 2025 to be between 10% and 11%, down slightly from the approximately 11% previously disclosed in the Company's March 31, 2025 MD&A. The reduction in the 2025 forecast royalty rate is due to a reduction in realized and forecast 2025 commodity pricing. The royalty rate is sensitive to commodity prices, and as such, an increase in commodity prices will increase the actual rate.

COMMODITY MARKETING

(000s)	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
Marketing revenue	\$ 33,002	\$ 22,132	49%	\$ 50,793	\$ 34,146	49%
Marketing purchases	\$ (27,552)	\$ (13,672)	102%	\$ (43,854)	\$ (23,872)	84%

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 six months ended June 30, 2025, marketing revenue increased by 49%, for both periods, and marketing purchases increased by 102% and 84%, respectively, compared to the same periods of 2024. The increase in both marketing revenue and marketing purchases can be attributed to more third-party liquids volume available for purchase in 2025, compared to the same periods of the prior year, and an increase in natural gas volumes purchased and sold to third parties.

OTHER INCOME

(000s)	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
Other income	\$ 7,272	\$ 14,957	(51)%	\$ 16,691	\$ 24,920	(33)%

Other income for the three and six months ended June 30, 2025 was \$7.3 million and \$16.7 million, respectively, compared to \$15.0 million and \$24.9 million, respectively, for the same periods of the prior year. The decrease in other income is primary due to a decrease in carbon credits sold and a decrease in power generation income. Power generation income was impacted by facility downtime, as well as the reduction in the AESO benchmark power price compared to the same periods of 2024.

OPERATING EXPENSES

(000s) except per-boe amounts	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
Operating expenses	\$ 289,467	\$ 246,243	18%	\$ 585,128	\$ 505,476	16%
Per boe	\$ 5.12	\$ 4.82	6%	\$ 5.14	\$ 4.81	7%

Operating expenses include all periodic lease and field-level expenses and exclude income recoveries from processing third-party volumes. For the second quarter of 2025, total operating expenses were \$289.5 million compared to \$246.2 million in the second quarter of 2024, an increase of 18% over a 10% increase in production. Operating expenses for the six months ended June 30, 2025 were \$585.1 million compared to \$505.5 million for the same period in 2024, reflecting a 16% increase in total costs over a 9% increase in production.

On a per-boe basis, the operating expenses increased from \$4.82/boe for the second quarter of 2024 to \$5.12/boe in the second quarter of 2025. For the six months ended June 30, 2025, operating expenses were \$5.14/boe, up from \$4.81/boe for the first six months of 2024. The higher per-boe costs for the three and six months ended June 30, 2025 reflect production acquired through corporate and asset acquisitions over the past year, which generally carried higher operating expenses per-boe, as well as higher carbon taxes and regulatory fees along with general inflationary pressures.

The Company's operating expenses for 2025 are higher than previously expected and as such the forecast 2025 operating expenses are now expected to average approximately \$5.05/boe, up from the previously disclosed guidance of \$4.90/boe included in the Company's March 31, 2025 MD&A. While higher forecast 2025 volumes are expected to reduce the per-boe costs for the remainder of year, actual cash costs can change, however, depending on a number of factors, including the Company's actual production levels.

TRANSPORTATION

(000s) except per-boe amounts	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
Natural gas transportation	\$ 224,713	\$ 207,121	8%	\$ 486,406	\$ 435,818	12%
Oil and NGL transportation	58,090	46,489	25%	113,594	99,845	14%
Total transportation	\$ 282,803	\$ 253,610	12%	\$ 600,000	\$ 535,663	12%
Per boe	\$ 5.01	\$ 4.96	1%	\$ 5.27	\$ 5.10	3%

For the second quarter of 2025, total transportation expenses were \$282.8 million compared to \$253.6 million in the second quarter of 2024. For the six months ended June 30, 2025, transportation expenses were \$600.0 million compared to \$535.7 million in the same period of 2024. Transportation expenses in 2025 reflect increased costs related to both higher production volumes as well as more volumes sold outside of Alberta, compared to the prior periods.

On a per-boe basis, transportation costs increased from \$4.96/boe in the second quarter of 2024 to \$5.01/boe in the second quarter of 2025. For the six months ended June 30, 2025, the per-boe transportation costs increased to \$5.27/boe from \$5.10/boe for the same period of the prior year. The increase in per-unit costs reflects an increase in gas transportation tolls as well as higher oil and NGL trucking costs.

GENERAL & ADMINISTRATIVE EXPENSES ("G&A")

(000s) except per-boe amounts	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
G&A expenses	\$ 61,427	\$ 54,687	12%	\$ 123,761	\$ 109,298	13%
Administrative and capital recovery	(1,766)	(2,242)	(21)%	(4,218)	(4,455)	(5)%
Capitalized G&A	(13,440)	(12,195)	10%	(26,460)	(23,714)	12%
Total G&A expenses	\$ 46,221	\$ 40,250	15%	\$ 93,083	\$ 81,129	15%
Per boe	\$ 0.82	\$ 0.79	4%	\$ 0.82	\$ 0.77	6%

Total G&A expenses in the second quarter of 2025 were \$46.2 million compared to \$40.3 million for the same quarter of 2024. For the six months ended June 30, 2025, G&A expenses were \$93.1 million compared to \$81.1 million for the same period of 2024. The increase is primarily due to staff additions, consulting and advocacy fees, additional office space, and other costs related to corporate and property acquisitions as well as higher third-party service provider fees.

G&A expenses for 2025 are expected to average approximately \$0.80/boe, up from previous guidance of \$0.70/boe disclosed in the Company's March 31, 2025 MD&A. The increase reflects additional staffing costs, higher third-party service provider fees, higher costs related to additional regulatory burdens, as well as general inflation. Actual costs per boe can change, however, depending on a number of factors, including the Company's actual production levels.

SHARE-BASED PAYMENTS

(000s) except per-boe amounts	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Total share-based payments	\$ 28,033	\$ 27,030	\$ 55,261	\$ 52,893
Capitalized share-based payments	(10,489)	(10,219)	(20,651)	(20,587)
Share-based payments expense	\$ 17,544	\$ 16,811	\$ 34,610	\$ 32,306
Per boe	\$ 0.31	\$ 0.33	\$ 0.30	\$ 0.31

The Company recognized \$17.5 million and \$34.6 million of share-based payments expense for the three and six months ended June 30, 2025, compared to \$16.8 million and \$32.3 million, respectively, for the same periods of 2024. Capitalized share-based payments for the three and six months ended June 30, 2025, were \$10.5 million and \$20.7 million, compared to \$10.2 million and \$20.6 million, respectively, for the same periods of the prior year.

Share-based payments are higher in 2025 compared to the same period of 2024, which reflects 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 second quarter of 2025, 669,800 stock options were granted at a weighted-average exercise price of \$63.43 per option and 181,368 options were exercised, bringing \$5.4 million of cash into treasury.

RSU PLAN

At June 30, 2025, the Company had 731,629 RSUs outstanding and recognized \$3.6 million and \$7.2 million of RSU payments expense for the three and six months ended June 30, 2025, respectively, (June 30, 2024 – \$2.5 million and \$5.1 million, respectively). Capitalized RSU payments for the three and six months ended June 30, 2025, were \$2.3 million and \$4.6 million, respectively, (June 30, 2024 – \$1.7 million and \$3.5 million, respectively). Both of these amounts are included in the share-based payments table above.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(000s) except per-boe amounts				
Total depletion, depreciation and amortization	\$ 420,675	\$ 373,663	\$ 842,713	\$ 760,634
Less mineral lease expiries	(317)	(2,349)	(709)	(3,448)
Depletion, depreciation and amortization	\$ 420,358	\$ 371,314	\$ 842,004	\$ 757,186
Per boe	\$ 7.44	\$ 7.26	\$ 7.39	\$ 7.21

DD&A expense, excluding mineral lease expiries, was \$420.4 million for the second quarter of 2025 compared to \$371.3 million for the same period of 2024. For the six months ended June 30, 2025, DD&A expense, excluding mineral lease expiries, was \$842.0 million, compared to \$757.2 million for the same period of the prior year, which included depletion of oil and gas interests (excluding plant and facilities) of \$777.0 million (six months ended June 30, 2024 - \$704.5 million). The increase in DD&A expense in 2025, over the same periods of 2024, is primarily due to higher production volumes.

The per-unit DD&A rate (excluding the impact of mineral lease expiries) of \$7.44/boe and \$7.39/boe for the three and six months ended June 30, 2025, increased compared to the rate of \$7.26/boe and \$7.21/boe for the same periods of the prior year. The increase in the per-boe rate is primarily due to a higher depletable base, including an increase in total future development costs.

Mineral lease expiries for the three months ended June 30, 2025 were \$0.3 million compared to expiries in the same quarter of the prior year of \$2.4 million. For the six months ended June 30, 2025, expiries were \$0.7 million compared to \$3.4 million for the same period of 2024. The expired leases for the three and six months ended June 30, 2025 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.

In accordance with IFRS, an impairment test is performed on a CGU if the Company identifies an indicator of impairment. At June 30, 2025 and December 31, 2024, the Company did not identify indicators of impairment on any of its CGUs and therefore, impairment tests were not performed.

