



MANAGEMENT'S DISCUSSION AND ANALYSIS AND CONSOLIDATED FINANCIAL STATEMENTS

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This management's discussion and analysis ("MD&A") should be read in conjunction with Tourmaline Oil Corp.'s ("Tourmaline" or the "Company") consolidated financial statements and related notes for the years ended December 31, 2025 and December 31, 2024. These consolidated financial statements, the MD&A and additional information relating to Tourmaline can be found on SEDAR+ at www.sedarplus.ca or on Tourmaline's website at www.tourmalineoil.com. This MD&A is dated March 4, 2026.

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 and net 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, natural gas liquids ("NGL") 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.

Regulatory Update

Emissions, carbon and other regulations impacting climate and climate-related matters are constantly evolving. With respect to environmental, social, governance ("ESG") and climate reporting, the International Sustainability Standards Board ("ISSB") has issued its first two IFRS Sustainability Disclosure Standards: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (together, the ISSB Standards). The ISSB Standards aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. Mandatory application of the ISSB Standards depends on each jurisdiction's endorsement or regulatory processes. In the Company's case, the Canadian Securities Administrators ("CSA") is responsible for developing climate-related disclosure requirements for reporting issuers in Canada. The CSA published Proposed National Instrument 51-107 – Disclosure of Climate Related Matters which is intended to introduce climate-related disclosure requirements for reporting issuers in Canada with limited exceptions. The Canadian Sustainability Standards Board ("CSSB") finalized and issued CSDS 1 - General Requirements for Disclosure of Sustainability-related Financial Information and CSDS 2 – Climate-related Disclosures, in December 2024. These standards are effective for reporting periods beginning on or after January 1, 2025. However, they remain voluntary unless mandated by the CSA. On April 23, 2025, the CSA announced that it has paused the work it had previously undertaken to develop new climate and diversity related disclosure requirements for Canadian issuers. The Company will continue to monitor any new developments as information is released.

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

Sustainability Reporting

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

The Sustainability Report was developed by integrating guidance from the Greenhouse Gas Protocol, the Sustainability Accounting Standards Board Oil & Gas – Exploration & Production Standard 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 macro-economic 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, South America, 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 made by the Company for the years ended December 31, 2025 and 2024:

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

(1) Refer to the "Capital Expenditures" section of this MD&A and note 7 of the Company's consolidated financial statements as at December 31, 2025 and 2024 for further details about these transactions.

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

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

ASSETS HELD FOR SALE

In the fourth quarter of 2025, the Company entered into a purchase and sale agreement for the disposition of its Spirit River cash-generating unit ("CGU") for cash proceeds of \$765.0 million, prior to customary closing adjustments. At December 31, 2025, the Company classified these assets and associated liabilities as held for sale as the carrying amount will be recovered through a capital disposition rather than through future operating cash flows. As a result of this classification, the assets were recorded at the lower of their carrying value and fair value less costs to sell, which resulted in a before-tax impairment loss of \$1.2 billion in the fourth quarter of 2025. The Company completed the disposition of these assets on February 2, 2026.

As at December 31, 2025, the carrying value of the assets and associated liabilities held for sale were as follows:

<i>(000s)</i>	As at December 31, 2025
Exploration and evaluation assets	\$ 5,792
Property, plant and equipment	2,084,642
Impairment loss on assets held for sale	(1,227,570)
Assets held for sale	862,864
Liabilities held for sale – Decommissioning obligations	(105,514)
Fair value less costs to sell	\$ 757,350

Refer to note 5 of the Company's consolidated financial statements as at December 31, 2025 for additional information.

PRODUCTION

	Three Months Ended December 31,			Years Ended December 31,		
	2025	2024	Change	2025	2024	Change
Natural gas (<i>mcf/d</i>)	3,039,185	2,799,365	9%	2,946,447	2,643,532	11%
Oil (<i>bbl/d</i>)	13,384	11,572	16%	13,051	12,173	7%
Condensate (<i>bbl/d</i>)	42,911	37,551	14%	40,071	34,799	15%
NGL (<i>bbl/d</i>)	96,378	89,729	7%	93,999	91,612	3%
Oil equivalent (<i>boe/d</i>)	659,204	605,413	9%	638,196	579,173	10%
Production in (sold from) storage (<i>boe/d</i>)	(477)	(1,501)	(68)%	(324)	(243)	33%
Total produced volumes (<i>boe/d</i>)	658,727	603,912	9%	637,872	578,930	10%
Natural gas %	77%	77%		77%	76%	

Production for the three months ended December 31, 2025 increased 9% up to an average of 659,204 boe/d compared to 605,413 boe/d for the same quarter of 2024. For the year ended December 31, 2025, average production increased 10% from 579,173 boe/d in 2024 to 638,196 boe/d in 2025.

The production increase for the three and twelve months ended December 31, 2025 can be attributed to the Company's successful exploration and production program as well as significant acquisitions completed in 2024 and 2025. The acquisitions of Crew Energy Inc. ("Crew"), Todd Energy Canada Limited ("Todd") and Saguaro Resources Ltd. ("Saguaro") and the property acquisition from Strathcona Resources Ltd. ("Strathcona") accounted for approximately 20% and 51% of the increase in production for the three and twelve months, respectively.

Included in the average production volumes discussed above, for the fourth quarter of 2025, was 477 boe/d of natural gas which was withdrawn from storage facilities. Average produced volumes for the fourth quarter of 2025 were 658,727 boe/d. For the fourth quarter of 2024, 1,501 boe/d of natural gas was withdrawn from storage facilities resulting in average produced volumes of 603,912 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). At December 31, 2025, the Company has total storage capacity of 4.0 bcf.

In 2025, the Company entered into an additional long-term natural gas storage agreement with AltaGas, at its Dimsdale Storage Facility in Alberta, where Tourmaline will have access to 6.0 bcf of storage capacity starting in April 2026 for a 10-year term. Early in 2026, AltaGas announced a positive final investment decision for the phase 2 expansion of the Dimsdale Storage Facility and Tourmaline will gain access to an additional 4.0 bcf starting in April 2027 for a 10-year term bringing the total storage capacity at the facility 10.0 bcf.

Full-year average production guidance for 2026 is now expected to be in the range of 620,000-640,000 boe/d, down from the 690,000-710,000 boe/d disclosed in the Company's November 5, 2025 news release. The lower production takes into account the disposition of the Spirit River CGU in the first quarter of 2026, which includes the majority of the Company's oil production. Additionally, the Company elected to terminate its discretionary deep cut gas plant deliveries in the Alberta Deep Basin, effective the second quarter of 2026 as contracts expire, which will result in lower NGL production of approximately 20,000 boe/d. While the decision to terminate deep cut deliveries reduces the Company's production, the elimination of the associated deep cut processing fees and liquids transportation results in an increase to forecasted cash flow. Further, the lower forecast production reflects a reduction in forecasted exploration and production capital expenditures for 2026.

