TOURMALINE OIL CORP.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED

DECEMBER 31, 2025

March 4, 2026

TABLE OF CONTENTS

SCHEDULES

ABOUT TOURMALINE

Tourmaline is Canada's largest and most active natural gas producer dedicated to producing the lowest-development-cost natural gas in North America. We are an investment grade exploration and production company providing strong and predictable operating and financial performance through the development of our two core areas in the Western Canadian Sedimentary Basin ("**WCSB**"). With our existing large reserve base, decades-long drilling inventory, relentless focus on execution, cost management, and environmental performance improvement, we are excited to provide shareholders with an excellent return on capital and an attractive source of income through our base dividend and surplus free cash flow distribution strategies. Tourmaline's common shares trade on the Toronto Stock Exchange under the symbol "TOU". Additional information on Tourmaline can be accessed at SEDAR+ at www.sedarplus.ca or from the Corporation's website at www.tourmaline.com.

CONVENTIONS

Unless otherwise indicated, any reference in this Annual Information Form ("**AIF**") to "**Tourmaline**", the "**Company**", the "**Corporation**", "**we**" or "**our**" means Tourmaline Oil Corp. Certain other terms used but not defined herein are defined in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"), in the Canadian Oil and Gas Evaluation Handbook maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter) (the "**COGE Handbook**"), in the Canadian Securities Administrators Staff Notice 51-324 – *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* and under the heading "*Selected Abbreviations*" herein. Unless otherwise specified, information in this AIF is as at the end of the Company's most recently completed financial year, being December 31, 2025. All dollar amounts herein are in Canadian dollars, unless otherwise stated. See "*Non-GAAP and Other Financial Measures*", "*Selected Abbreviations*", "*Selected Conversions*", "*Forward-Looking Statements*" and "*Certain Reserves Data Information*". Certain portions of Tourmaline's audited consolidated financial statements ("**Financial Statements**") and Management's Discussion and Analysis ("**MD&A**") as at and for the year ended December 31, 2025 are incorporated by reference into this AIF as indicated herein. The Financial Statements and MD&A are available on SEDAR+ at www.sedarplus.ca. All references in this AIF to management are to the persons who are identified in this AIF as the executive officers of the Company. See "*Directors and Officers*". All statements in this AIF made by or on behalf of management are made in such persons' capacities as executive officers of the Company and not in their personal capacities. Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. Credit ratings are not recommendations to purchase, hold or sell securities and do not address the market price or suitability of a specific security for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant. The information found on, or accessible through, Tourmaline's website does not form part of this AIF. This AIF contains information relating to Tourmaline's business, as well as historical and projected future performance, Tourmaline expectations, forecasts and guidance, and other market data. When considering this data, investors should bear in mind that historical results and market data may not be indicative of the future results that investors should expect from Tourmaline.

CORPORATE STRUCTURE

Name, address and incorporation

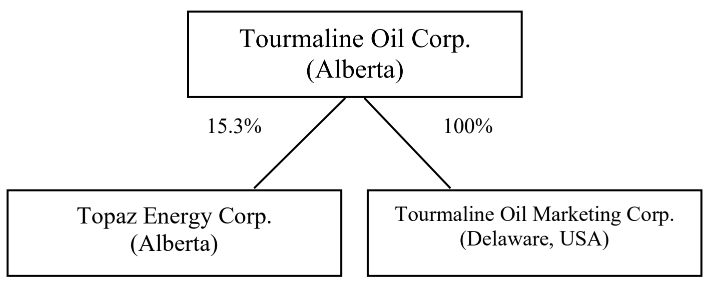
Tourmaline was incorporated under the *Business Corporations Act* (Alberta) (the "**ABCA**") under the name "1415065 Alberta Ltd." on July 21, 2008. On August 26, 2008, Tourmaline filed Articles of Amendment to change its name to "Tourmaline Oil Corp.". On October 24, 2008, Tourmaline filed Articles of Amendment to: (i) create a new class of shares designated as first preferred shares (the "**First Preferred Shares**"), issuable in series, and a new class of shares designated as second preferred shares (the "**Second Preferred Shares**"), issuable in series, and amend the terms of the common shares (the "**Common Shares**"); (ii) remove the "private company" restrictions; and (iii) change the minimum number of directors of the Company from one to three. Tourmaline amalgamated with its wholly-owned subsidiaries Pienza Petroleum Inc. ("**Pienza**") and Vigilant Exploration Inc. ("**Vigilant**") on January 1, 2010, amalgamated with its wholly-owned subsidiary Altia Energy Ltd. ("**Altia**") on January 1, 2011, amalgamated with its wholly-owned subsidiary Cinch Energy Corp. ("**Cinch**") on January 1, 2012, amalgamated with its wholly-owned subsidiary Huron Energy Corporation ("**Huron**") on January 1, 2013, amalgamated with its wholly-owned subsidiary Santonia Energy Inc. ("**Santonia**") on January 1, 2015, amalgamated with its wholly-owned subsidiaries Bergen