FINANCE EXPENSES

(000s)	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
Interest expense	\$ 16,564	\$ 21,020	(21)%	\$ 32,790	\$ 38,581	(15)%
Accretion expense	9,237	7,487	23%	16,522	15,132	9%
Lease interest expense	462	403	15%	936	806	16%
Foreign exchange (gain) loss on U.S. denominated debt	(13,164)	4,490	(393)%	(18,791)	10,433	(280)%
Realized (gain) loss on cross- currency swaps	13,164	(4,490)	393%	18,791	(10,433)	280%
Transaction costs on corporate and property acquisitions	1,409	805	75%	2,200	1,073	105%
Total finance expenses	\$ 27,672	\$ 29,715	(7)%	\$ 52,448	\$ 55,592	(6)%

Finance expenses for the three months ended June 30, 2025 totaled \$27.7 million, compared to \$29.7 million for the same period of 2024. During the second quarter of 2025, the combined average outstanding balance for commercial paper, bank debt and senior unsecured notes was \$1.5 billion, consistent with the same period of 2024. The average effective interest rate on the combined commercial paper, bank debt and senior unsecured notes for the three months ended June 30, 2025 was 4.07%, compared to 5.10% for the three months ended June 30, 2024.

For the six months ended June 30, 2025, finance expenses totaled \$52.4 million compared to \$55.6 million for the same period of 2024. The average outstanding balance for commercial paper, bank debt and senior unsecured notes and the average effective interest rate for the six months ended June 30, 2025 was \$1.4 billion and 4.27%, respectively, compared to \$1.4 billion and 5.21% for the same period of 2024.

Interest expense decreased for both periods of 2025 due to a decrease in the effective interest rate. The decrease in the effective interest rate reflects the lower Bank of Canada prime rate in 2025 over the same periods of 2024 as well as the commencement of the Company's commercial paper program in the second quarter of 2025.

For the three and six months ended June 30, 2025, the Company drew from the credit facility in U.S. dollars, as permitted under the credit facility which, when repaid, created a foreign exchange gain due to the strengthening 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") and the Secured Overnight Financing Rate ("SOFR") without taking on any foreign exchange risk.

INCOME TAXES

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
(000s)						
Current tax expense (recovery)	\$ (42,933)	\$ 13,549	(417)%	\$ (5,051)	\$ 45,207	(111)%
Deferred tax expense	224,656	83,390	169%	255,614	122,664	108%
Income taxes	\$ 181,723	\$ 96,939	87%	\$ 250,563	\$ 167,871	49%

For the three and six months ended June 30, 2025, the current tax recovery was \$43.0 million and \$5.1 million compared to current tax expense of \$13.5 million and \$45.2 million, respectively, for the same periods of the prior year. The current tax recovery in 2025 is primarily a result of the usage of non-capital losses and other tax attributes from corporate acquisitions.

For the three and six months ended June 30, 2025, the provision for deferred tax expense was \$224.7 million and \$255.6 million compared to \$83.4 million and \$122.7 million for the same periods of the prior year, respectively. The increase in deferred tax expense is primarily due to an increase in current tax recovery and an increase in income before taxes for the three and six months ended June 30, 2025.

CASH FLOW FROM OPERATING ACTIVITIES, CASH FLOW AND NET EARNINGS

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
(000s) except per unit amounts						
Cash flow from operating activities	\$ 745,049	\$ 696,011	7%	\$ 1,833,360	\$ 1,336,628	37%
Per share ⁽¹⁾	\$ 1.96	\$ 1.96	-%	\$ 4.84	\$ 3.76	29%
Cash flow ⁽²⁾	\$ 822,831	\$ 755,117	9%	\$ 1,785,877	\$ 1,626,261	10%
Per share ⁽¹⁾⁽²⁾	\$ 2.16	\$ 2.12	2%	\$ 4.72	\$ 4.58	3%
Net earnings	\$ 514,591	\$ 256,597	101%	\$ 727,269	\$ 501,471	45%
Per share ⁽¹⁾	\$ 1.35	\$ 0.72	88%	\$ 1.92	\$ 1.41	36%
Operating netback per boe ⁽²⁾	\$ 14.93	\$ 15.36	(3)%	\$ 17.05	\$ 16.38	4%

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

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

Cash flow for the three months ended June 30, 2025 was \$822.8 million, or \$2.16 per diluted share, compared to \$755.1 million, or \$2.12 per diluted share, for the same period of 2024. Cash flow for the six months ended June 30, 2025 was \$1.8 billion, or \$4.72 per diluted share, compared to \$1.6 billion, or \$4.58 per diluted share, for the same period of 2024. The increase in cash flow for the three and six months ended June 30, 2025 reflects increased production volume as well as a current tax recovery in each period of \$42.9 million and \$5.1 million, respectively (three and six months ended June 20, 2024 current tax expense of \$13.5 million and \$45.2 million, respectively). Cash flow for the six months ended June 30, 2025 also benefitted from a higher operating netback.

The Company had after-tax net earnings for the three months ended June 30, 2025 of \$514.6 million, or \$1.35 per diluted share, compared to after-tax net earnings of \$256.6 million, or \$0.72 per diluted share, for the same period of 2024. For the six months ended June 30, 2025, the after-tax net earnings were \$727.3 million, or \$1.92 per diluted share, compared to after-tax net earnings of \$501.5 million, or \$1.41 per diluted share, for the first half of 2024. The increase in after-tax net earnings, for the three and six months ended June 30, 2025 reflects the increase in production volume as well as an increase in the unrealized gain on financial instruments of \$365.8 million and \$65.4 million, respectively, compared to an unrealized loss on financial instruments of \$16.0 million and \$206.4 million, respectively, in the same periods of 2024. The unrealized gain on financial instruments in 2025 is primarily related to an increase in the fair value of the Company's foreign exchange derivatives as a result of the strengthening of the Canadian dollar during the second quarter of 2025 and an increase in the fair value of the Company's commodity-based financial instruments as forward oil and liquids prices have decreased.

CAPITAL EXPENDITURES

(000s)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Land and seismic	\$ 5,131	\$ 6,991	\$ 14,677	\$ 21,211
Drilling and completions	330,323	220,161	934,098	679,483
Facilities	154,319	79,451	338,730	154,608
Exploration and production expenditures	489,773	306,603	1,287,505	855,302
Property acquisitions	–	23,169	12,143	23,581
Property dispositions	(724)	(50,728)	(1,747)	(56,225)
Other	16,190	15,061	32,356	27,692
Total capital expenditures	\$ 505,239	\$ 294,105	\$ 1,330,257	\$ 850,350

During the second quarter of 2025, the Company invested \$505.2 million of cash consideration, net of dispositions, compared to \$294.1 million for the same period of 2024. Exploration and production expenditures were \$489.8 million for the second quarter of 2025 compared to \$306.6 million for the same quarter of 2024. During the six-month period ended June 30, 2025, the Company invested \$1.3 billion of cash consideration, net of dispositions, which included \$12.1 million in property acquisitions (six months ended June 30, 2024 - \$850.4 million and \$23.6 million, respectively).

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

	Six Months Ended June 30, 2025		Six Months Ended June 30, 2024	
	Gross	Net	Gross	Net
Drilled	166	160.91	117	106.35
Completed	137	134.95	121	109.59
Tied-in	142	136.84	118	110.34

Exploration and production expenditures in 2025 continue to be forecasted at \$2.60 - \$2.85 billion plus an additional \$150.0 million in exploration-directed spending. The Company expects drilling and completions costs of approximately \$2.00 - \$2.25 billion and facilities expenditures (including equipment, pipelines and tie-ins) of approximately \$600.0 million. The capital budget is closely monitored and will continue to be adjusted as required, depending on cash flow available.

Corporate Acquisitions

On June 6, 2025, the Company acquired all the issued and outstanding shares of Saguaro. The Company issued 7,546,785 Tourmaline common shares at a price of \$63.80 per share for share consideration of \$481.5 million. Total transaction costs incurred by the Company were \$0.8 million. The acquisition has been accounted for as a business combination and resulted in an increase in PP&E of approximately \$531.1 million, net debt of \$20.2 million (bank debt, net of working capital deficit of \$0.2 million), decommissioning obligations of \$4.3 million, and a deferred income tax liability of \$26.2 million. The acquisition represents an important component of the Company's continuing NEBC consolidation strategy that builds on its long-term organic growth plan. Prior to the acquisition, Tourmaline was a 50% owner in the Saguaro assets and the acquisition consolidates this ownership and provides for an increase in drilling inventory, developed lands, production and infrastructure.

Property Acquisitions

On June 1, 2025, the Company acquired assets in the Groundbirch area from Strathcona. The Company issued 4,578,542 common shares at a price of \$62.40 for share consideration of \$285.7 million. This acquisition has been accounted for as a business combination and resulted in an increase in PP&E of approximately \$288.2 million and decommissioning obligations of \$2.5 million. Total transaction costs incurred by the Company of \$0.5 million associated with this acquisition were expensed in the unaudited interim consolidated statement of income and comprehensive income. This acquisition provides for an increase in drilling inventory, developed lands, production and infrastructure.

Total Property Acquisitions and Dispositions

In total, for the six months ended June 30, 2025, the Company completed property acquisitions for cash consideration of \$12.1 million (December 31, 2024 - \$33.1 million) and \$288.8 million in property acquisitions (including Strathcona) for non-cash consideration (December 31, 2024 - \$7.8 million). The Company assumed \$4.4 million in decommissioning liabilities as a result of these acquisitions (December 31, 2024 - \$1.2 million).