REVENUE AND REALIZED GAINS (LOSSES)

(000s)	Three Months Ended December 31,			Years Ended December 31,		
	2025	2024	Change	2025	2024	Change
Natural gas						
Sales from production	\$ 790,510	\$ 504,285	57%	\$ 2,308,374	\$ 1,965,974	17%
Premium on risk management activities	207,714	280,965	(26)%	1,241,246	824,094	51%
Realized gain on financial instruments	55,112	110,553	(50)%	341,955	476,237	(28)%
	1,053,336	895,803	18%	3,891,575	3,266,305	19%
Oil						
Sales from production	91,993	97,981	(6)%	395,197	416,191	(5)%
Premium on risk management activities	2,410	2,109	14%	7,499	13,873	(46)%
Realized gain on financial instruments	6,356	5,160	23%	16,742	6,057	176%
	100,759	105,250	(4)%	419,438	436,121	(4)%
Condensate						
Sales from production	308,539	333,485	(7)%	1,271,203	1,250,872	2%
Premium (loss) on risk management activities	261	(101)	358%	(531)	(843)	37%
Realized gain on financial instruments	19,071	14,877	28%	50,496	12,553	302%
	327,871	348,261	(6)%	1,321,168	1,262,582	5%
NGL						
Sales from production	231,975	279,299	(17)%	965,250	1,096,734	(12)%
(Loss) on risk management activities	(7,555)	(2,182)	(246)%	(17,920)	(8,656)	(107)%
Realized gain (loss) on financial instruments	8,274	(2,612)	417%	11,788	(8,313)	242%
	232,694	274,505	(15)%	959,118	1,079,765	(11)%
Total						
Sales from production	1,423,017	1,215,050	17%	4,940,024	4,729,771	4%
Premium on risk management activities	202,830	280,791	(28)%	1,230,294	828,468	49%
Realized gain on financial instruments	88,813	127,978	(31)%	420,981	486,534	(13)%
Total revenue from commodity sales, premium on risk management activities and realized gain on financial instruments	\$ 1,714,660	\$ 1,623,819	6%	\$ 6,591,299	\$ 6,044,773	9%

Total sales from production for the three months ended December 31, 2025 increased 17% to \$1.4 billion from \$1.2 billion for the same quarter of 2024. Total sales from production for the year ended December 31, 2025 increased 4% from \$4.7 billion in 2024 to \$4.9 billion in 2025. The increase for both periods can be attributed to an increase in the AECO natural gas benchmark price and the increase in sales volumes. This increase was partially offset by a decrease in liquids benchmark prices.

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

Total revenue for the three and twelve months ended December 31, 2025 included a premium on risk management activities of \$202.8 million and \$1.2 billion, respectively, compared to a premium of \$280.8 million and \$0.8 billion, respectively, for the same periods of the prior year. For the three and twelve months ended December 31, 2025, AECO prices, on average, were lower than the prices received (after transportation) at all of the export hubs where Tourmaline sells its natural gas resulting in a premium received on risk management activities.

Total revenue for the three and twelve months ended December 31, 2025 was also impacted by a realized gain on financial instruments of \$88.8 million and \$421.0 million, respectively, (three and twelve months ended December 31, 2024 – realized gain on financial instruments of \$128.0 million and \$486.5 million, respectively) reflecting higher prices received on financial commodity contracts when compared to lower benchmark prices.

Total revenue from commodity sales, the premium (loss) on risk management activities and realized gains (losses) 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 December 31,			Years Ended December 31,		
	2025	2024	Change	2025	2024	Change
Natural gas						
NYMEX Last Day (USD\$/mcf)	\$ 3.55	\$ 2.79	27%	\$ 3.43	\$ 2.27	51%
AECO 5A (CAD\$/mcf)	\$ 2.26	\$ 1.50	51%	\$ 1.70	\$ 1.48	15%
West Coast Station 2 (CAD\$/mcf)	\$ 1.86	\$ 0.90	107%	\$ 1.02	\$ 1.19	(14)%
Sumas (USD\$/mmbtu)	\$ 2.24	\$ 2.16	4%	\$ 1.66	\$ 1.99	(17)%
ATP 5A Day Ahead (CAD\$/mcf)	\$ 1.87	\$ 1.03	82%	\$ 1.44	\$ 1.43	1%
Chicago Citygate (USD\$/mmbtu)	\$ 3.36	\$ 2.21	52%	\$ 3.25	\$ 2.12	53%
Ventura (USD\$/mmbtu)	\$ 3.30	\$ 2.17	52%	\$ 3.25	\$ 2.20	48%
PG&E Malin (USD\$/mmbtu)	\$ 2.89	\$ 2.48	17%	\$ 2.76	\$ 2.19	26%
PG&E Citygate (USD\$/mmbtu)	\$ 3.56	\$ 3.45	3%	\$ 3.39	\$ 3.08	10%
Dawn (USD\$/mmbtu)	\$ 3.45	\$ 2.23	55%	\$ 3.25	\$ 1.96	66%
JKM (USD\$/mmbtu)	\$ 10.93	\$ 13.85	(21)%	\$ 12.36	\$ 11.80	5%
TTF (USD\$/mmbtu)	\$ 10.83	\$ 12.85	(16)%	\$ 12.35	\$ 10.79	14%
Oil and condensate						
NYMEX WTI (USD\$/bbl)	\$ 59.14	\$ 70.32	(16)%	\$ 64.80	\$ 75.79	(15)%
Edmonton Par (CAD\$/bbl)	\$ 76.22	\$ 94.54	(19)%	\$ 85.56	\$ 97.18	(12)%
Edmonton Condensate (CAD\$/bbl)	\$ 81.03	\$ 99.11	(18)%	\$ 88.80	\$ 100.65	(12)%
Electricity						
AESO (CAD\$/MWH)	\$ 43.20	\$ 51.73	(16)%	\$ 43.87	\$ 62.79	(30)%

CURRENCY – EXCHANGE RATES:

	Three Months Ended December 31,			Years Ended December 31,		
	2025	2024	Change	2025	2024	Change
CAD\$/USD\$ ⁽¹⁾	\$ 0.7169	\$ 0.7147	–%	\$ 0.7154	\$ 0.7299	(2)%

(1) Average rates for the period.

TOURMALINE REALIZED PRICES ⁽¹⁾:

	Three Months Ended December 31,			Years Ended December 31,		
	2025	2024	Change	2025	2024	Change
Natural gas (\$/mcf)	\$ 3.77	\$ 3.48	8%	\$ 3.62	\$ 3.38	7%
Oil (\$/bbl)	\$ 81.83	\$ 98.86	(17)%	\$ 88.05	\$ 97.89	(10)%
Condensate (\$/bbl)	\$ 83.05	\$ 100.81	(18)%	\$ 90.33	\$ 99.13	(9)%
NGL (\$/bbl)	\$ 26.24	\$ 33.25	(21)%	\$ 27.95	\$ 32.20	(13)%
Oil equivalent (\$/boe)	\$ 28.27	\$ 29.15	(3)%	\$ 28.30	\$ 28.52	(1)%

(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 December 31, 2025 increased by 8% to \$3.77/mcf from \$3.48/mcf for the same period of the prior year. The increase is the result of higher AECO and Station 2 natural gas benchmark prices in the quarter, partially offset by lower realized gains on risk management activities and financial instruments. For the year ended December 31, 2025, the realized average natural gas price was \$3.62/mcf, which is 7% higher than the same period of the prior year. The increase is the result of higher natural gas benchmark prices for the twelve months ended December 31, 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 17% and 10% for the three and twelve months ended December 31, 2025, respectively, compared to the same periods of the prior year. The decrease for the three and twelve months ended December 31, 2025 reflects lower benchmark prices received which were partially offset by higher realized gains on financial instruments.