Resources Inc. ("**Bergen**") and Mapan Energy Ltd. ("**Mapan**") on January 1, 2016, amalgamated with its wholly-owned subsidiaries Polar Star Canadian Oil and Gas, Inc. ("**Polar Star**"), Chinook Energy Inc. ("**Chinook**"), Modern Resources Inc. ("**Modern**"), and Jupiter Resources Inc. ("**Jupiter**") on January 1, 2021, amalgamated with its wholly-owned subsidiary Black Swan Energy Ltd. ("**Black Swan**") on July 15, 2021, amalgamated with its wholly-owned subsidiary Rising Star Resources Ltd. ("**Rising Star**") on January 1, 2023, amalgamated with its wholly-owned subsidiary Bonavista Energy Corporation ("**Bonavista**") on January 1, 2024, amalgamated with its wholly-owned subsidiaries Crew Energy Inc. ("**Crew**") and Todd Energy Canada Limited ("**Todd**") on January 1, 2025, and amalgamated with its wholly-owned subsidiary Saguaro Resources Ltd. ("**Saguaro**") on June 6, 2025 and in each case continuing as Tourmaline Oil Corp.

Tourmaline's head office is located at Suite 2900, 250 – 6th Avenue S.W., Calgary, Alberta T2P 3H7 and its registered office is located at Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1.

Intercorporate relationships

The following diagram illustrates the intercorporate relationship between Tourmaline and its subsidiaries and associates; the percentage of votes attached to all voting securities of the subsidiaries and associates beneficially owned, or controlled or directed, directly or indirectly, by Tourmaline; and the jurisdiction of incorporation of the subsidiaries and associates as at the date of this AIF.



DESCRIPTION OF THE BUSINESS

Overview

Tourmaline commenced active operations in the fall of 2008 with the objective of building a successful Canadian crude oil and natural gas exploration, development and production company with a long-term business strategy similar to that of Duvernay Oil Corp. ("**Duvernay**") and Berkley Petroleum Corp. ("**Berkley**"), companies previously founded and managed by certain key members of Tourmaline's senior management team. Through a series of strategic acquisitions, farm-ins, joint ventures and land acquisitions combined with its active capital exploration and development program, Tourmaline has increased current average production to approximately 650,000 - 660,000 Boe/d, exclusive of production associated with its previously-owned Peace River High area, which was sold during the first quarter of 2026 as described below. The Company has assembled an extensive undeveloped land position with a large, multi-year drilling inventory and operating control of important natural gas processing and transportation infrastructure in two core long-term growth areas – the Alberta Deep Basin and NEBC Montney.

To date, the Company has raised approximately $4.0 billion through private placement equity financings and public offerings, approximately $375.2 million of which was raised from Tourmaline's directors, officers, employees and their associates, and strategically completed a number of acquisitions to cost-effectively build its current production and extensive land position. The acquisitions have complemented an active exploration, development and production program that is intended to be the Company's primary long-term growth engine.

Management believes that the location, size, concentration and other attributes of the Company's two core long-term growth areas provide an opportunity for the Company to achieve operating cost, reserve recovery, deliverability and production efficiencies through a large-scale, repeatable capital exploration and development program. Tourmaline is actively executing this program using principally 3D seismic data to identify drilling locations for multi-stage fracture stimulations of vertical and horizontal wells. A key component of Tourmaline's long-term business strategy has always been to be one of the lowest-development-cost operators within its core areas.

Business Strategy

Tourmaline's long-term business strategy is to increase shareholder value by providing both strong and predictable long-term growth and a steady return to shareholders through its base dividend and surplus free cash flow distribution strategies supported by an active exploration, development, production and acquisition program in the WCSB by building its extensive asset base in its two core exploration and production areas and exploiting and developing these areas to increase reserves, production and cash flows at an attractive return on invested capital. The Company seeks to execute this strategy by actively drilling and developing its extensive undeveloped land position; adopting and employing advanced drilling and completion techniques; pursuing strategic acquisitions with significant potential synergies; undertaking wildcat exploration drilling for new pool discoveries and enhancing returns by focusing on operational and cost efficiencies. The Company strives to be one of the lowest-development-cost producers in the WCSB in order to accomplish its business strategy in any economic and commodity price environment.

General Development of the Business

The general development of Tourmaline's business since 2023 and up to the date of this AIF which includes events such as acquisitions or dispositions, including the Peace River High Disposition (as defined herein), or conditions that have had an influence on that development, are described below and are also described under the heading "Acquisition Summary".

2023

In January 2023, Tourmaline commenced deliveries of 140,000 MMbtu/d to the Gulf Coast pursuant to its 15-year LNG contract, realizing full exposure to JKM pricing.

On January 12, 2023, the Board declared a special dividend of $2.00 per Common Share which was paid on February 1, 2023.

On April 18, 2023, Tourmaline announced that it had entered into a 50-50 shared $70 million Joint Development Agreement with Clean Energy Fuels Corp. to build and operate a network of compressed natural gas stations along key highway corridors across Western Canada.

On May 3, 2023, the Board increased the Company's quarterly dividend by 4% to $0.26 per Common Share and declared a special dividend of $1.50 per Common Share which was paid on May 19, 2023.