For the six months ended June 30, 2025, the Company also completed property dispositions for total cash consideration of \$1.7 million (December 31, 2024 - \$357.7 million) and non-cash consideration of \$0.7 million (December 31, 2024 - \$7.8 million).

LIQUIDITY AND CAPITAL RESOURCES

Commercial Paper

During the second quarter of 2025, the Company established a commercial paper ("CP") program, authorizing the Company to borrow up to \$800.0 million of CP at any given time. As at June 30, 2025, the Company had \$300.0 million of CP outstanding with an average term of 31 days and an average interest rate of 3.28%. The CP program is supported by the Company's revolving credit facility and the Company reserves capacity under its revolving credit facility for any CP amounts outstanding.

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. In June 2025, the Company extended the maturity date of the revolving credit facility to June 2030. With the exception of the change in maturity date and expansion feature ("accordion"), the revolving credit facility was renewed under the same key terms and conditions as those described in note 9 of the Company's consolidated financial statements for the year ended December 31, 2024. 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 accordion feature, which was increased from \$500.0 million to \$1.0 billion during the quarter. The accordion allows the Company, upon approval from the lenders, to increase the facility amount by up to \$1.0 billion 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 June 30, 2025, \$560.3 million was drawn on the revolving credit facility (net of debt issue costs).

The Company also has a covenant-based, unsecured, operating credit facility with a Canadian bank. On February 3, 2025, the Company increased the operating credit facility from \$50.0 million to \$75.0 million. In June 2025, the Company extended the maturity date of its operating credit facility to June 2027. With the exception of the change in maturity date, the operating credit facility was renewed under the same key terms and conditions as those described in note 9 of the Company's consolidated financial statements for the year ended December 31, 2024. The maturity date may, at the request of the Company and with consent of the lender, be extended on an annual basis. At June 30, 2025, \$11.4 million was drawn on the operating credit facility.

Additionally, the Company has an unsecured demand letter of credit facility with a Canadian bank. On February 3, 2025, the Company increased the demand letter of credit facility from \$50.0 million to \$75.0 million. At June 30, 2025 and December 31, 2024, the demand credit facility was undrawn.

Tourmaline has outstanding letters of credit in the amount of \$61.2 million at June 30, 2025 (December 31, 2024 - \$64.9 million) which are secured by the demand letter of credit facility.

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 is \$3.4 billion at June 30, 2025, including the CP program, bank debt and senior unsecured notes.

Adjusted working capital and net debt ⁽¹⁾

As at June 30, 2025, the Company had an adjusted working capital deficit of \$596.7 million, including \$300.0 million of outstanding CP, 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 (working capital deficit was \$417.2 million) (December 31, 2024 – adjusted working capital deficit of \$430.0 million and working capital deficit of \$167.6 million, respectively). As at June 30, 2025, the Company had \$571.6 million of bank debt and \$698.7 million of senior unsecured notes outstanding for total bank debt and senior unsecured notes of \$1.3 billion (net of debt issue costs) (December 31, 2024 - \$1.3 billion). Net debt at June 30, 2025 was \$1.9 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 deficit (December 31, 2024 - \$1.7 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 three and six months ended June 30, 2025, the Company did not purchase any common shares for cancellation.

Dividends

During the three and six months ended June 30, 2025, the Company paid total quarterly cash dividends of \$0.50 and \$1.00 per common share totalling \$193.4 million and \$380.5 million, respectively, compared to \$0.32 and \$0.62 per common share totalling \$112.7 million and \$218.1 million, respectively, for the same periods of the prior year.

On March 25, 2025, the Company paid a special dividend of \$0.35 per common share totalling \$131.0 million (March 21, 2024 - \$0.50 per common share totalling \$175.7 million).

On May 26, 2025, the Company paid a special dividend of \$0.35 per common share totalling \$131.1 million (May 16, 2024 - \$0.50 per common share totalling \$175.9 million).

On July 30, 2025, the Company declared a special dividend of \$0.35 per common share to be paid on August 20, 2025, to shareholders of record on August 8, 2025.

Capital Management

For the remainder of 2025, 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 quarterly dividends, 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 June 30, 2025, the Company owned 21.3% of the outstanding common shares of its associate, Topaz. For the three and six months ended June 30, 2025, Tourmaline recorded income on investment in Topaz of \$6.0 million and \$8.2 million, respectively, and Topaz paid total cash dividends of \$0.34 and \$0.67 per common share, respectively, resulting in Tourmaline receiving \$11.1 million and \$21.9 million, respectively, which was recorded as a reduction to the investment in Topaz. For the three and six months ended June 30, 2024, Tourmaline recorded income on investment in Topaz of \$5.5 million and \$7.5 million, respectively, and Topaz paid total cash dividends of \$0.32 and \$0.64 per common share resulting in Tourmaline receiving \$14.4 million and \$28.9 million, respectively.

The Company has entered into a number of agreements with Topaz, relating to both royalty and infrastructure assets. For the three and six months ended June 30, 2025, gross overriding royalties of \$22.2 million and \$52.1 million and processing fees of \$9.5 million and \$19.5 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 six months ended June 30, 2024, gross overriding royalties of \$18.0 million and \$45.8 million and processing fees of \$9.7 million and \$19.3 million, respectively, were payable to Topaz.

SHARES AND STOCK OPTIONS OUTSTANDING

As at July 30, 2025, the Company has 386,846,860 common shares and 17,527,667 stock options outstanding.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

In the normal course of business, the Company 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⁾	\$ 5,487	\$ 8,794	\$ 8,737	\$ 15,998	\$ 39,016
Firm transportation agreements	1,207,940	1,982,165	1,497,491	6,313,520	11,001,116
Processing commitments ⁽²⁾	242,731	383,156	232,347	337,720	1,195,954
Capital commitments ⁽³⁾	10,616	18,750	15,625	5,100	50,091
Commercial paper ⁽⁴⁾	300,000	—	—	—	300,000
Bank debt ⁽⁵⁾	—	—	706,367	—	706,367
Senior unsecured notes ⁽⁶⁾	22,391	529,389	203,125	—	754,905
	\$ 1,789,165	\$ 2,922,254	\$ 2,663,692	\$ 6,672,338	\$ 14,047,449

(1) 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 3.28% being the rate applicable to outstanding CP at June 30, 2025 and interest paid at the maturity of the CP.

(5) Includes interest expense at 4.25% being the rate applicable to outstanding bank debt at June 30, 2025 and interest paid at the maturity of the facility.

(6) Includes interest expense at 3.20% being the average rate applicable on the senior unsecured notes at June 30, 2025 with interest payments made semi-annually.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not believe it has any guarantees or off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company's financial condition, results of operations, liquidity or capital expenditures.

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 June 30, 2025, 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 June 30, 2025 are summarized and disclosed in note 3 of the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2025 and 2024.

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 June 30, 2025 have been summarized and disclosed in note 3 of the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2025 and 2024.

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 June 30, 2025 have been disclosed in note 3 of the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2025 and 2024.

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 interim condensed 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. 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 National Instrument 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.

There were no changes in the Company's DC&P or ICFR during the period beginning on April 1, 2025 and ending on June 30, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's DC&P or ICFR. It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived can provide only reasonable, but not absolute assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

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

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 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.

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.

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 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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cash flow from operating activities (per GAAP)	\$ 745,049	\$ 696,011	\$ 1,833,360	\$ 1,336,628
Current tax (expense) recovery	42,933	(13,549)	5,051	(45,207)
Cash taxes paid	18,932	38,368	18,932	487,543
Change in non-cash working capital	15,917	34,287	(71,466)	(152,703)
Cash flow	\$ 822,831	\$ 755,117	\$ 1,785,877	\$ 1,626,261

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. 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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cash flow used in investing activities (per GAAP)	\$ 803,220	\$ 515,082	\$ 1,517,299	\$ 1,099,311
Change in non-cash working capital	(297,981)	(220,977)	(187,042)	(248,961)
Capital expenditures	\$ 505,239	\$ 294,105	\$ 1,330,257	\$ 850,350

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 expenditures 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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cash flow used in investing activities (per GAAP)	\$ 803,220	\$ 515,082	\$ 1,517,299	\$ 1,099,311
Change in non-cash working capital	(297,981)	(220,977)	(187,042)	(248,961)
Property acquisitions	–	(23,169)	(12,143)	(23,581)
Proceeds from divestitures	724	50,728	1,747	56,225
Other	(16,190)	(15,061)	(32,356)	(27,692)
Exploration and production expenditures	\$ 489,773	\$ 306,603	\$ 1,287,505	\$ 855,302

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 (loss) on risk management activities and realized gains (loss) 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:

(000s)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Commodity sales from production	\$ 1,134,466	\$ 1,104,940	\$ 2,592,033	\$ 2,579,319
Premium on risk management activities	262,646	179,627	600,255	246,972
Realized gain on financial instruments	108,937	128,125	205,354	212,570
Royalties	(90,328)	(127,466)	(269,487)	(277,937)
Transportation costs	(282,803)	(253,610)	(600,000)	(535,663)
Operating expenses	(289,467)	(246,243)	(585,128)	(505,476)
Operating netback	\$ 843,451	\$ 785,373	\$ 1,943,027	\$ 1,719,785