For the three and twelve months ended December 31, 2025, the realized price of condensate was \$83.05/bbl and \$90.33/bbl, respectively, which is 18% and 9% lower than the same periods of the prior year. The realized price for both periods reflects the lower benchmark prices received, partially offset by higher realized gains on financial instruments.

The realized NGL price for the three and twelve months ended December 31, 2025 decreased by 21% and 13%, 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 liquids benchmark prices in the period.

ROYALTIES

(000s)	Three Months Ended December 31,			Years Ended December 31,		
	2025	2024	Change	2025	2024	Change
Natural gas						
Crown royalties	\$ 50,441	\$ 30,136	67%	\$ 163,261	\$ 123,097	33%
GORR royalties	19,717	11,396	73%	56,637	43,617	30%
Royalty credits ⁽¹⁾	(11,114)	(9,936)	12%	(43,460)	(35,117)	24%
	59,044	31,596	87%	176,438	131,597	34%
Oil, condensate and NGL						
Crown royalties	83,176	107,801	(23)%	360,311	425,407	(15)%
GORR royalties	13,329	15,157	(12)%	57,001	54,235	5%
Royalty credits ⁽¹⁾	(20,428)	(28,855)	(29)%	(79,871)	(101,987)	(22)%
	76,077	94,103	(19)%	337,441	377,655	(11)%
Total royalties	\$ 135,121	\$ 125,699	7%	\$ 513,879	\$ 509,252	1%
Royalties as a percentage of commodity sales from production	9.5%	10.3%		10.4%	10.8%	

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

For the three and twelve months ended December 31, 2025, the average effective royalty rate was 9.5% and 10.4% compared to 10.3% and 10.8%, respectively, for the same periods of the prior year. The decrease in the royalty rate reflects lower liquids benchmark pricing, partially offset by higher realized natural gas prices.

Natural gas royalties of \$59.0 million and \$176.4 million, for the three and twelve months ended December 31, 2025, respectively, included Crown and GORR royalties of \$70.2 million and \$219.9 million offset by credits of \$11.1 million and \$43.5 million. For the three and twelve months ended December 31, 2024, natural gas royalties of \$31.6 million and \$131.6 million, respectively, included Crown and GORR royalties of \$41.5 million and \$166.7 million offset by credits of \$9.9 million and \$35.1 million, respectively. Included in the credits received for the three and twelve months ended December 31, 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 expects its royalty rate for 2026 to be approximately 10%, consistent with the 2025 rate. The royalty rate is sensitive to commodity prices, and as such, a change in commodity prices will impact the actual rate.

COMMODITY MARKETING

(000s)	Three Months Ended December 31,			Years Ended December 31,		
	2025	2024	Change	2025	2024	Change
Marketing revenue	\$ 35,969	\$ 21,649	66%	\$ 132,679	\$ 91,804	45%
Marketing purchases	\$ (33,451)	\$ (19,717)	70%	\$ (117,826)	\$ (69,129)	70%

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

For the three and twelve months ended December 31, 2025, marketing revenue increased by 66% and 45%, respectively, and marketing purchases increased by 70% for both periods, compared to the same periods of 2024. The increase in both marketing revenue and marketing purchases can be attributed to an increase in natural gas volumes purchased to fulfill sales contracts due to volume restrictions on export pipelines during the three and twelve months ended December 31, 2025.

OTHER INCOME

(000s)	Three Months Ended December 31,			Years Ended December 31,		
	2025	2024	Change	2025	2024	Change
Processing income	\$ 5,126	\$ 6,469	(21)%	\$ 22,418	\$ 23,682	(5)%
Power income	725	1,448	(50)%	2,852	6,686	(57)%
Other	699	814	(14)%	6,129	11,737	(48)%
Total other income	\$ 6,550	\$ 8,731	(25)%	\$ 31,399	\$ 42,105	(25)%

Other income for the three and twelve months ended December 31, 2025 was \$6.6 million and \$31.4 million, respectively, compared to \$8.7 million and \$42.1 million, respectively, for the same periods of the prior year. The decrease in power generation income is related to lower AESO benchmark power prices compared to 2024. Additionally, other income for the twelve months ended December 31, 2025 reflects a decrease in carbon credits sold compared to 2024.

OPERATING EXPENSES

(000s) except per-boe amounts	Three Months Ended December 31,			Years Ended December 31,		
	2025	2024	Change	2025	2024	Change
Operating expenses	\$ 282,530	\$ 251,594	12%	\$ 1,148,182	\$ 1,006,541	14%
Per boe	\$ 4.66	\$ 4.52	3%	\$ 4.93	\$ 4.75	4%

Operating expenses include all periodic lease and field-level expenses and exclude income recoveries from processing third-party volumes. For the fourth quarter of 2025, total operating expenses were \$282.5 million compared to \$251.6 million for the same period of 2024, an increase of 12% over a 9% increase in production. Operating costs for the year ended December 31, 2025 were \$1.1 billion compared to \$1.0 billion for the same period in 2024, reflecting a 14% increase in total costs over a 10% increase in production.

On a per-boe basis, the costs increased from \$4.52/boe for the fourth quarter of 2024 to \$4.66/boe in the fourth quarter of 2025. For the year ended December 31, 2025, operating costs were \$4.93/boe, up from \$4.75/boe in the prior year. The higher per-boe costs for the three and twelve months ended December 31, 2025 are related to higher processing fees and by the production acquired through significant acquisitions in 2024 and 2025, which generally carried higher operating expenses per-boe, which the Company continues to bring down as the assets are integrated and efficiencies are realized. The increase was partially offset by increased production volumes, which spread fixed costs over a larger production base.

The Company's operating costs for 2026 are expected to average approximately \$4.50/boe. The decrease compared to 2025 per-boe costs takes into consideration the disposition of higher cost Spirit River CGU production volumes in first quarter of 2026 and the termination of discretionary Alberta Deep Basin deep cut processing in the second quarter of 2026. Actual cash costs can change depending on a number of factors, including the Company's actual production levels.