On August 2, 2023, the Board declared a special dividend of $1.00 per Common Share which was paid on August 22, 2023.

On October 16, 2023, the Board increased the Company's quarterly dividend by 8% to $0.28 per Common Share and declared a special dividend of $1.00 per Common Share which was paid on November 1, 2023.

On November 17, 2023, Tourmaline completed the acquisition of Bonavista for total consideration of $1.34 billion, comprised of $651 million cash and 10.3 million Common Shares. At the time of acquisition, the acquired assets included over 60,000 Boe/d of production, 459 mmboe of proved plus probable reserves (reserves were internally estimated by qualified reserve evaluators in accordance with NI 51-101 and the COGE Handbook with an effective date of September 30, 2023), 839 gross (656.7 net) horizontal internally estimated drilling locations and 1.2 million net acres of land rights.

On December 1, 2023, Mr. Earl McKinnon was appointed Chief Operating Officer, Mr. Al Bush was appointed as Vice President, Corporate Affairs, Ms. Sarah Tait was appointed as Vice President, Finance (a position she held until her retirement at the end of 2025), Mr. Jamie Heard was appointed as Vice President, Capital Markets and Ms. Katie Beck was appointed as General Counsel and Corporate Secretary of the Company.

2024

On January 15, 2024, Tourmaline entered into two additional LNG agreements. The first agreement increases Tourmaline's exposure to JKM through a netback agreement with Trafigura Pte Limited based on 62,500 mmbtu/d of LNG for a seven-year term starting in January 2027, with the potential for extension to December 2039. The second agreement, with Trafigura Canada Limited, expands the Company's international exposure through Dutch TTF index pricing. In March 2024, Tourmaline commenced delivery of 50,000 mmbtu/d of natural gas at AB-NIT and receives a Dutch TTF index price (less associated deductions) until December 2026.

On March 6, 2024, the Board increased the Company's quarterly dividend by 7% to $0.30 per Common Share and declared a special dividend of $0.50 per Common Share which was paid on March 21, 2024.

On May 1, 2024, the Board increased the Company's quarterly dividend by 7% to $0.32 per Common Share and declared a special dividend of $0.50 per Common Share which was paid on May 16, 2024.

On May 28, 2024, Tourmaline issued $250 million in senior unsecured notes due May 30, 2027, at a fixed interest rate of 4.856% per annum, payable semi-annually commencing November 30, 2024.

On July 31, 2024, the Board increased the Company's quarterly dividend by 3% to $0.33 per Common Share and declared a special dividend of $0.50 per Common Share which was paid on August 21, 2024.

On August 12, 2024, the Board increased the Company's quarterly dividend by 6% to $0.35 per Common Share.

On October 1, 2024, Tourmaline completed the acquisition of Crew for total consideration of $1.19 billion, (comprised of 18.778 million Common Shares) as well as the assumption of approximately $220 million of net debt. At the time of the acquisition, the acquired assets included 28,000 to 30,000 Boe/d of production, 473.2 mmboe of proved plus probable reserves (as evaluated by Sproule Associates Ltd. as at December 31, 2023), and over 700 Tier 1 internally estimated drilling locations (246 net Montney locations evaluated by Sproule Associates Ltd. as at December 31, 2023).

On November 1, 2024, Tourmaline sold a gross overriding royalty to Topaz on lands acquired primarily over the past year, including the acquired Crew and Bonavista lands and received consideration of $277.5 million, before customary closing adjustments.

On November 6, 2024, the Board declared a special dividend of $0.50 per Common Share which was paid on November 26, 2024.

On December 1, 2024, Tourmaline completed the acquisition of Todd for total consideration of $296.5 million (comprised of 1.929 million Common Shares and $169.0 million of cash consideration) as well as the assumption of $4.2 million of net debt. Prior to the acquisition, Tourmaline was a 50% owner in the Todd assets and the acquisition consolidates this ownership.

On December 1, 2024, Tourmaline sold a royalty interest on the acquired Todd lands to Topaz for cash consideration of $23.5 million, before customary closing adjustments.

On December 11, 2024, Tourmaline sold 12.4 million Topaz common shares through a secondary offering for net consideration of $331.5 million. Tourmaline's ownership interest in Topaz decreased from 29.5% to 21.3%.

2025

On March 5, 2025, the Board increased the Company's quarterly dividend by 43% to $0.50 per Common Share and declared a special dividend of $0.35 per Common Share which was paid on March 25, 2025.

On May 7, 2025, the Board declared a special dividend of $0.35 per Common Share which was paid on May 26, 2025.

On June 1, 2025, Tourmaline 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.

On June 6, 2025, Tourmaline acquired all the issued and outstanding shares of Saguaro. The Company issued 7,546,785 Common Shares at a price of $63.80 per share for share consideration of $481.5 million. The acquisition is an important component of the Company's continuing NEBC buildout 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.