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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue, excluding processing income	\$ 26.66	\$ 27.63	\$ 29.83	\$ 28.94
Royalties	(1.60)	(2.49)	(2.37)	(2.65)
Transportation costs	(5.01)	(4.96)	(5.27)	(5.10)
Operating expenses	(5.12)	(4.82)	(5.14)	(4.81)
Operating netback	\$ 14.93	\$ 15.36	\$ 17.05	\$ 16.38

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:

	As at June 30, 2025	As at December 31, 2024
<i>(000s)</i>		
Working capital (deficit)	\$ (417,244)	\$ (167,623)
Fair value of financial instruments – short-term (asset)	(264,428)	(315,365)
Lease liabilities – short-term	7,239	8,385
Decommissioning obligations – short-term	75,000	60,000
Unrealized foreign exchange in working capital – liability (asset)	2,723	(15,354)
Adjusted working capital (deficit)	\$ (596,710)	\$ (429,957)

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:

	As at June 30, 2025	As at December 31, 2024
<i>(000s)</i>		
Bank debt	\$ (571,648)	\$ (574,339)
Senior unsecured notes	(698,695)	(698,436)
Adjusted working capital (deficit)	(596,710)	(429,957)
Net debt	\$ (1,867,053)	\$ (1,702,732)

SELECTED QUARTERLY INFORMATION

(\$000s, unless otherwise noted)	2025		2024				2023		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	
PRODUCTION									
Natural gas (mcf)	261,871,792	264,831,660	257,541,580	235,003,236	230,892,753	244,095,080	233,973,042	213,285,116	
Oil, condensate and NGL (bbls)	12,843,558	13,269,420	12,774,384	12,110,328	12,640,446	13,196,483	12,244,630	10,684,682	
Oil equivalent (boe)	56,488,887	57,408,030	55,697,996	51,277,580	51,122,572	53,878,996	51,240,044	46,232,201	
Natural gas (mcf/d)	2,877,712	2,942,574	2,799,365	2,554,383	2,537,283	2,682,364	2,543,185	2,318,316	
Oil, condensate and NGL (bbls/d)	141,138	147,438	138,852	131,634	138,906	145,016	133,093	116,138	
Oil equivalent (boe/d)	620,757	637,867	605,413	557,365	561,787	592,077	556,957	502,524	
FINANCIAL									
Total revenue from commodity sales and premium (loss) on risk management activities and realized gain (loss) on financial instruments	1,506,049	1,891,593	1,623,819	1,382,093	1,412,692	1,626,169	1,658,883	1,587,929	
Cash flow from operating activities	745,049	1,088,311	666,110	727,042	696,011	640,617	1,012,819	882,814	
Per diluted share	1.96	2.89	1.78	2.05	1.96	1.81	2.90	2.56	
Cash flow ⁽¹⁾	822,831	963,046	850,330	741,900	755,117	871,144	918,008	878,532	
Per diluted share	2.16	2.56	2.27	2.09	2.12	2.45	2.62	2.55	
Net earnings (loss)	514,591	212,678	407,445	355,193	256,597	244,874	700,202	274,687	
Per basic share	1.36	0.57	1.09	1.01	0.73	0.70	2.02	0.81	
Per diluted share	1.35	0.56	1.09	1.00	0.72	0.69	2.00	0.80	
Total assets	23,361,973	22,409,333	22,311,543	20,245,850	19,884,722	20,024,237	20,097,375	17,788,561	
Working capital (deficit)	(417,244)	(566,965)	(167,623)	13,370	112,002	(134,559)	(298,280)	(161,167)	
Adjusted working capital (deficit) ⁽¹⁾	(596,710)	(650,807)	(429,957)	(306,721)	(146,425)	(373,508)	(679,495)	(431,232)	
Capital expenditures ⁽¹⁾	505,239	825,018	460,193	590,918	294,105	556,245	635,987	565,448	
Dividends paid	324,516	318,141	316,564	299,606	288,547	281,195	439,134	428,505	
Total outstanding shares (000s)	386,830	374,523	373,684	352,542	352,375	351,552	351,351	340,544	
PER UNIT									
Natural gas (\$/mcf)	3.34	4.30	3.48	3.19	3.03	3.77	4.25	4.56	
Oil and NGL (\$/bbl)	49.25	56.75	56.99	52.16	56.36	53.53	54.29	57.68	
Revenue (\$/boe)	26.66	32.95	29.15	26.95	27.63	30.18	32.37	34.35	
Operating netback (\$/boe) ⁽¹⁾	14.93	19.15	17.40	14.75	15.36	17.35	19.80	21.61	

(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 two years. The Company's average annual production has increased from 520,366 boe per day in 2023 to 579,173 boe per day in 2024 and 629,265 boe per day for the first six months of 2025. 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 \$3.7 billion in 2023, \$3.2 billion in 2024 and forecast 2025 cash flow is \$3.7 billion. The increase in forecast 2025 cash flow over 2024 reflects higher forecast natural gas prices and increased production volumes in 2025.

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 commodity prices can potentially reduce the quantities of reserves that are commercially recoverable. The Company's capital program is dependent on cash flow generated from operations.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, December 31,	
(000s) (unaudited)	2025	2024
Assets		
Current assets:		
Accounts receivable	\$ 597,013	\$ 792,072
Prepaid expenses and deposits	136,844	83,032
Fair value of financial instruments (note 3)	293,729	437,739
Income tax receivable	63,902	39,919
Total current assets	1,091,488	1,352,762
Long-term asset	7,424	8,527
Fair value of financial instruments (note 3)	686,533	667,359
Exploration and evaluation assets (note 4)	178,140	191,081
Property, plant and equipment (note 5)	20,954,875	19,633,286
Right-of-use asset (note 6)	28,789	30,056
Investment in Topaz (note 11)	414,724	428,472
Total Assets	\$ 23,361,973	\$ 22,311,543
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,097,192	\$ 1,329,626
Fair value of financial instruments (note 3)	29,301	122,374
Lease liabilities (note 6)	7,239	8,385
Decommissioning obligations (note 7)	75,000	60,000
Commercial paper (note 8)	300,000	—
Total current liabilities	1,508,732	1,520,385
Fair value of financial instruments (note 3)	43,362	141,538
Lease liabilities (note 6)	23,359	23,004
Decommissioning obligations (note 7)	891,296	950,459
Bank debt (note 9)	571,648	574,339
Senior unsecured notes (note 10)	698,695	698,436
Deferred taxes	3,142,751	2,859,818
Shareholders' equity:		
Share capital (note 12)	10,666,417	9,856,122
Contributed surplus	470,561	426,902
Retained earnings	5,345,152	5,260,540
Total shareholders' equity	16,482,130	15,543,564
Total Liabilities and Shareholders' Equity	\$ 23,361,973	\$ 22,311,543

Commitments (note 15).

Subsequent events (note 12).

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(000s) except per-share amounts (unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Commodity sales from production (note 16)	\$ 1,134,466	\$ 1,104,940	\$ 2,592,033	\$ 2,579,319
Premium on risk management activities (note 16)	262,646	179,627	600,255	246,972
Marketing revenue (note 16)	33,002	22,132	50,793	34,146
Royalties	(90,328)	(127,466)	(269,487)	(277,937)
Other income	7,272	14,957	16,691	24,920
Realized gain on financial instruments	108,937	128,125	205,354	212,570
Unrealized gain (loss) on financial instruments (note 3)	365,843	(16,027)	65,377	(206,420)
	1,821,838	1,306,288	3,261,016	2,613,570
Expenses:				
Operating	289,467	246,243	585,128	505,476
Transportation	282,803	253,610	600,000	535,663
Marketing purchases (note 16)	27,552	13,672	43,854	23,872
General and administration	46,221	40,250	93,083	81,129
Share-based payments	17,544	16,811	34,610	32,306
Depletion, depreciation and amortization (notes 4, 5 and 6)	420,675	373,663	842,713	760,634
Realized foreign exchange (gain) loss	13,964	(14,345)	36,806	(33,718)
Unrealized foreign exchange (gain) loss	5,620	(1,345)	2,723	(4,445)
Income on investment in Topaz (note 11)	(5,994)	(5,522)	(8,181)	(7,455)
Gain on acquisitions and divestitures	-	-	-	(4,826)
Total expenses	1,097,852	923,037	2,230,736	1,888,636
Income from operations	723,986	383,251	1,030,280	724,934
Finance expenses	27,672	29,715	52,448	55,592
Income before taxes	696,314	353,536	977,832	669,342
Current tax expense (recovery)	(42,933)	13,549	(5,051)	45,207
Deferred tax expense	224,656	83,390	255,614	122,664
Net income and comprehensive income	\$ 514,591	\$ 256,597	\$ 727,269	\$ 501,471
Net income per share (note 13)				
Basic	\$ 1.36	\$ 0.73	\$ 1.93	\$ 1.43
Diluted	\$ 1.35	\$ 0.72	\$ 1.92	\$ 1.41

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(000s) (unaudited)</i>	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance at December 31, 2024	\$ 9,856,122	\$ 426,902	\$ 5,260,540	\$ 15,543,564
Issue of common shares on corporate and property acquisitions (note 5)	767,186	—	—	767,186
Share-based payments	—	34,610	—	34,610
Capitalized share-based payments (note 5)	—	20,651	—	20,651
Share-based payments – other	—	(1,158)	—	(1,158)
Options exercised (note 12)	43,109	(9,882)	—	33,227
Restricted share units settled (note 14)	—	(562)	—	(562)
Dividends paid (note 12)	—	—	(642,657)	(642,657)
Income attributable to common shareholders	—	—	727,269	727,269
Balance at June 30, 2025	\$10,666,417	\$ 470,561	\$ 5,345,152	\$ 16,482,130