TRANSPORTATION

<i>(000s) except per-boe amounts</i>	Three Months Ended December 31,			Years Ended December 31,		
	2025	2024	Change	2025	2024	Change
Natural gas transportation	\$ 252,834	\$ 227,775	11%	\$ 963,151	\$ 879,684	9%
Oil and NGL transportation	53,967	48,827	11%	234,910	202,908	16%
Total transportation	\$ 306,801	\$ 276,602	11%	\$ 1,198,061	\$ 1,082,592	11%
Per boe	\$ 5.06	\$ 4.97	2%	\$ 5.14	\$ 5.11	1%

For the fourth quarter of 2025, total transportation expenses were \$306.8 million compared to \$276.6 million in the fourth quarter of 2024. For the year ended December 31, 2025, transportation expenses were \$1.2 billion, compared to \$1.1 billion for the same period of 2024. Transportation expenses in 2025 reflect increased costs related to higher production volumes.

On a per-boe basis, transportation costs increased from \$4.97/boe in the fourth quarter of 2024 to \$5.06/boe in the fourth quarter of 2025. For the year ended December 31, 2025, the per-boe transportation costs increased from \$5.11/boe in the prior year to \$5.14/boe. The increase in per-unit transportation costs reflect an increase in natural gas fuel expense due to higher natural gas benchmark prices as well as higher liquids transportation costs.

GENERAL & ADMINISTRATIVE ("G&A") EXPENSES

<i>(000s) except per-boe amounts</i>	Three Months Ended December 31,			Years Ended December 31,		
	2025	2024	Change	2025	2024	Change
G&A expenses	\$ 54,472	\$ 58,075	(6)%	\$ 240,862	\$ 218,687	10%
Administrative and capital recovery	(2,172)	(2,965)	(27)%	(8,192)	(9,345)	(12)%
Capitalized G&A	(10,649)	(9,429)	13%	(50,664)	(45,242)	12%
Total G&A expenses	\$ 41,651	\$ 45,681	(9)%	\$ 182,006	\$ 164,100	11%
Per boe	\$ 0.69	\$ 0.82	(16)%	\$ 0.78	\$ 0.77	1%

Total G&A expenses in the fourth quarter of 2025 were \$41.7 million compared to \$45.7 million for the same quarter of 2024. The decrease is primarily due to lower consulting and advocacy fees compared to the same period of the prior year.

For the year ended December 31, 2025, G&A expenses were \$182.0 million compared to \$164.1 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 2026 are expected to average approximately \$0.80/boe. Actual costs per boe can change, however, depending on a number of factors including the Company's actual production levels.

SHARE-BASED PAYMENTS

<i>(000s) except per-boe amounts</i>	Three Months Ended December 31,		Years Ended December 31,	
	2025	2024	2025	2024
Total share-based payments	\$ 26,801	\$ 25,126	\$ 110,646	\$ 102,475
Capitalized share-based payments	(9,861)	(9,255)	(41,119)	(38,618)
Share-based payments expense	\$ 16,940	\$ 15,871	\$ 69,527	\$ 63,857
Per boe	\$ 0.28	\$ 0.28	\$ 0.30	\$ 0.30

The Company recognized \$16.9 million and \$69.5 million of share-based payments expense for the three and twelve months ended December 31, 2025, compared to \$15.9 million and \$63.9 million for the same periods of the prior year. Capitalized share-based payments for the three and twelve months ended December 31, 2025 were \$9.9 million and \$41.1 million compared to \$9.3 million and \$38.6 million, respectively, for the same periods of the prior year.

Share-based payments are higher in 2025, compared to 2024, which reflects an increase in the number of restricted share units ("RSUs") outstanding.

STOCK OPTIONS

The Company uses the fair-value method for the determination of non-cash, share-based payments expense. During the fourth quarter of 2025, 3,247,440 stock options were granted at a weighted average exercise price of \$63.01 per stock option and 78,713 stock options were exercised, bringing \$1.9 million of cash into treasury.

RSUS

During the fourth quarter of 2025, the Company granted 518,200 RSUs. As at December 31, 2025, the Company had 917,468 RSUs outstanding and recognized \$4.1 million and \$14.9 million of RSU payments expense for the three and twelve months ended December 31, 2025 (December 31, 2024 – \$3.0 million and \$10.6 million, respectively). Capitalized RSU payments for the three and twelve months ended December 31, 2025 were \$2.5 million and \$9.4 million (December 31, 2024 – \$2.0 million and \$7.2 million, respectively). Both of these amounts are included in the share-based payments table above.

DEPLETION, DEPRECIATION, AMORTIZATION AND IMPAIRMENT

<i>(000s) except per-boe amounts</i>	Three Months Ended December 31,		Years Ended December 31,	
	2025	2024	2025	2024
Total depletion, depreciation, amortization and impairment	\$ 1,697,463	\$ 408,010	\$ 3,000,251	\$ 1,551,963
Less mineral lease expiries	(261)	(1,045)	(20,962)	(10,711)
Less impairment loss on assets held for sale	(1,227,570)	–	(1,227,570)	–
Depletion, depreciation and amortization ("DD&A")	\$ 469,632	\$ 406,965	\$ 1,751,719	\$ 1,541,252
Per boe	\$ 7.74	\$ 7.31	\$ 7.52	\$ 7.27

DD&A expense, excluding mineral lease expiries and impairment expense, was \$469.6 million for the fourth quarter of 2025 compared to \$407.0 million for the same period of 2024. DD&A expense includes depletion of oil and gas interests (excluding plant and facilities) of \$434.5 million (three months ended December 31, 2024 – \$375.2 million) and combined depreciation of plants and facilities, office equipment, furniture and fixtures and ROU asset. For the twelve-month period ended December 31, 2025, DD&A expense, excluding mineral lease expiries and impairment, was \$1.8 billion compared to \$1.5 billion for the same period of 2024. Included in DD&A expense is \$1.6 billion attributable to depletion expense related to oil and gas interests (December 31, 2024 – \$1.4 billion). The increase in DD&A expense in 2025 over 2024 is primarily due to higher production volumes.

The per-boe DD&A rate, excluding the impact of mineral lease expiries and impairment, of \$7.74/boe and \$7.52/boe for the three and twelve months ended December 31, 2025, respectively, increased compared to the rate of \$7.31/boe and \$7.27/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 December 31, 2025 were \$0.3 million, compared to expiries in the same quarter of the prior year of \$1.0 million. For the twelve months ended December 31, 2025, expiries were \$21.0 million compared to \$10.7 million for the same period of 2024. The expired leases for the twelve months ended December 31, 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 to allow some land leases to expire. The Company explores all alternatives (including swaps, farm-outs, joint ventures and dispositions) to realize value from these sections before they expire.

As at December 31, 2025, the Company's Spirit River CGU assets and associated liabilities were classified as held for sale. The value of the assets was recorded at the lower of the carrying value and fair value less costs to sell which resulted in a \$1.2 billion impairment loss. Refer to note 5 of the Company's consolidated financial statements as at December 31, 2025 for additional information.

At December 31, 2025, and December 31, 2024, the Company did not identify indicators of impairment on any of its remaining held for use CGUs and therefore, an impairment test was not performed. The Company has no CGUs with historical impairment that have not been fully reversed.