On July 30, 2025, the Board declared a special dividend of $0.35 per Common Share which was paid on August 20, 2025

On July 30, 2025, the Company announced that it had entered into a long-term LNG feed gas supply agreement with Uniper to supply 80,000 mmbtu per day of natural gas in the US Gulf Coast for an 8-year term beginning November 2028, with international price exposure to Dutch TTF index pricing.

On October 28, 2025, Tourmaline sold 9.2 million Topaz common shares through a secondary offering for net consideration of $221.2 million. Tourmaline's ownership interest in Topaz decreased from 21.3% to 15.3%. Tourmaline will use the net proceeds of the Offering in part to fund its planned extensive NEBC Montney development project and infrastructure build-out.

On November 5, 2025, the Board declared a special dividend of $0.25 per Common Share which was paid on November 25, 2025.

On November 5, 2025, the Company announced, among other things, that it had entered into a long-term natural gas storage agreement with AltaGas at its Dimsdale Storage Facility in Alberta for 6 bcf of storage capacity starting April 2026 for a 10-year term; two short-term and one long-term LNG gas supply contracts which complement the existing portfolio with additional exposure to the Dutch TTF index pricing starting in 2026; and its plans to pursue a potential sale of its Peace River High complex as further described below under the heading "*Recent Developments*".

Recent Developments

On February 2, 2026, as part of Tourmaline's ongoing initiative to realize value creation opportunities within the Company's overall portfolio of assets and as a result of a successful marketed sales process originally announced by the Company in the fourth quarter of 2025, Tourmaline sold its Peace River High exploration and production complex at Spirit River-Mulligan-Earring and Wapiti, Alberta, which spans from 165 km north of Grande Prairie, Alberta to 65 km south of Grande Prairie, Alberta and includes the Wapiti Cardium area, for cash proceeds of $765 million, prior to customary closing adjustments (the "*Peace River High Disposition*"). The Company intends to utilize approximately $500 million of the proceeds for long-term debt reduction and approximately $265 million for the NEBC infrastructure buildout over the next two years.

As at December 31, 2025, the Peace River High Disposition assets had proved plus probable reserves of 276.0 MMboe with 634 gross (610.4 net) future drilling locations (including DUC's) recognized in the Consolidated Reserve Report (as defined herein).

On March 4, 2026, Tourmaline announced that, in order to improve operating netbacks, the Company has elected to terminate its discretionary deep-cut gas plant deliveries in the Alberta Deep Basin in 2026 as related contracts expire. This change is expected to reduce corporate ethane production by approximately 20,000 Bbls/d on a full-year basis but increase forecasted operating netbacks by approximately $65 million in 2026 and $110 million in 2027 through the elimination of deep-cut processing, transportation, and fractionation fees.

Significant Acquisitions

Tourmaline did not complete any significant acquisitions during its most recently completed financial year for which disclosure is required under Part 8 of National Instrument 51-102.

Potential Acquisitions and Financings

Tourmaline continues to evaluate potential acquisitions of all types of petroleum and natural gas and other energy-related assets and/or companies as part of its ongoing acquisition program. Tourmaline is regularly in the process of evaluating several potential acquisitions at any one time, which individually or together could be material. Tourmaline cannot predict whether any current or future opportunities will result in one or more acquisitions for Tourmaline. In addition, Tourmaline may, in the future, complete financings of equity or debt (which may be convertible into equity) for purposes that may include financing of acquisitions, Tourmaline's operations and capital expenditures and repayment of indebtedness.

Acquisition Summary

The following table summarizes the Company's key acquisitions since inception.

Acquisition Summary

Date	Acquisition	Areas	Purchase Price (MM$)[1]	Production[2] (Boe/d)	Undeveloped Land Gross Acres	Undeveloped Land Net Acres
April 30, 2009	Alberta Deep Basin asset acquisition	Hinton/Musreau/Narraway	$103.0	2,350	86,072	27,466
August 28, 2009	Wild River asset acquisition	Wild River/Harley/Olsen/Sundance	$145.9	2,550	44,196	24,016
September 15, 2009.	Pienza acquisition[3]	Sunrise NEBC	$50.0	350	23,348	15,980