<i>(000s) (unaudited)</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
Share-based payments	—	32,306	—	32,306
Capitalized share-based payments (note 5)	—	20,587	—	20,587
Options exercised (note 12)	31,773	(6,931)	—	24,842
Restricted share units settled (note 14)	—	(366)	—	(366)
Share-based payments – other	—	15,512	—	15,512
Dividends paid (note 12)	—	—	(569,742)	(569,742)
Income attributable to common shareholders	—	—	501,471	501,471
Balance at June 30, 2024	\$ 8,519,611	\$ 406,678	\$ 5,114,072	\$ 14,040,361

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

(000s) (unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cash provided by (used in):				
Operations:				
Net income	\$ 514,591	\$ 256,597	\$ 727,269	\$ 501,471
Items not involving cash:				
Depletion, depreciation, amortization (notes 4, 5 and 6)	420,675	373,663	842,713	760,634
Accretion (note 7)	9,237	7,487	16,522	15,132
Lease interest expense (note 6)	462	403	936	806
Share-based payments	17,544	16,811	34,610	32,306
Current tax expense (recovery)	(42,933)	13,549	(5,051)	45,207
Deferred tax expense	224,656	83,390	255,614	122,664
Unrealized (gain) loss on financial instruments (note 3)	(365,843)	16,027	(65,377)	206,420
Amortization on long-term asset	552	839	1,103	959
(Gain) on acquisitions and divestitures	-	-	-	(4,826)
Income from investment in Topaz (note 11)	(5,994)	(5,522)	(8,181)	(7,455)
Unrealized foreign exchange (gain) loss	5,620	(1,345)	2,723	(4,445)
Decommissioning expenditures (note 7)	(9,241)	(7,466)	(43,422)	(25,933)
Cash taxes paid	(18,932)	(38,368)	(18,932)	(487,543)
Cash paid on restricted share units settled	(556)	(213)	(562)	(366)
Dividends received from Topaz (note 11)	11,128	14,446	21,929	28,894
Changes in non-cash operating working capital	(15,917)	(34,287)	71,466	152,703
Total cash flow from operating activities	745,049	696,011	1,833,360	1,336,628
Financing:				
Issue of common shares	5,386	19,214	33,227	24,842
Lease payments (note 6)	(2,893)	(2,060)	(5,682)	(4,042)
Dividends paid (note 12)	(324,516)	(288,547)	(642,657)	(569,742)
Increase in commercial paper	300,000	-	300,000	-
Increased (decrease) in bank debt	80,065	(158,992)	(1,208)	62,091
Increase in senior unsecured notes	129	249,456	259	249,534
Total cash flow used in financing activities	58,171	(180,929)	(316,061)	(237,317)
Investing:				
Property, plant and equipment (note 5)	(505,963)	(321,664)	(1,319,861)	(882,994)
Property acquisitions (note 5)	-	(23,169)	(12,143)	(23,581)
Proceeds from divestitures (note 5)	724	50,728	1,747	56,225
Changes in non-cash investing working capital	(297,981)	(220,977)	(187,042)	(248,961)
Total cash flow used in investing activities	(803,220)	(515,082)	(1,517,299)	(1,099,311)
Changes in cash				
Cash, beginning of period	-	-	-	-
Cash, end of period	\$ -	\$ -	\$ -	\$ -

Cash is defined as cash and cash equivalents.

See accompanying notes to the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT JUNE 30, 2025 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024

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

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 unaudited interim condensed consolidated financial statements reflect only the Company's proportionate interest in such activities. The unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on July 30, 2025.

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. 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.

CLIMATE CHANGE AND ENVIRONMENTAL REGULATION

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

1. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". These unaudited interim condensed consolidated financial statements do not include all of the information and disclosure required in the annual financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2024.

These unaudited interim condensed consolidated financial statements are presented in Canadian dollars and include the accounts of Tourmaline Oil Corp. and its 100% owned subsidiary Tourmaline Oil Marketing Corp., which has a functional currency of US dollars.

On January 1, 2025, the Company's subsidiaries, Crew Energy Inc. ("Crew") and Todd Energy Canada Limited ("Todd"), were amalgamated with Tourmaline.

On June 6, 2025, the Company's newly acquired subsidiary, Saguaro Resources Ltd. ("Saguaro"), was amalgamated with Tourmaline.

The accounting policies and significant accounting judgments, estimates, and assumptions used in these unaudited interim condensed consolidated financial statements are consistent with those described in notes 1 and 2 of the Company's consolidated financial statements for the year ended December 31, 2024.

2. 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.

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 based on observable market data.

The fair value of accounts receivable, deposits, income tax receivable, accounts payable and accrued liabilities, and commercial paper approximate their carrying amounts due to their short-term nature. Bank debt bears interest at a floating market rate with applicable variable margins, and accordingly the fair market value approximates the carrying amount. The senior unsecured notes are carried at amortized cost. The Company's derivative financial instruments have been assessed on the fair value hierarchy described above and classified as Level 2. The Company's natural gas embedded derivatives have been assessed on the fair value hierarchy described above and classified as Level 3.

3. 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 consistent with those discussed in note 4 of the Company's consolidated financial statements for the year ended December 31, 2024.

Market Risk:

As at June 30, 2025, the Company has entered into certain financial derivative contracts in order to manage commodity price and foreign exchange 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 to be effective economic hedges. As a result, all such contracts are recorded on the interim consolidated statement of financial position at fair value, with changes in the fair value being recognized as an unrealized gain or loss on the interim consolidated statement of income and comprehensive income.

The Company has the following financial derivative contracts in place as at June 30, 2025 ⁽¹⁾:

		2025	2026	2027	2028	2029	Fair Value (000s)
Gas							
AECO swaps ⁽²⁾	<i>mmbtu/d</i>	7,109	–	–	–	–	\$ 1,896
	<i>CAD\$/mmbtu</i>	\$ 3.40					
NYMEX swaps	<i>mmbtu/d</i>	70,000	60,000	20,000	–	–	\$ 6,844
	<i>USD\$/mmbtu</i>	\$ 4.12	\$ 4.14	\$ 4.36			
International swaps ⁽³⁾	<i>mmbtu/d</i>	68,397	30,000	35,863	30,000	–	\$ 114,539
	<i>USD\$/mmbtu</i>	\$ 14.44	\$ 11.08	\$ 10.83	\$ 10.30		
Station 2 swaps	<i>mmbtu/d</i>	–	16,587	–	–	–	\$ 171
	<i>CAD\$/mmbtu</i>		\$ 2.73				
Swaps - other	<i>mmbtu/d</i>	–	10,000	–	–	–	\$ 162
	<i>USD\$/mmbtu</i>		\$ 4.25				
AECO financial collars	<i>mmbtu/d</i>	14,217	–	–	–	–	\$ 2,679
	<i>CAD\$/mmbtu</i>	\$2.94-3.46					
NYMEX financial collars	<i>mmbtu/d</i>	4,973	3,699	–	–	–	\$ 885
	<i>USD\$/mmbtu</i>	\$4.00-7.55	\$4.00-7.55				
AECO call options ⁽⁴⁾	<i>mmbtu/d</i>	–	15,165	–	–	–	\$ (753)
	<i>CAD\$/mmbtu</i>		\$ 3.59				
NYMEX call options ⁽⁵⁾	<i>mmbtu/d</i>	60,000	70,000	80,000	62,500	52,500	\$ (23,373)
	<i>USD\$/mmbtu</i>	\$ 6.17	\$ 8.29	\$ 8.25	\$ 8.56	\$ 8.86	

Oil								
Oil financial swaps	<i>bbls/d</i>	17,000	12,488	–	–	–	\$	62,372
	<i>USD\$/bbl</i>	\$ 69.93	\$ 66.47					
Oil financial swaps	<i>bbls/d</i>	1,500	–	–	–	–	\$	2,856
	<i>CAD\$/bbl</i>	\$ 95.29						
NYMEX call options	<i>bbls/d</i>	4,000	4,000	–	–	–	\$	(9,016)
	<i>USD\$/bbl</i>	\$ 73.65	\$ 68.09					
Condensate financial swaps	<i>bbls/d</i>	250	–	–	–	–	\$	769
	<i>CAD\$/bbl</i>	\$ 100.00						
Oil differential swaps	<i>bbls/d</i>	2,000	–	–	–	–	\$	(401)
	<i>USD\$/bbl</i>	\$ (4.28)						
Propane financial swaps ⁽⁶⁾	<i>bbls/d</i>	10,500	4,986	–	–	–	\$	7,405
	<i>USD\$/bbl</i>	\$ 35.39	\$ 32.18					
Total fair value								\$ 167,035

(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).

(4) 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.

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

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

The Company has not entered into any financial commodity derivative contracts subsequent to June 30, 2025.