FINANCE EXPENSES

(000s)	Three Months Ended December 31,			Years Ended December 31,		
	2025	2024	Change	2025	2024	Change
Interest expense	\$ 18,066	\$ 19,972	(10)%	\$ 68,478	\$ 79,591	(14)%
Accretion expense	9,178	7,865	17%	35,162	29,971	17%
Lease interest expense	523	503	4%	1,941	1,766	10%
Foreign exchange (gain) loss on U.S. denominated debt	(8,787)	43,201	(120)%	(21,804)	31,371	(170)%
Realized (gain) loss on cross-currency swaps	8,787	(43,201)	120%	21,804	(31,371)	170%
Transaction costs on corporate and property acquisitions	3,604	8,337	(57)%	5,804	9,453	(39)%
Total finance expenses	\$ 31,371	\$ 36,677	(14)%	\$ 111,385	\$ 120,781	(8)%

Finance expenses for the three months ended December 31, 2025, totaled \$31.4 million compared to \$36.7 million for the same period of 2024. The average debt outstanding, and the average effective interest rate on the debt was \$1.8 billion and 3.51% for the three months ended December 31, 2025, compared to \$1.5 billion and 4.82% for the same period of 2024, respectively.

For the year ended December 31, 2025, finance expenses totaled \$111.4 million compared to \$120.8 million for the same period of 2024. The average debt outstanding, and the average effective interest rate on the debt for the year ended December 31, 2025, was \$1.6 billion and 3.86% compared to \$1.5 billion and 4.97% for the same period of 2024, respectively.

Interest expense decreased for the three and twelve months ended December 31, 2025, due to the decrease in the effective interest rate compared to 2024. 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. Partially offsetting the lower interest rates was an increase in the average debt outstanding in 2025.

For the three and twelve-month periods ended December 31, 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

(000s)	Three Months Ended December 31,			Years Ended December 31,		
	2025	2024	Change	2025	2024	Change
Current tax expense	\$ 22,303	\$ 55,657	(60)%	\$ 44,492	\$ 84,165	(47)%
Deferred tax expense (recovery)	(255,664)	59,370	(531)%	36,742	309,659	(88)%
Income taxes expense (recovery)	\$ (233,361)	\$ 115,027	(303)%	\$ 81,234	\$ 393,824	(79)%

For the three and twelve months ended December 31, 2025, current tax expense was \$22.3 million and \$44.5 million, respectively, compared to \$55.7 million and \$84.2 million for the same periods of the prior year. The decrease in current tax expense is primarily due to non-capital losses available from corporate acquisitions and a decrease in income before taxes.

For the three months and twelve months ended December 31, 2025, the provision for deferred tax was a \$255.7 million recovery and \$36.7 million expense, respectively, compared to deferred tax expense of \$59.4 million and \$309.7 million for the same periods of the prior year, respectively. The decrease in deferred tax expense (recovery) is primarily due to a decrease in income before taxes, which was impacted by the impairment loss of \$1.2 billion on the Spirit River CGU assets held for sale.

CASH FLOW FROM OPERATING ACTIVITIES, CASH FLOW AND NET EARNINGS

(000s) except per-unit amounts	Three Months Ended December 31,			Years Ended December 31,		
	2025	2024	Change	2025	2024	Change
Cash flow from operating activities	\$ 700,112	\$ 666,110	5%	\$ 3,387,019	\$ 2,729,780	24%
Per share ⁽¹⁾	\$ 1.80	\$ 1.78	1%	\$ 8.82	\$ 7.58	16%
Cash flow ⁽²⁾	\$ 890,117	\$ 850,330	5%	\$ 3,395,570	\$ 3,218,491	6%
Per share ⁽¹⁾⁽²⁾	\$ 2.29	\$ 2.27	1%	\$ 8.84	\$ 8.93	(1)%
Net earnings (loss)	\$ (655,002)	\$ 407,445	(261)%	\$ 262,672	\$ 1,264,109	(79)%
Per share ⁽¹⁾	\$ (1.69)	\$ 1.09	(255)%	\$ 0.68	\$ 3.51	(81)%
Operating netback per-boe ⁽²⁾	\$ 16.32	\$ 17.40	(6)%	\$ 16.02	\$ 16.26	(1)%

(1) Per share amounts have been calculated using the weighted average number of diluted common shares except the net earnings (loss) per share amounts in periods in which the Company has reported a net loss. In these periods, the weighted average number of basic common shares has been used as there is an anti-dilutive impact on per-share calculations.

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

Cash flow for the three months ended December 31, 2025 was \$890.1 million or \$2.29 per diluted share compared to \$850.3 million or \$2.27 per diluted share for the same period of 2024. For the year ended December 31, 2025, cash flow was \$3.4 billion or \$8.84 per diluted share compared to \$3.2 billion or \$8.93 per diluted share for the same period of 2024. The increase in cash flow for the three and twelve months ended December 31, 2025 compared to the same periods of 2024, reflects the increase in production volume, partially offset by a reduction in operating netback.

The Company had an after-tax net loss for the three months ended December 31, 2025 of \$655.0 million or \$1.69 per share compared to after-tax net earnings of \$407.4 million or \$1.09 per diluted share for the same period of 2024. For the twelve-month period ended December 31, 2025, after-tax net earnings were \$262.7 million or \$0.68 per diluted share compared to after-tax net earnings of \$1.3 billion or \$3.51 per diluted share for the same period of the prior year. The decrease in after-tax net earnings for the three and twelve months ended December 31, 2025, was primarily a result of the \$1.2 billion impairment loss related to the Spirit River CGU assets held for sale.

CAPITAL EXPENDITURES

(000s)	Three Months Ended December 31,		Years Ended December 31,	
	2025	2024	2025	2024
Land and seismic	\$ 4,889	\$ 4,517	\$ 42,080	\$ 55,265
Drilling and completions	620,072	603,163	2,152,550	1,733,811
Facilities	187,774	135,736	731,082	384,387
Exploration and production expenditures ⁽¹⁾	812,735	743,416	2,925,712	2,173,463
Property acquisitions	2,024	7,379	19,307	33,083
Property dispositions	(801)	(300,858)	(75,622)	(357,692)
Other	14,028	10,256	62,883	52,607
Total capital expenditures ⁽¹⁾	\$ 827,986	\$ 460,193	\$ 2,932,280	\$ 1,901,461

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

During the fourth quarter of 2025, the Company had total capital expenditures of \$828.0 million compared to \$460.2 million for the same period of 2024. Exploration and production ("EP") expenditures were \$812.7 million for the fourth quarter of 2025 compared to \$743.4 million for the same quarter of 2024. During the twelve-month period ended December 31, 2025, the Company had total capital expenditures of \$2.9 billion compared to \$1.9 billion for the same period of 2024.