Date	Acquisition	Areas	Purchase Price (MM$)[1]	Production[2] (Boe/d)	Undeveloped Land Gross Acres	Undeveloped Land Net Acres
November 10, 2009.	Exshaw acquisition	Peace River Arch	$131.8	2,510	56,960	41,718
November 10, 2009.	Vigilant acquisition[3]	Musreau/Chime/Whitecourt	$47.5	650	92,734	88,538
January 14, 2010	Altia acquisition[4]	Dawson NEBC	$100.8	1,500	122,600	56,980
June 1, 2010	Greater Hinton asset acquisition	Greater Hinton	$275.0	4,000	266,849	204,560
July 12, 2011	Cinch acquisition[5]	Dawson/Musreau-Kakwa	$211.1	3,700	134,274	87,580
November 30, 2012.	Huron acquisition[6]	Groundbirch/Sunrise/Tupper	$245.4	5,500	84,405	55,766
April 24, 2014	Santonia acquisition[7]	Wilrich/Notikewin/Viking/Falher/Cardium	$177.4	3,800	158,671	92,364
April 1, 2015	Perpetual asset acquisition	West Edson	$258.7	5,750	37,760	18,581
July 20, 2015	Bergen acquisition[8]	Mulligan	$24.6	500	57,760	27,253
August 14, 2015	Mapan acquisition[9]	Chinook Ridge/Berland/Cecilia/Bigstone	$89.6	5,500	216,916	166,898
January 29, 2016	Alberta Deep Basin asset acquisition	Minehead/Edson/Ansell	$183.0	4,750	80,320	55,129
November 30, 2016.	Shell Canada asset acquisition	Alberta Deep Basin/Gundy NEBC	$1,367.8	24,850	256,035	185,789
August 13, 2019	Peace River asset acquisition	Peace River High	$175.0	5,600	-	82,544
October 31, 2019.....	NEBC asset acquisition	Gundy NEBC	$49.0	-	11,413	8,559
February 14, 2020	Polar Star acquisition[10]	Montney NEBC	$12.0	2,500	163,580	146,893
April 21, 2020	Chinook acquisition[10]	Montney NEBC	$15.1	3,500	100,698	60,784
April 1, 2020	Alberta Deep Basin acquisition	East Edson	$35.0	3,200	16,640	13,156
November 2, 2020	Modern acquisition[10]	Musreau/Kakwa	$99.3	9,000	244,166	201,820
December 18, 2020	Jupiter acquisition[10]	Musreau/Resthaven/Kakwa	$418.9	67,000	185,286	165,231
April 15, 2021	NEBC asset acquisition	Montney NEBC	$205.0	9,000	86,918	43,276
July 15, 2021	NEBC asset acquisition	Montney NEBC	$85.6	2,400	28,759	14,380
July 15, 2021	Black Swan acquisition[11]	Montney NEBC	$896.5	50,000	203,359	194,780
April 12, 2022	Infrastructure acquisition	Aitken Creek	$235.3	-	-	-
August 10, 2022	Rising Star acquisition[12]	Peace River High	$191.1	5,700	142,703	109,174
November 17, 2023	Bonavista acquisition[13]	Deep Basin	$1,340.2	60,000	671,974	429,520
October 1, 2024	Crew acquisition[14]	Montney NEBC	$1,188.1	30,000	712,174	286,991
December 1, 2024	Todd acquisition[14]	Montney NEBC	$296.5	4,500	27,528	13,764
June 1, 2025	Strathcona asset acquisition	Montney NEBC	$285.7	8,000	15,204	12,619
June 6, 2025	Saguaro acquisition[15]	Montney NEBC	$481.5	12,000	-	40,133
			$9,421.4	**340,660**	**4,329,302**	**2,972,242**

Notes:

(1) These amounts reflect the purchase price paid in cash and/or Common Shares and excludes any assumed working capital/net debt.

(2) Estimated production as at the effective date of the acquisition.

(3) Subsequent to the Pienza and Vigilant acquisitions, Tourmaline amalgamated with Pienza and Vigilant on January 1, 2010 under the ABCA, continuing as Tourmaline Oil Corp.

(4) Subsequent to the Altia acquisition, Tourmaline amalgamated with Altia on January 1, 2011 under the ABCA, continuing as Tourmaline Oil Corp.

(5) Subsequent to the Cinch acquisition, Tourmaline amalgamated with Cinch on January 1, 2012 under the ABCA, continuing as Tourmaline Oil Corp.

(6) Subsequent to the Huron acquisition, Tourmaline amalgamated with Huron on January 1, 2013 under the ABCA, continuing as Tourmaline Oil Corp.

(7) Subsequent to the Santonia acquisition, Tourmaline amalgamated with Santonia on January 1, 2015 under the ABCA, continuing as Tourmaline Oil Corp.

(8) Subsequent to the Bergen acquisition, Tourmaline amalgamated with Bergen on January 1, 2016 under the ABCA, continuing as Tourmaline Oil Corp.

(9) Subsequent to the Mapan acquisition, Tourmaline amalgamated with Mapan on January 1, 2016 under the ABCA, continuing as Tourmaline Oil Corp.

(10) Subsequent to the Polar Star, Chinook, Modern, and Jupiter acquisitions, Tourmaline amalgamated with Polar Star, Chinook, Modern, and Jupiter on January 1, 2021 under the ABCA, continuing as Tourmaline Oil Corp.

(11) Subsequent to the Black Swan acquisition, Tourmaline amalgamated with Black Swan on July 15, 2021 under the ABCA, continuing as Tourmaline Oil Corp.

(12) Subsequent to the Rising Star acquisition, Tourmaline amalgamated with Rising Star on January 1, 2023 under the ABCA, continuing as Tourmaline Oil Corp.

(13) Subsequent to the Bonavista acquisition, Tourmaline amalgamated with Bonavista on January 1, 2024 under the ABCA, continuing as Tourmaline Oil Corp.

(14) Subsequent to the Crew and Todd acquisitions, Tourmaline amalgamated with Crew and Todd on January 1, 2025 under the ABCA, continuing as Tourmaline Oil Corp.