The Company has the following financial foreign currency derivative contracts in place at June 30, 2025:

Type of Contract ⁽¹⁾		2025	2026	2027	Fair Value (000s)
Costless collar ⁽²⁾	<i>USD\$(000s)/month</i>	\$ 47,500	\$ 7,500	–	\$ 608
	<i>CAD\$/USD\$</i>	\$ 1.34 - 1.43	\$ 1.34 - 1.44		
Target redemption forward ("TARF") ⁽³⁾	<i>USD\$(000s)/month</i>	\$ 40,000	\$ 40,000	\$ 40,000	\$ (2,244)
	<i>CAD\$/USD\$</i>	\$ 1.42	\$ 1.42	\$ 1.42	
Call options sold ⁽⁴⁾	<i>USD\$(000s)/month</i>	\$ 7,500	\$ 7,500	–	\$ 101
	<i>CAD\$/USD\$</i>	\$ 1.44	\$ 1.44		
Average rate forward	<i>USD\$(000s)/month</i>	\$ 5,000	–	–	\$ 267
	<i>CAD\$/USD\$</i>	\$ 1.37			
Total fair value					\$ (1,268)

(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\$40.0 million/month at CAD\$/USD\$ 1.436 for 2026 and USD\$35.0 million/month at CAD\$/USD\$ 1.422 for 2027.

(3) If the spot rate exceeds CAD\$/USD\$ 1.423 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\$ 1.39. If the spot rate is below CAD\$/USD\$ 1.423 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 June 30, 2025.

The Company has a 15-year natural gas supply agreement, under which Tourmaline will deliver 140,000 mmbtu/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 natural gas embedded derivative based on the movements in the JKM and NYMEX price forecasts. For the three months ended June 30, 2025, the natural gas embedded derivative resulted in an unrealized gain of \$33.9 million, as a result of the strengthening of the forecast JKM price relative to the forecast NYMEX price. For the six months ended June 30, 2025, the natural gas embedded derivative resulted in an unrealized loss of \$223.6 million as a result of the weakening of the forecast JKM price relative to the forecast NYMEX price.

The following table includes quantitative information for the unobservable inputs for the Level 3 natural gas embedded derivative as at June 30, 2025.

Net fair value asset (millions)	Valuation Approach	Significant unobservable input	Range of significant unobservable inputs/weighted average (\$USD/mmbtu)
Natural gas embedded derivative	Market approach incorporating present value techniques	JKM index pricing spread relative to NYMEX	\$7.25 – \$10.22 / \$7.95

The Level 3 fair value measurements of the natural gas embedded derivative could be materially impacted by a change in the discount rate and significant price movements in natural gas, including international LNG prices. At June 30, 2025, 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 embedded derivative:

(000s)	Discount rate		JKM Price	
	1% Increase	1% decrease	5% Increase	5% decrease
Fair value – increase (decrease)	\$ (17,171)	\$ 18,216	\$ 142,274	\$ (142,037)

The Company has 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) which commenced 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 liability of the contract at June 30, 2025 was \$8.4 million (December 31, 2024 - \$23.4 million fair value asset).

In June 2025, the Company entered into an 8-year natural gas supply agreement, under which Tourmaline will deliver 80,000 mmbtu/d of natural gas to its counterparty at a delivery point in Louisiana, USA and receive a Dutch TTF index price less deductions for transport and liquefaction which will commence in November 2028. Due to the fact that the volumes are delivered to a counterparty in the United States, 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 NYMEX. The Company defined the host contract as a natural gas sales contract with an underlying natural gas price of NYMEX. The fair value asset of the contract at June 30, 2025 was \$101.5 million (December 31, 2024 - nil).

The following table is a summary of the fair value of financial instruments as at June 30, 2025:

(000s)	Financial derivative contracts	Foreign currency derivative contracts	Natural gas embedded derivatives ⁽¹⁾	Total
Current asset	\$ 106,422	\$ 2,475	\$ 184,832	\$ 293,729
Non-current asset	118,793	1,785	565,955	686,533
Current liability	(17,096)	(3,250)	(8,955)	(29,301)
Non-current liability	(41,084)	(2,278)	–	(43,362)
Total fair value of financial instruments	\$ 167,035	\$ (1,268)	\$ 741,832	\$ 907,599

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

The following table provides a summary of the unrealized gains (losses) on financial instruments recorded in the interim condensed consolidated statements of income and comprehensive income for the three and six months ended June 30, 2025 and 2024:

(000s)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Unrealized gain (loss) on financial instruments – commodity contracts	\$ 69,612	\$ (116,497)	\$ 24,167	\$(102,219)
Unrealized gain (loss) on financial instruments – foreign currency	143,396	(3,193)	184,579	(6,390)
Unrealized gain (loss) on financial instruments – natural gas embedded derivatives ⁽¹⁾	152,835	103,663	(143,369)	(97,811)
Total unrealized gain (loss) on financial instruments	\$ 365,843	\$ (16,027)	\$ 65,377	\$ (206,420)

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

In addition to the financial commodity contracts discussed above, 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 unaudited interim condensed consolidated financial statements.

The Company has the following physical commodity contracts in place at June 30, 2025⁽¹⁾⁽⁵⁾:

		2025	2026	2027	2028	2029
Gas						
Fixed price ⁽²⁾	<i>mmbtu/d</i>	937,072	388,489	144,782	77,391	48,956
	<i>CAD\$/mmbtu</i>	\$ 3.85	\$ 4.30	\$ 4.30	\$ 3.99	\$ 4.47
Basis differentials - AECO	<i>mmbtu/d</i>	83,370	103,452	70,000	62,500	52,500
	<i>USD\$/mmbtu</i>	\$ (0.67)	\$ (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 – Other ⁽³⁾	<i>mmbtu/d</i>	35,000	—	—	—	—
	<i>USD\$/mmbtu</i>	\$ (0.24)				
Geographic spreads ⁽⁴⁾	<i>mmbtu/d</i>	30,000	24,986	—	—	—
	<i>USD\$/mmbtu</i>	\$ 1.81	\$ 1.81			
Monthly calls	<i>mmbtu/d</i>	12,672	—	—	—	—
	<i>CAD\$/mmbtu</i>	\$ 2.16				
European calls	<i>mmbtu/d</i>	—	9,478	—	—	—
	<i>CAD\$/mmbtu</i>		\$ 3.61			
Oil						
Basis differentials - Oil	<i>bbls/d</i>	2,052	—	—	—	—
	<i>USD\$/bbl</i>	\$ (3.93)				
Basis differentials - Condensate	<i>bbls/d</i>	2,052	—	—	—	—
	<i>USD\$/bbl</i>	\$ (2.75)				

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

(2) These include AECO, Stn 2, PG&E, and Malin.

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

(4) These are the locked-in spread between two markets.

(5) Tourmaline has third-party natural gas netback arrangements in the following markets: Chicago, Ventura, Dawn, and Henry Hub. The average for 2025 - 2029 is 100.0 mmcf/d.

The Company has not entered into any physical contracts subsequent to June 30, 2025.

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, commercial paper, 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 instruments, 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 (adjusted for current tax expense (recovery) and cash taxes paid). 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 June 30, 2025, the Company's ratio of net debt to annualized cash flow was 0.57 to 1.00 (December 31, 2024 – 0.50 to 1.00).

	As at June 30, 2025	As at December 31, 2024
(000s)		
Net debt:		
Working capital (deficit)	\$ (417,244)	\$ (167,623)
Fair value of financial instruments – short-term (asset)	(264,428)	(315,365)
Lease liabilities – short-term	7,239	8,385
Decommissioning obligations – short-term	75,000	60,000
Unrealized foreign exchange in working capital – (asset)	2,723	(15,354)
Adjusted working capital (deficit)	\$ (596,710)	\$ (429,957)
Bank debt	(571,648)	(574,339)
Senior unsecured notes	(698,695)	(698,436)
Net debt	\$ (1,867,053)	\$ (1,702,732)
Annualized cash flow:		
Cash flow from operating activities for the quarter	\$ 745,049	\$ 666,110
Current tax (expense) recovery	42,933	(36,665)
Cash taxes paid (recovered)	18,932	(34)
Change in non-cash working capital	15,917	220,919
Cash flow	\$ 822,831	\$ 850,330
Annualized cash flow (based on most recent quarter annualized)	\$ 3,291,324	\$ 3,401,320
Net debt to annualized cash flow	0.57	0.50

For the six months ended June 30, 2025, the Company maintained its quarterly dividend at \$0.50 per share and paid two special dividends of \$0.35 per share.

4. EXPLORATION AND EVALUATION ASSETS

(000s)		
As at January 1, 2024		\$ 231,904
Transfers to property, plant and equipment (<i>note 5</i>)		(23,190)
Divestitures		(6,922)
Expired mineral leases		(10,711)
As at December 31, 2024		\$ 191,081
Transfers to property, plant and equipment (<i>note 5</i>)		(11,595)
Divestitures		(637)
Expired mineral leases		(709)
As at June 30, 2025		\$ 178,140

Exploration and evaluation ("E&E") assets consist of the Company's exploration projects which are pending the determination of proved and/or probable reserves. Expired mineral lease expenses have been included in the "Depletion, Depreciation and Amortization" line item on the interim statements of income and comprehensive income.

Impairment Assessment

At June 30, 2025, and December 31, 2024, the Company determined that no internal or external indicators of impairment existed on its E&E assets; therefore, an impairment test was not performed.