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

	Year Ended December 31, 2025		Year Ended December 31, 2024	
	Gross	Net	Gross	Net
Drilled	331	318.75	286	263.62
Completed	323	314.90	289	271.78
Tied-in	330	319.05	274	253.52

EP expenditures in 2026 are now forecast to be \$2.55 billion, down from the \$2.9 billion previously disclosed in the Company's November 5, 2025 news release. This reduction includes \$175.0 million of the originally planned 2026 EP expenditures in the Spirit River CGU and \$175.0 million of EP expenditures in the remainder of the Company's gas complexes. The Company expects drilling and completions costs of approximately \$1.9 – \$2.0 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 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 associated with this acquisition of \$0.8 million were included in finance expense on the consolidated statement of income and comprehensive income for the year ended December 31, 2025. 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 (long-term 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 is an important component of the Company's continuing NEBC build out strategy that is part of 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.

See note 7 of the Company's December 31, 2025 consolidated financial statements for additional information relating to this acquisition.

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 associated with this acquisition of \$0.5 million were included in finance expense on the consolidated statement of income and comprehensive income for the year ended December 31, 2025. This acquisition provides for an increase in drilling inventory, developed lands, production and infrastructure.

Disposition of Oil and Natural Gas Properties

On September 30, 2025, the Company sold a royalty interest on the acquired Saguaro and Strathcona lands, discussed above, to Topaz Energy Corp. ("Topaz") for cash consideration of \$71.7 million, before customary closing adjustments. The transaction resulted in a gain on disposition of \$20.4 million which was recorded in the Company's consolidated statement of income and comprehensive income for the year ended December 31, 2025.

Total Property Acquisitions and Dispositions

In total, for the year ended December 31, 2025, the Company completed property acquisitions for cash consideration of \$19.3 million (December 31, 2024 – \$33.1 million) and \$290.8 million in property acquisitions (including Strathcona) for non-cash consideration (December 31, 2024 – \$7.8 million). The Company assumed \$11.3 million in decommissioning liabilities as a result of these acquisitions (December 31, 2024 – \$1.2 million).

For the year ended December 31, 2025, the Company also completed property dispositions for total cash consideration of \$75.6 million (December 31, 2024 – \$357.7 million) and non-cash consideration of \$2.6 million (December 31, 2024 – \$7.8 million). The Company disposed of \$0.9 million in decommissioning liabilities as a result of these dispositions (December 31, 2024 – \$1.5 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 December 31, 2025, the Company had \$800.0 million of CP outstanding with an average term of 61 days and an average interest rate of 2.75%. 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.

Credit facilities

The Company has a covenant-based, unsecured, five-year extendible revolving credit facility in place with a syndicate of banks in the amount of \$2.55 billion maturing in June 2030. 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 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 December 31, 2025, \$354.7 million was drawn on the revolving credit facility.

Under the terms of the revolving credit facility, Tourmaline is subject to the following covenant: (i) the ratio of total debt to total capitalization must not exceed 0.65:1. At December 31, 2025, the ratio of total debt to total capitalization was 0.11:1. As at, and for the year ending December 31, 2025, the Company is in compliance with all debt covenants.

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

The Company also has a covenant-based, unsecured, operating credit facility with a Canadian bank in the amount of \$75.0 million. The operating credit facility has a maturity date of June 2027, which may, at the request of the Company and with consent of the lender, be extended on an annual basis. The covenant is the same as the revolving credit facility. At December 31, 2025, the operating credit facility was undrawn.

Additionally, the Company has an unsecured demand letter of credit facility with a Canadian bank in the amount of \$75.0 million. At December 31, 2025, the demand credit facility was undrawn.

At December 31, 2025, Tourmaline has outstanding letters of credit in the amount of \$61.5 million (December 31, 2024 – \$64.9 million) which are secured by the demand letter of credit facility.

Senior unsecured notes

As at December 31, 2025, the Company has issued \$700.0 million of senior unsecured notes, which are summarized below:

Issue Date	Maturity Date	Interest Rate	Principal
January 25, 2021	January 25, 2028	2.077%	\$250.0 million
August 9, 2021	February 12, 2029	2.529%	\$200.0 million
May 28, 2024	May 30, 2027	4.856%	\$250.0 million

The senior unsecured notes rank equally with all other present unsecured and subordinated debt of the Company. There are no financial covenants on these senior unsecured notes.

The Company's aggregate borrowing capacity at December 31, 2025 was \$3.4 billion including the credit facilities and senior unsecured notes.

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

As at December 31, 2025, the Company had an adjusted working capital deficit of \$471.0 million, after adjusting for the fair value of short-term financial instruments, short-term lease liabilities, short-term decommissioning obligations and unrealized foreign exchange in working capital (the working capital deficit was \$419.3 million) (December 31, 2024 – adjusted working capital deficit of \$430.0 million and working capital deficit of \$167.6 million, respectively). As at December 31, 2025, the Company had long-term debt of \$1.1 billion (net of debt issue costs) (December 31, 2024 – \$1.3 billion). Net debt at December 31, 2025 was \$1.5 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 August 6, 2025, the Company renewed its NCIB allowing up to 19,342,343 common shares, representing 5% of its common shares outstanding at July 31, 2025, to be purchased over a period of twelve months commencing on August 8, 2025 and expiring on August 7, 2026. 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 twelve months ended December 31, 2025, the Company did not purchase any common shares for cancellation.

Dividends

During the three and twelve months ended December 31, 2025, the Company paid a base quarterly cash dividend of \$0.50 and \$2.00 per common share totalling \$193.5 million and \$767.5 million, respectively, compared to \$0.35 and \$1.32 per common share totalling \$130.8 million and \$472.3 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 August 20, 2025, the Company paid a special dividend of \$0.35 per common share totalling \$135.4 million (August 21, 2024 – \$0.50 per common share totalling \$176.2 million).

On November 25, 2025, the Company paid a special dividend of \$0.25 per common share totalling \$96.8 million (November 26, 2024 – \$0.50 per common share totalling \$185.8 million).

Capital management

The Company will continue to use internally generated cash flow to fund its exploration and development program and is dedicated to keeping a strong statement of financial position, which has proven to be very important, especially in times of volatile commodity prices. Cash flow has consistently been directed towards modest, sustainable dividend increases, special dividends and debt reduction. On a go-forward basis, the Company intends to continue to return the vast majority of cash flow less capital expenditures back to shareholders which will be achieved through modest and sustainable base 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 December 31, 2025, the Company owned 15.3% of the outstanding common shares of its associate, Topaz. For the three and twelve months ended December 31, 2025, Tourmaline recorded income on its investment in Topaz of \$65.0 million and \$76.0 million, respectively (three and twelve months ended December 31, 2024 – \$1.2 million and \$14.3 million, respectively). Income on Investment in Topaz includes \$59.4 million related to Topaz implementing a change in accounting policy for DD&A in their December 31, 2025 audited financial statements. For the three and twelve months ended December 31, 2025, Topaz paid a cash dividend of \$0.34 and \$1.35 per common share resulting in Tourmaline receiving \$8.0 million and \$41.1 million, respectively, which was recorded as a reduction to the investment in Topaz (three and twelve months ended December 31, 2024 – cash dividend of \$0.33 and \$1.30 per common share receiving \$10.8 million and \$54.6 million, respectively).