(15) Subsequent to the Saguaro acquisition, Tourmaline amalgamated with Saguaro on June 6, 2025 under the ABCA, continuing as Tourmaline Oil Corp.

Summary of Equity Financings

The following table summarizes the equity financings completed by the Company since commencement of active operations as well as Company insider, employee and associate participation in such equity financings.

Summary of Equity Financings

Date	**Financings**		**Insider, Employee and Associate Participation[29]**	
	Shares Issued	**Total Gross Proceeds**	**Gross Subscriptions**	**Percentage of Gross Proceeds**
October 27, 2008................	50,500,000[1]	$301,000,000	$147,000,000	48.8%
December 17, 2008	2,500,000[2]	$25,000,000	$12,500,000	50.0%
May 28, 2009	14,000,000[3]	$140,000,000	$30,000,000	21.4%
November 10, 2009............	13,543,624[4]	$208,404,360	$47,904,360	23.0%
March 19, 2010	11,950,000[5]	$223,920,000	$36,720,000	16.4%
August 12, 2010	1,150,000[6]	$25,300,000	$6,600,000	26.1%
November 23, 2010............	12,350,000[7]	$259,350,000	$17,850,000	6.9%
March 8, 2011	1,580,000[8]	$47,400,000	$11,400,000	24.1%
May 17, 2011	6,825,000[9]	$174,037,500	$12,750,000	7.3%
October 12, 2011..................	4,900,000[10]	$161,700,000	$9,900,000	6.1%
December 1, 2011	1,361,500[11]	$55,821,500	$6,621,500	11.9%
April 4, 2012	1,402,000[12]	$40,377,600	$4,377,600	10.8%
August 30, 2012	4,639,000[13]	$134,531,000	$1,131,000	0.8%
November 1, 2012................	1,050,000[14]	$38,745,000	$1,845,000	4.8%
March 12, 2013	6,615,000[15]	$233,160,250	$4,610,250	2.0%
October 8, 2013....................	4,420,000[16]	$193,646,250	$5,748,750	3.0%
February 12, 2014	4,615,198[17]	$219,221,905	$721,905	0.3%
June 2, 2014	1,150,000[18]	$78,372,500	$8,314,300	10.6%
November 28, 2014..............	280,053[19]	$15,963,021	Nil	Nil
March 12, 2015	640,000[20]	$32,000,000	Nil	Nil
June 23, 2015	4,947,500[21]	$195,426,250	$2,133,000	1.1%
November 25, 2015..............	482,700[22]	$16,460,070	Nil	Nil
April 5, 2016	10,387,500[23]	$281,605,125	$1,016,625	0.4%
May 17, 2016	1,320,000[24]	$46,860,000	Nil	Nil
October 20, 2016..................	890,500[25]	$39,627,250	Nil	Nil
November 10, 2016..............	21,758,700[26]	$756,114,825	$6,081,250	0.8%
December 5, 2017	1,300,000[27]	$40,560,000	Nil	Nil
May 15, 2018	1,000,000[28]	$30,000,000	Nil	Nil
	187,558,275	**$4,014,604,406**	**$375,225,540**	**9.3%**

Notes:

(1) Private placement of 15,000,000 Common Shares at $3.50 per share and 35,500,000 Common Shares at $7.00 per share.
(2) Private placement of 2,500,000 flow-through Common Shares at $10.00 per share.
(3) Private placement of 14,000,000 Common Shares at $10.00 per share.
(4) Private placement of 11,793,624 Common Shares at $15.00 per share and 1,750,000 flow-through Common Shares at $18.00 per share.
(5) Private placement of 9,500,000 Common Shares at $18.00 per share and 2,450,000 flow-through Common Shares at $21.60 per share.
(6) Private placement of 1,150,000 flow-through Common Shares at $22.00 per share.
(7) Initial public offering of 12,350,000 Common Shares at $21.00 per share which includes the issuance of 1,500,000 Common Shares issued pursuant to the exercise of the underwriters' over-allotment option (completed on December 23, 2010) and 850,000 Common Shares issued pursuant to a concurrent private placement to certain executive officers.
(8) Private placement of 1,580,000 flow-through Common Shares at $30.00 per share.
(9) Public offering of 6,825,000 Common Shares at $25.50 per share which includes the issuance of 825,000 Common Shares issued pursuant to the exercise of the underwriters' over-allotment option and 500,000 Common Shares issued pursuant to a concurrent private placement to certain executive officers.
(10) Public offering of 4,900,000 Common Shares at $33.00 per share which includes the issuance of 600,000 Common Shares issued pursuant to the exercise of the underwriters' over-allotment option (completed on October 19, 2011) and 300,000 Common Shares issued pursuant to a concurrent private placement to certain executive officers.
(11) Public offering of 1,361,500 flow-through Common Shares at $41.00 per share which includes 161,500 Common Shares issued pursuant to a concurrent private placement to certain executive officers.