5. PROPERTY, PLANT AND EQUIPMENT ("PP&E")

Cost

(000s)

As at January 1, 2024	\$ 25,562,139
Capital expenditures	2,264,688
Transfers from exploration and evaluation (<i>note 4</i>)	23,190
Change in decommissioning liabilities (<i>note 7</i>)	44,306
Corporate acquisitions	1,859,267
Property acquisitions	42,108
Divestitures	(287,470)
As at December 31, 2024	\$ 29,508,228
Capital expenditures	1,340,512
Transfers from exploration and evaluation (<i>note 4</i>)	11,595
Change in decommissioning liabilities (<i>note 7</i>)	(25,934)
Corporate acquisition	531,126
Property acquisitions	302,890
Divestitures	(1,818)
As at June 30, 2025	\$ 31,666,599

Accumulated Depletion, Depreciation, Amortization and Impairment

(000s)

As at January 1, 2024	\$ 8,347,507
Depletion, depreciation and amortization	1,533,038
Divestitures	(5,603)
As at December 31, 2024	\$ 9,874,942
Depletion, depreciation and amortization	836,782
As at June 30, 2025	\$ 10,711,724

Net Book Value

(000s)

As at December 31, 2024	\$ 19,633,286
As at June 30, 2025	\$ 20,954,875

Future development costs of \$20.0 billion were included in the depletion calculation at June 30, 2025 (December 31, 2024 – \$18.4 billion).

Capitalization of G&A and Share-Based Payments

A total of \$26.5 million in G&A expenditures have been capitalized and included in PP&E for the six months ended June 30, 2025 (December 31, 2024 – \$45.2 million). Also included in PP&E are non-cash share-based payments of \$20.7 million (December 31, 2024 - \$38.6 million).

Impairment Assessment

At June 30, 2025, and December 31, 2024, 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 Acquisition

On June 6, 2025, the Company acquired all the issued and outstanding shares of Saguaro. The Company issued 7,546,785 Tourmaline common shares at a price of \$63.80 per share for share consideration of \$481.5 million. Total transaction costs incurred by the Company of \$0.8 million associated with this acquisition were expensed in the unaudited interim consolidated statement of income and comprehensive income. The acquisition represents an important component of the Company's continuing NEBC consolidation strategy that builds on its long-term organic growth plan. Prior to the acquisition, Tourmaline was a 50% owner in the Saguaro assets and the acquisition consolidates this ownership and provides for an increase in drilling inventory, developed lands, production and infrastructure.

This transaction has been accounted for as a business combination and results from operations for Saguaro are included in the Company's unaudited interim 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, 2024 by independent third-party reserve evaluators and updated by internal reserve evaluators to reflect activity up to June 6, 2025. 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:

<i>(000s)</i>	Saguaro
Fair value of net assets acquired:	
Cash	\$ 21,483
Working capital (deficit)	(21,666)
Property, plant and equipment	531,126
Financial instruments (net)	1,036
Bank debt	(20,000)
Decommissioning obligations	(4,333)
Deferred income taxes	(26,161)
Total	\$ 481,485
Consideration:	
Shares issued	\$ 481,485

Property Acquisition

On June 1, 2025, the Company acquired assets in the Groundbirch area from Strathcona Resources Ltd. ("Strathcona"). The Company issued 4,578,542 common shares at a price of \$62.40 for share consideration of \$285.7 million. Total transaction costs incurred by the Company of \$0.5 million associated with this acquisition were expensed in the unaudited interim consolidated statement of income and comprehensive income. This acquisition provides for an increase in drilling inventory, developed lands, production and infrastructure.

This transaction has been accounted for as a business combination and the results from operations for Strathcona are included in the Company's unaudited interim 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 by internal reserve evaluators as at June 1, 2025. 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:

(000s)	Strathcona
Fair value of net assets acquired:	
Property, plant and equipment	\$ 288,169
Decommissioning obligations	(2,468)
Total	\$ 285,701
Consideration:	
Shares issued	\$ 285,701

Total Property Acquisitions and Dispositions of Oil and Natural Gas Properties

In total, for the six months ended June 30, 2025, the Company completed property acquisitions for cash consideration of \$12.1 million (December 31, 2024 - \$33.1 million) and \$288.8 million in property acquisitions (including Strathcona) for non-cash consideration (December 31, 2024 - \$7.8 million). The Company assumed \$4.4 million in decommissioning liabilities as a result of these acquisitions (December 31, 2024 - \$1.2 million).

For the six months ended June 30, 2025, the Company also completed property dispositions for total cash consideration of \$1.7 million (December 31, 2024 - \$357.7 million) and non-cash consideration of \$0.7 million (December 31, 2024 - \$7.8 million). The Company disposed of \$0.04 million in decommissioning liabilities as a result of these dispositions (December 31, 2024 - \$1.5 million).

6. LEASES

Right-of-Use Assets

	As at June 30, 2025	As at December 31, 2024
<i>(000s)</i>		
Balance, beginning of period	\$ 30,056	\$ 25,760
Additions	4,147	11,533
Modifications	(192)	(396)
Right-of-use assets acquired from corporate acquisitions	–	1,373
Depreciation	(5,222)	(8,214)
Balance, end of period	\$ 28,789	\$ 30,056

Lease Liabilities

	As at June 30, 2025	As at December 31, 2024
<i>(000s)</i>		
Balance, beginning of period	\$ 31,389	\$ 26,305
Additions	4,147	11,533
Modifications	(192)	(396)
Lease liabilities acquired from corporate acquisitions	–	1,373
Lease interest expense	936	1,766
Lease payments	(5,682)	(9,192)
Balance, end of period	\$ 30,598	\$ 31,389
Current lease liabilities	\$ 7,239	\$ 8,385
Long-term lease liabilities	\$ 23,359	\$ 23,004

The Company leases office space, vehicles and IT equipment. The lease payments are discounted using the Company's incremental borrowing rate at the inception of the lease to calculate the lease liability.

7. DECOMMISSIONING OBLIGATIONS

The Company's decommissioning obligations result from net ownership interests in petroleum 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 \$2.9 billion (December 31, 2024 – \$2.8 billion). A risk-free rate of 3.56% (December 31, 2024 – 3.33%) and an inflation rate of 1.91% (December 31, 2024 – 1.82%) were used to calculate the decommissioning obligations. The decommissioning obligations at June 30, 2025 have been reduced by approximately \$40.9 million predominantly related to an increase in the risk-free rate.

	As at June 30, 2025	As at December 31, 2024
(000s)		
Balance, beginning of period	\$ 1,010,459	\$ 967,041
Obligation incurred	14,942	23,559
Obligation incurred on corporate acquisition	4,333	24,884
Obligation incurred on property acquisitions (note 5)	4,373	1,237
Obligation divested (note 5)	(35)	(1,504)
Obligation settled	(43,422)	(55,476)
Accretion expense	16,522	29,971
Change in future estimated cash outlays	(40,876)	20,747
Balance, end of period	\$ 966,296	\$ 1,010,459
Current decommissioning obligations	\$ 75,000	\$ 60,000
Long-term decommissioning obligation	\$ 891,296	\$ 950,459

8. COMMERCIAL PAPER

During the second quarter of 2025, the Company established a commercial paper ("CP") program, authorizing the Company to borrow up to \$800.0 million of CP at any given time. As at June 30, 2025, the Company had \$300.0 million of CP outstanding with an average term of 31 days and an average interest rate of 3.28%. The CP program is supported by the Company's revolving credit facility and the Company reserves capacity under its revolving credit facility for any CP amounts outstanding.

9. BANK DEBT

	As at June 30, 2025	As at December 31, 2024
(000s)		
Revolving credit facility	\$ 561,836	\$ 534,646
Operating credit facility	11,387	40,731
Debt issue costs	(1,575)	(1,038)
Bank debt	\$ 571,648	\$ 574,339

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. In June 2025, the Company extended the maturity date of the revolving credit facility to June 2030. With the exception of the change in maturity date and the expansion feature ("accordion"), the revolving credit facility was renewed under the same key terms and conditions as those described in note 9 of the Company's consolidated financial statements for the year ended December 31, 2024. 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 accordion feature, which increased from \$500.0 million to \$1.0 billion during the quarter. The accordion allows the Company, upon approval from the lenders, to increase the facility amount by up to \$1.0 billion 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 Company also has a covenant-based, unsecured, operating credit facility with a Canadian bank. On February 3, 2025, the Company increased the operating credit facility from \$50.0 million to \$75.0 million. In June 2025, the Company extended the maturity date of the operating credit facility to June 2027. With the exception of the change in maturity date, the operating credit facility was renewed under the same key terms and conditions as those described in note 9 of the Company's consolidated financial statements for the year ended December 31, 2024. The maturity date may, at the request of the Company and with consent of the lender, be extended on an annual basis. The covenants are the same as the revolving credit facility. At June 30, 2025, \$11.4 million was drawn against the operating facility (December 31, 2024 - \$40.7 million).

Additionally, the Company has an unsecured demand letter of credit facility with a Canadian bank. On February 3, 2025, the Company increased the demand letter of credit facility from \$50.0 million to \$75.0 million. At June 30, 2025 and December 31, 2024, the demand letter of credit facility was undrawn.

Tourmaline has outstanding letters of credit in the amount of \$61.2 million at June 30, 2025 (December 31, 2024 - \$64.9 million) which are secured by the demand letter of credit facility.

The Company's aggregate borrowing capacity is \$3.4 billion at June 30, 2025 including the CP, bank debt and senior unsecured notes (note 10). As at, and for the quarter ending June 30, 2025, the Company is in compliance with all debt covenants.