On October 28, 2025, Tourmaline sold a portion of its investment in Topaz through a secondary offering of Topaz common shares for net consideration of \$221.2 million (net of broker and legal fees of \$9.7 million) which resulted in the Company selling 9.2 million Topaz common shares. The secondary offering resulted in Tourmaline recording a gain on of \$90.3 million in the Company's consolidated statement of income and comprehensive income and reduced Tourmaline's ownership interest in Topaz from 21.3% to 15.3%.

The Company has entered into a number of agreements with Topaz, relating to both royalty and infrastructure assets. For the three and twelve months ended December 31, 2025, gross overriding royalties of \$29.2 million and \$99.1 million and processing fees of \$10.5 million and \$39.8 million, respectively, were payable to Topaz and are included in the Company's consolidated statement of income and comprehensive income as royalties and operating expenses. For the three and twelve months ended December 31, 2024, gross overriding royalties of \$21.1 million and \$81.7 million and processing fees of \$9.7 million and \$39.2 million, respectively, were payable to Topaz.

SHARES AND STOCK OPTIONS OUTSTANDING

As at March 4, 2026, the Company has 387,199,000 common shares and 20,692,268 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⁾	\$ 6,681	\$ 13,177	\$ 12,936	\$ 20,849	\$ 53,643
Firm transportation agreements	1,159,782	2,044,673	1,591,552	6,458,142	11,254,149
Processing commitments ⁽²⁾	256,005	373,666	250,973	394,494	1,275,138
Capital commitments ⁽³⁾	11,689	18,093	4,003	–	33,785
Commercial paper ⁽⁴⁾	800,000	–	–	–	800,000
Revolving credit facility ⁽⁵⁾	–	–	418,926	–	418,926
Senior unsecured notes ⁽⁶⁾	22,391	520,695	200,596	–	743,682
	\$2,256,548	\$ 2,970,304	\$ 2,478,986	\$6,873,485	\$14,579,323

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

(2) Includes processing, logistics and power commitments.

(3) Includes drilling commitments.

(4) Includes interest expense at 2.75% being the rate applicable to outstanding CP at December 31, 2025.

(5) Includes interest expense at 3.76% being the rate applicable to the outstanding balance on the credit facility at December 31, 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 December 31, 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, 2025.

As at December 31, 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 December 31, 2025 are summarized and disclosed in note 4 of the Company's consolidated financial statements for the year ended December 31, 2025.

The Company determines the fair value of embedded derivatives, at the end of each period, through the use of internal models which incorporate significant unobservable inputs (Level 3 inputs). In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks, such as future prices of energy and discount rates. When determining fair value estimates, the Company attempts to maximize the use of observable inputs and minimize the use of unobservable inputs. The Company's embedded derivatives at December 31, 2025 have been disclosed in note 4 of the Company's consolidated financial statements for the year ended December 31, 2025.

The following table provides a summary of the unrealized gains and losses on financial instruments for the year ended December 31, 2025:

(000s)	Three Months Ended December 31,		Years Ended December 31,	
	2025	2024	2025	2024
Unrealized (loss) on financial instruments	\$ (253,347)	\$ (237,108)	\$ (221,528)	\$ (298,559)

The Company has entered into physical delivery sales contracts to manage commodity risk. These contracts are considered normal sales contracts and are not recorded at fair value in the consolidated financial statements. Physical contracts in place at December 31, 2025 have been summarized and disclosed in note 4 of the Company's consolidated financial statements for the year ended December 31, 2025.

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimates that differ materially from current estimates. The Company's use of estimates and judgments in preparing the consolidated financial statements are discussed in note 1 of the consolidated financial statements for the year ended December 31, 2025.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's DC&P and ICFR. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as at December 31, 2025, the Company's DC&P and ICFR are effective.

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

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

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 requirements, 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 "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.

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

Non-GAAP Financial Measures

Cash Flow

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

(000s)	Three Months Ended December 31,		Years Ended December 31,	
	2025	2024	2025	2024
Cash flow from operating activities (per GAAP)	\$ 700,112	\$ 666,110	\$ 3,387,019	\$ 2,729,780
Current income taxes ⁽¹⁾	(11,039)	(36,665)	(33,228)	(65,173)
Current income taxes paid (recovered)	3,246	(34)	31,382	526,768
Change in non-cash working capital	197,798	220,919	10,397	27,116
Cash flow	\$ 890,117	\$ 850,330	\$ 3,395,570	\$ 3,218,491

(1) For the purposes of this reconciliation, current income taxes exclude \$11.3 million of income taxes related to the capital gain on the sale of Topaz shares during the three and twelve months ended December 31, 2025 (three and twelve months ended December 31, 2024 - \$19.0M). Refer to note 11 and 14 of the Company's consolidated financial statements for further details.

Capital Expenditures

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

(000s)	Three Months Ended December 31,		Years Ended December 31,	
	2025	2024	2025	2024
Cash flow used in investing activities (per GAAP)	\$ 523,856	\$ 123,552	\$ 2,733,529	\$ 1,638,627
Corporate acquisition	–	(169,040)	–	(169,040)
Change in non-cash working capital	82,904	174,216	(10,675)	100,409
Investment in long-term asset	–	–	(11,800)	–
Proceeds from sale of investments	221,226	331,465	221,226	331,465
Capital expenditures	\$ 827,986	\$ 460,193	\$ 2,932,280	\$ 1,901,461

Exploration and Production Expenditures

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

(000s)	Three Months Ended December 31,		Years Ended December 31,	
	2025	2024	2025	2024
Cash flow used in investing activities (per GAAP)	\$ 523,856	\$ 123,552	\$ 2,733,529	\$ 1,638,627
Proceeds from sale of investment	221,226	331,465	221,226	331,465
Corporate acquisition	–	(169,040)	–	(169,040)
Change in non-cash working capital	82,904	174,216	(10,675)	100,409
Investment in long-term asset	–	–	(11,800)	–
Property acquisitions	(2,024)	(7,379)	(19,307)	(33,083)
Proceeds from divestitures	801	300,858	75,622	357,692
Other	(14,028)	(10,256)	(62,883)	(52,607)
Exploration and production expenditures	\$ 812,735	\$ 743,416	\$ 2,925,712	\$ 2,173,463

Operating Netback

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

(000)	Three Months Ended December 31,		Years Ended December 31,	
	2025	2024	2025	2024
Commodity sales from production	\$ 1,423,017	\$ 1,215,050	\$ 4,940,024	\$ 4,729,771
Premium on risk management activities	202,830	280,791	1,230,294	828,468
Realized gain on financial instruments	88,813	127,978	420,981	486,534
Royalties	(135,121)	(125,699)	(513,879)	(509,252)
Transportation costs	(306,801)	(276,602)	(1,198,061)	(1,082,592)
Operating expenses	(282,530)	(251,594)	(1,148,182)	(1,006,541)
Operating netback	\$ 990,208	\$ 969,924	\$ 3,731,177	\$ 3,446,388