(12) Public offering of 1,250,000 flow-through Common Shares at $28.80 per share and a concurrent private placement of 152,000 flow-through Common Shares of which 94,000 flow-through Common Shares were issued to certain executive officers.
(13) Public offering of 4,600,000 Common Shares at $29.00 per share which includes the issuance of 600,000 Common Shares issued pursuant to the exercise of the underwriters' over-allotment option and a concurrent private placement of 39,000 Common Shares of which 37,000 Common Shares were issued to certain executive officers.
(14) Public offering of 1,000,000 flow-through Common Shares at $36.90 per share and a concurrent private placement of 50,000 flow-through Common Shares of which 16,000 flow-through Common Shares were issued to certain executive officers.
(15) Public offering of 5,750,000 Common Shares at $34.25 per share which includes the issuance of 750,000 Common Shares issued pursuant to the exercise of the underwriters' over-allotment option and 750,000 flow-through Common Shares at $42.15 per share. Concurrent with the public offering was a private placement of 30,000 Common Shares and 85,000 flow-through Common Shares of which 30,000 Common Shares and 17,000 flow-through Common Shares were issued to certain executive officers.
(16) Public offering of 3,450,000 Common Shares at $41.75 per share which includes the issuance of 450,000 Common Shares issued pursuant to the exercise of the underwriters' over-allotment option and 850,000 flow-through Common Shares at $51.60 per share. Concurrent with the public offering was a private placement of 45,000 Common Shares and 75,000 flow-through Common Shares of which 40,000 Common Shares and 27,100 flow-through Common Shares were issued to certain executive officers.
(17) Public offering of 4,600,000 Common Shares at $47.50 per share which includes the issuance of 600,000 Common Shares issued pursuant to the exercise of the underwriters' over-allotment option. Concurrent with the public offering was a private placement of 15,198 Common Shares of which 10,000 were issued to certain executive officers.
(18) Private placement of 1,150,000 flow-through Common Shares at $68.15 per share.
(19) Private placement of 280,053 flow-through Common Shares at $57.00 per share.
(20) Private placement of 640,000 flow-through Common Shares at $50.00 per share.
(21) Public offering of 4,887,500 Common Shares at $39.50 per share which includes the issuance of 637,500 Common Shares issued pursuant to the exercise of the underwriters' over-allotment option. Concurrent with the public offering was a private placement of 60,000 Common Shares of which 54,000 Common Shares were issued to certain executive officers.
(22) Private placement of 482,700 flow-through Common Shares at $34.10 per share.
(23) Public offering of 10,350,000 Common Shares at $27.11 per share. Concurrent with the public offering was a private placement of 37,500 Common Shares of which 33,000 were issued to certain executive officers.
(24) Private placement of 1,320,000 "flow-through" Common Shares at $35.50 per share.
(25) Private placement of 890,500 "flow-through" Common Shares at $44.50 per share.
(26) Public offering of 3,309,700 subscription receipts at $34.75 per receipt. Concurrent with the public offering was a private placement of 18,449,000 subscription receipts at $34.75 per receipt, including a non-brokered offering of 175,000 subscription receipts at $34.75 per receipt, of which 88,000 subscription receipts were issued to certain executive officers. All subscription receipts were subsequently converted to Common Shares on November 30, 2016 on a one-to-one basis.
(27) Private placement of 1,300,000 flow-through Common Shares at $31.20 per share.
(28) Private placement of 1,000,000 flow-through Common Shares at $30.00 per share.
(29) Represents percentage of insider, employee and associate participation for the total amount raised by the Company, which has been calculated based on the percentage of Common Shares issued to directors, officers, employees and other service providers of the Company and certain family, friends and business associates of the foregoing relative to the total number of Common Shares issued in each financing.

DESCRIPTION OF CORE LONG-TERM GROWTH AREAS

The following is a description of Tourmaline's two core long-term growth areas – the "**Alberta Deep Basin**", which includes the area within the WCSB which spans approximately 520 km northwest from Garrington to Grande Prairie, Alberta and the "**NEBC Montney**", which includes the area extending from Grande Prairie, Alberta to approximately 190 km northwest of Fort St. John, British Columbia.

Alberta Deep Basin Core Area

The Alberta Deep Basin core area is a multi-objective tight natural gas sand play area with up to fifteen separate lower Cretaceous liquids-rich natural-gas-charged sand reservoirs. Tourmaline's target exploration and production area is in that portion of the Alberta Deep Basin where the entire lower Cretaceous stratigraphic section is gas saturated with no mobile formation water. The primary vehicle for accessing the extensive reserves in these stacked sandstones is multi-stage fracture stimulation in both horizontal and vertical well-bores. Tourmaline utilizes 3D seismic data to select the majority of its drilling locations, and management believes it is an industry leader in adopting and continually adapting the improving drilling and completion technologies. These two factors allow the Company to consistently deliver a significant portion of the highest productivity gas wells in the province with amongst the lowest completed well costs on an annual basis.