As at June 30, 2025, the Company had \$300.0 million of CP, \$571.7 million of bank debt and \$698.7 million of senior unsecured notes outstanding for total CP, bank debt and senior unsecured notes of \$1.6 billion (net of debt issue costs) (December 31, 2024 - \$1.3 billion). The effective interest rate for the six months ended June 30, 2025 was 4.27% (six months ended June 30, 2024 – 5.10%).

10. SENIOR UNSECURED NOTES

	As at June 30, 2025	As at December 31, 2024
(000s)		
Senior unsecured notes	\$ 700,000	\$ 700,000
Debt issue costs	(1,305)	(1,564)
Senior unsecured notes	\$ 698,695	\$ 698,436

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, 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

At June 30, 2025, the Company owned 21.3% of the outstanding common shares of its associate, Topaz Energy Corp. ("Topaz"). A reconciliation of the investment in Topaz is provided below:

	As at June 30, 2025	As at December 31, 2024
(000s)		
Balance, beginning of period	\$ 428,472	\$ 608,028
Income on investment in Topaz	8,181	14,315
Dividends received from Topaz	(21,929)	(54,594)
Divestitures of Topaz common shares	-	(166,611)
Gain on dilution of investment in Topaz	-	27,334
Balance, end of period	\$ 414,724	\$ 428,472

For the six months ended June 30, 2025, Topaz paid cash dividends totalling \$0.67 per common share and Tourmaline received \$21.9 million, which was recorded as a reduction to the investment in Topaz.

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

	As at June 30, 2025		As at December 31, 2024	
	Number of Shares	Amount	Number of Shares	Amount
<i>(000s) except share amounts</i>				
Balance, beginning of period	373,684,018	\$ 9,856,122	351,350,749	\$ 8,487,838
Issued on corporate and property acquisitions	12,125,327	767,186	20,707,008	1,315,552
For cash on exercise of stock options	1,020,498	33,227	1,626,261	41,185
Contributed surplus on exercise of stock options	–	9,882	–	11,547
Balance, end of period	386,829,843	\$10,666,417	373,684,018	\$ 9,856,122

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 three and six months ended June 30, 2025, the Company did not purchase any common shares for cancellation.

Dividends

During the three and six months ended June 30, 2025, the Company paid total quarterly cash dividends of \$0.50 and \$1.00 per common share totalling \$193.4 million and \$380.5 million, respectively, compared to \$0.32 and \$0.62 per common share totalling \$112.7 million and \$218.1 million, respectively, for the same periods of the prior year.

On March 25, 2025, the Company paid a special dividend of \$0.35 per common share totalling \$131.0 million (March 21, 2024 - \$0.50 per common share totalling \$175.7 million).

On May 26, 2025, the Company paid a special dividend of \$0.35 per common share totalling \$131.1 million (May 16, 2024 - \$0.50 per common share totalling \$175.9 million).

On July 30, 2025, the Company declared a special dividend of \$0.35 per common share to be paid on August 20, 2025, to shareholders of record on August 8, 2025.

13. EARNINGS PER SHARE

Basic earnings-per-share attributed to common shareholders was calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income and comprehensive income for the period (000s)	\$ 514,591	\$ 256,597	\$ 727,269	\$ 501,471
Weighted average number of common shares – basic	378,168,023	351,861,309	376,152,447	351,650,334
Earnings per share – basic	\$ 1.36	\$ 0.73	\$ 1.93	\$ 1.43

Diluted earnings-per-share attributed to common shareholders was calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income and comprehensive income for the period (000s)	\$ 514,591	\$ 256,597	\$ 727,269	\$ 501,471
Weighted average number of common shares – diluted	380,501,314	355,375,798	378,683,661	355,164,206
Earnings per share – diluted	\$ 1.35	\$ 0.72	\$ 1.92	\$ 1.41

There were 12,464,158 and 12,100,816 options excluded from the weighted-average share calculations for the three and six months ended June 30, 2025 because they were anti-dilutive (three and six months ended June 30, 2024 – 8,285,687 and 8,208,473 options, respectively, were anti-dilutive).

14. 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 29,012,238 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.

	Six Months Ended June 30,			
	2025		2024	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Stock options outstanding, beginning of period	17,417,581	\$ 57.14	14,224,264	\$ 50.69
Granted	1,142,000	65.25	1,209,350	63.32
Exercised	(1,020,498)	32.56	(1,024,296)	24.25
Forfeited	(180,566)	67.48	(89,981)	67.76
Stock options outstanding, end of period	17,358,517	\$ 59.01	14,319,337	\$ 53.54

The average trading price of the Company's common shares was \$65.44 during the six months ended June 30, 2025 (six months ended June 30, 2024 – \$62.53).

The following table summarizes stock options outstanding and exercisable at June 30, 2025:

Range of Exercise Price	Number Outstanding at Period End	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at Period End	Weighted Average Exercise Price
\$12.57 – 32.11	3,515,150	2.41	\$ 25.29	3,515,150	\$ 25.29
\$32.12 – 65.95	3,188,687	5.50	59.28	1,090,851	53.37
\$65.96 – 66.82	3,394,005	5.36	66.15	1,117,769	66.15
\$66.83 – 68.37	3,530,800	6.24	67.19	141,000	68.22
\$68.38 – 80.06	3,729,875	4.38	76.32	2,217,342	77.31
	17,358,517	4.76	\$ 59.01	8,082,112	\$ 49.75

The fair value of options granted during the six-month period ended June 30, 2025 was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions and resulting values:

	Six Months Ended June 30,	
	2025	2024
Fair value of options granted (weighted average)	\$ 15.68	\$ 21.10
Risk-free interest rate	2.73%	3.73%
Estimated hold period prior to exercise	4.2 Years	4.1 Years
Expected volatility	33.7%	38.9%
Forfeiture rate	1.9%	1.8%
Dividend per share	\$ 1.82	\$ 1.28

RESTRICTED SHARE UNIT ("RSU") PLAN

The Company has a non-treasury based RSU plan whereby the Company may grant RSUs 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 June 30, 2025:

	Six Months Ended June 30,	
	2025	2024
RSUs outstanding, beginning of period	728,321	502,548
Granted	4,780	3,490
Settled	(8,852)	(4,609)
Forfeited	(11,196)	(16,360)
Dividends reinvested	18,576	12,769
RSUs outstanding, end of period	731,629	497,838

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.

15. COMMITMENTS

In the normal course of business, the Company 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⁾	\$ 5,487	\$ 8,794	\$ 8,737	\$ 15,998	\$ 39,016
Firm transportation agreements	1,207,940	1,982,165	1,497,491	6,313,520	11,001,116
Processing commitments ⁽²⁾	242,731	383,156	232,347	337,720	1,195,954
Capital commitments ⁽³⁾	10,616	18,750	15,625	5,100	50,091
Commercial paper ⁽⁴⁾	300,000	—	—	—	300,000
Bank debt ⁽⁵⁾	—	—	706,367	—	706,367
Senior unsecured notes ⁽⁶⁾	22,391	529,389	203,125	—	754,905
	\$ 1,789,165	\$ 2,922,254	\$ 2,663,692	\$ 6,672,338	\$ 14,047,449

(1) 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 3.28% being the rate applicable to outstanding CP at June 30, 2025 and interest paid at the maturity of the CP.

(5) Includes interest expense at 4.25% being the rate applicable to outstanding bank debt at June 30, 2025 and interest paid at the maturity of the facility.

(6) Includes interest expense at 3.20% being the average rate applicable on the senior unsecured notes at June 30, 2025 with interest payments made semi-annually.

16. 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, 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 sales of produced commodities are under contracts of varying terms of up to nine years. Revenues are typically collected on the 25th day of the month following production.

The following table presents the Company's oil, gas and NGL sales disaggregated by revenue source:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(000s)				
Natural gas				
Sales from production	\$ 521,923	394,592	\$ 1,234,445	\$ 1,163,256
Premium on risk management activities	269,761	168,841	598,988	233,452
	791,684	563,433	1,833,433	1,396,708
Oil				
Sales from production	103,281	121,477	200,100	230,141
Premium on risk management activities	835	3,865	3,019	8,166
	104,116	125,342	203,119	238,307
Condensate				
Sales from production	290,993	307,832	651,733	622,671
(Loss) on risk management activities	(91)	(222)	(233)	(623)
	290,902	307,610	651,500	622,048
NGL				
Sales from production	218,269	281,039	505,755	563,251
Premium (loss) on risk management activities	(7,859)	7,143	(1,519)	5,977
	210,410	288,182	504,236	569,228
Marketing revenue ⁽¹⁾	33,002	22,132	50,793	34,146
Total				
Commodity sales from production	1,134,466	1,104,940	2,592,033	2,579,319
Premium on risk management activities	262,646	179,627	600,255	246,972
Marketing revenue	33,002	22,132	50,793	34,146
Revenue from contracts with customers	\$ 1,430,114	1,306,699	\$ 3,243,081	\$ 2,860,437

(1) Marketing revenue represents the sale of commodities purchased from third parties. For the three and six months ended June 30, 2025, the Company had marketing purchases from third parties of \$27.6 million and \$43.9 million, respectively (three and six months ended June 30, 2024 - \$13.7 million and \$23.9 million, respectively).

17. RELATED PARTY

The Company has entered into a number of agreements with Topaz, relating to both royalty and infrastructure assets. From January 1, 2025, to June 30, 2025, gross overriding royalties of \$52.1 million and processing fees of \$19.5 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 June 30, 2025, \$21.7 million of the Company's accounts payable balance was due to Topaz.