Non-GAAP Financial Ratio

Operating Netback per-boe

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

(\$/boe)	Three Months Ended December 31,		Years Ended December 31,	
	2025	2024	2025	2024
Revenue, excluding processing income	\$ 28.27	\$ 29.15	\$ 28.30	\$ 28.52
Royalties	(2.23)	(2.26)	(2.21)	(2.40)
Transportation costs	(5.06)	(4.97)	(5.14)	(5.11)
Operating expenses	(4.66)	(4.52)	(4.93)	(4.75)
Operating netback	\$ 16.32	\$ 17.40	\$ 16.02	\$ 16.26

Capital Management Measures

Adjusted Working Capital

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

(000s)	As at December 31,	
	2025	2024
Working capital (deficit)	\$ (419,306)	\$ (167,623)
Fair value of financial instruments – short-term (asset)	(135,676)	(315,365)
Lease liabilities – short-term	8,034	8,385
Decommissioning obligations – short-term	75,000	60,000
Unrealized foreign exchange in working capital – (asset) liability	991	(15,354)
Adjusted working capital (deficit)	\$ (470,957)	\$ (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:

(000s)	As at December 31,	
	2025	2024
Long-term debt	\$(1,052,914)	\$(1,272,775)
Adjusted working capital (deficit)	(470,957)	(429,957)
Net debt	\$(1,523,871)	\$(1,702,732)

SELECTED QUARTERLY INFORMATION

(\$000s, unless otherwise noted)	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
PRODUCTION								
Natural gas (mcf)	279,605,020	269,144,620	261,871,792	264,831,660	257,541,580	235,003,236	230,892,753	244,095,080
Oil, condensate and NGL (bbls)	14,045,916	13,539,180	12,843,558	13,269,420	12,774,384	12,110,328	12,640,446	13,196,483
Oil equivalent (boe)	60,646,768	58,396,632	56,488,887	57,408,030	55,697,996	51,277,580	51,122,572	53,878,996
Natural gas (mcf/d)	3,039,185	2,925,485	2,877,712	2,942,574	2,799,365	2,554,383	2,537,283	2,682,364
Oil, condensate and NGL (bbls/d)	152,673	147,165	141,138	147,438	138,852	131,634	138,906	145,016
Oil equivalent (boe/d)	659,204	634,746	620,757	637,867	605,413	557,365	561,787	592,077
FINANCIAL								
Total revenue from commodity sales and premium (loss) on risk management activities and realized gain (loss) on financial instruments	1,714,660	1,478,997	1,506,049	1,891,593	1,623,819	1,382,093	1,412,692	1,626,169
Cash flow from operating activities	700,112	853,547	745,049	1,088,311	666,110	727,042	696,011	640,617
Per diluted share	1.80	2.19	1.96	2.89	1.78	2.05	1.96	1.81
Cash flow ⁽¹⁾	890,117	719,576	822,831	963,046	850,330	741,900	755,117	871,144
Per diluted share	2.29	1.85	2.16	2.56	2.27	2.09	2.12	2.45
Net earnings (loss)	(655,002)	190,405	514,591	212,678	407,445	355,193	256,597	244,874
Per basic share	(1.69)	0.49	1.36	0.57	1.09	1.01	0.73	0.70
Per diluted share	(1.69)	0.49	1.35	0.56	1.09	1.00	0.72	0.69
Total assets	22,621,607	23,743,680	23,361,973	22,409,333	22,311,543	20,245,850	19,884,722	20,024,237
Working capital (deficit)	(419,306)	(1,202,150)	(417,244)	(566,965)	(167,623)	13,370	112,002	(134,559)
Adjusted working capital (deficit) ⁽¹⁾	(470,957)	(1,324,144)	(596,710)	(650,807)	(429,957)	(306,721)	(146,425)	(373,508)
Capital expenditures ⁽¹⁾	827,986	774,037	505,239	825,018	460,193	590,918	294,105	556,245
Dividends paid	290,277	328,885	324,516	318,141	316,564	299,606	288,547	281,195
Total outstanding shares (000s)	387,057	386,979	386,830	374,523	373,684	352,542	352,375	351,552
PER UNIT								
Natural gas (\$/mcf)	3.77	3.07	3.34	4.30	3.48	3.19	3.03	3.77
Oil, condensate and NGL (\$/bbl)	47.08	48.22	49.25	56.75	56.99	52.16	56.36	53.53
Revenue (\$/boe)	28.27	25.33	26.66	32.95	29.15	26.95	27.63	30.18
Operating netback (\$/boe) ⁽¹⁾	16.32	13.67	14.93	19.15	17.40	14.75	15.36	17.35

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

SELECTED ANNUAL INFORMATION

<i>(\$000s unless otherwise noted)</i>	2025	2024	2023
PRODUCTION			
Natural gas (<i>mcf</i>)	1,075,453,155	967,532,712	879,412,295
Oil, condensate and NGL (<i>bbls</i>)	53,699,165	50,721,744	43,364,660
Oil equivalent (<i>boe</i>)	232,941,540	211,977,318	189,933,376
Natural gas (<i>mcf/d</i>)	2,946,447	2,643,532	2,409,349
Oil, condensate and NGL (<i>bbls/d</i>)	147,121	138,584	118,808
Oil equivalent (<i>boe/d</i>)	638,196	579,173	520,366
FINANCIAL			
Total revenue from commodity sales, premium on risk management activities and realized gain on financial instruments	6,591,299	6,044,773	6,706,997
Cash flow from operating activities	3,387,019	2,729,780	4,406,092
Per diluted share	8.82	7.58	12.76
Cash flow ⁽¹⁾	3,395,570	3,218,491	3,707,683
Per diluted share	8.84	8.93	10.73
Net earnings attributable to shareholders of the Company	262,672	1,264,109	1,735,880
Per basic share	0.69	3.54	5.09
Per diluted share	0.68	3.51	5.03
Total assets	22,621,607	22,311,543	20,097,375
Working capital (deficit)	(419,306)	(167,623)	(298,280)
Adjusted working capital (deficit) ⁽¹⁾	(470,957)	(429,957)	(679,495)
Capital expenditures ⁽¹⁾	2,932,280	1,901,461	2,073,249
Dividends paid	1,261,819	1,185,912	2,226,867
Basic outstanding shares (<i>000s</i>)	387,057	373,684	351,351
PER UNIT			
Natural gas (<i>\$/mcf</i>)	3.62	3.38	4.83
Oil, condensate and NGL (<i>\$/bbl</i>)	50.27	54.78	56.79
Revenue (<i>\$/boe</i>)	28.30	28.52	35.31
Operating netback (<i>\$/boe</i>) ⁽¹⁾	16.02	16.26	22.17

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

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

On an annual basis, the Company has had continued production growth over the last three years. The Company's average annual production has increased from 520,366 boe per day in 2023, 579,173 boe per day in 2024 and 638,196 boe per day in 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 \$3.4 billion in 2025. The increase in 2025 cash flow over 2024 reflects increased production volumes partially offset by a decrease in operating netback.

Net income in 2025 was impacted by the \$1.2 billion impairment loss recorded on assets held for sale as well as lower gains on acquisitions and divestitures of \$110.6 million in 2025 compared to \$278.9 million in 2024.

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