Certain formations within the lower Cretaceous stack of tight sand reservoirs in the Alberta Deep Basin are more amenable to horizontal drilling (including the Cardium, Viking, Wilrich, Falher and Notikewin formations). Accordingly, each section in the Alberta Deep Basin core area is expected to include, on average, two to three targeted multi-stage stimulated horizontal wells in the Company's long-term development plan. In 2023, Tourmaline completed the acquisition of Bonavista, adding over 60,000 Boe/d of production and 859 gross future drilling locations. Management estimates that up to 15,223 gross horizontal drilling locations exist on its Alberta Deep Basin holdings which are currently being assessed as part of the ongoing drilling program. These horizontal drilling locations have been included in the Company's development drilling inventory. Future evaluation of these multiple resource plays is an important component of the 2026 capital exploration and development program, with approximately 140 net horizontal wells currently planned. Tourmaline has been targeting the more condensate and natural gas liquids **("NGL")** rich formations (Cardium, Viking and Falher) with horizontal drilling over the past five years. In addition, the Company has an additional 86 gross Deep Basin development vertical drilling locations.

Tourmaline currently has significant ownership in and operates 23 natural gas plants in the Alberta Deep Basin, 11 of which are 100% owned and operated by Tourmaline and an additional three of which are operated by Tourmaline and jointly owned by Tourmaline and Topaz. Tourmaline has approximately 1.8 Bcf/d (1.5 Bcf/d net) of operated natural gas processing capability within this infrastructure network. In total, Tourmaline has approximately 2.5 Bcf/d (net) of natural gas processing capability within the Alberta Deep Basin including owned and operated, non-operated, and contracted capacity. Tourmaline's goal is to continue to be one of the lowest-development-cost, most efficient operators in the Alberta Deep Basin, and the Company plans to optimize and systematically continue to further reduce costs of operating the Alberta Deep Basin assets.

Since inception, Tourmaline has drilled approximately 1,500 gross natural gas wells in the Alberta Deep Basin and intends to drill approximately 140 additional net wells in 2026. Tourmaline is the largest producer in the Alberta Deep Basin with current average production of approximately 330,000 Boe/d. The Company's landholdings in the Alberta Deep Basin are approximately 6,507 gross sections. Year-end 2025 proved plus probable reserves were 1,949.8 MMboe in the Alberta Deep Basin, with 1,435 gross (1,280.8 net) future drilling locations (including DUC's) recognized in the Consolidated Reserve Report (as defined herein).

NEBC Montney Core Area

Tourmaline's second core exploration and production area on the west flank of the Peace River High in NEBC is focused on liquids rich natural gas in the Triassic Montney formation. Industry participants have been pursuing Triassic Montney plays and reservoirs in the WCSB for over four decades. Exploration and production of the Montney has evolved over time from conventional reservoirs pursued with vertical wells in the southeast portion of the play area in Alberta to unconventional Montney reservoirs in the Peace River Arch area of Alberta and NEBC. Technological developments, including the drilling of horizontal multi-stage fracture stimulation wells, have allowed access to the thickest, highest pressured and highest deliverability fine grained sandstone reservoirs of the Montney in the NEBC play area. It is in the Groundbirch/Sunrise/Dawson areas where senior management of Tourmaline gained extensive experience with Duvernay and where Tourmaline concentrated its initial Montney exploration and production program.

The Company has assembled its large Montney position primarily through multiple acquisitions completed between 2009 and 2025. Late in 2016, the Company completed the largest property acquisition in the Company's history which included a new property in NEBC, adding 6,200 Boe/d of initial production, over 100 sections of land and 1,600 new Montney drilling locations in the Gundy Creek area, which is northwest of the Company's existing Sunrise/Dawson/Sundown complex. Both the original Sunrise/Dawson complex and Gundy Creek contain liquid-rich sweet gas in the Montney, allowing for lower, long-term operating costs compared to the majority of Montney focused competitors pursuing sour gas. In 2021, Tourmaline continued North Montney consolidation with the acquisition of Black Swan, Paramount Birch assets, and a 50% interest in the then-Saguaro assets which Tourmaline operates. The acquired assets added approximately 61,400 Boe/d of production and 2,304 gross future drilling locations. In 2024, Tourmaline completed the acquisitions of Crew & Todd. These acquired assets added approximately 34,500 Boe/d of production and 856 gross future drilling locations.

In 2025, Tourmaline acquired the remaining 50% interest in the Saguaro assets along with acquiring assets in the Groundbirch area from Strathcona. These acquired assets added approximately 20,000 Boe/d of production. In

NEBC, Tourmaline has an inventory of approximately 8,814 gross horizontal Montney development drilling locations, making the Company one of the largest participants in this resource play. To date, Tourmaline has drilled approximately 1,270 Montney multi-stage fracture-stimulated horizontal natural gas wells in NEBC with an additional estimated 140 net Montney horizontal wells planned for 2026. Tourmaline has amongst the lowest Montney drill and complete capital costs in the industry.

Tourmaline has ownership in and operates 10 natural gas processing facilities with aggregate capacity of approximately 1.4 Bcf/d (1.2 Bcf/d net) with related gas gathering systems and NGL handling infrastructure in the NEBC complex. This infrastructure complex includes a 400 MMcf/d ethane rejection deep-cut gas processing facility installed at Gundy Creek in 2019 and expanded in 2021. In 2022, Tourmaline acquired the remaining 50% ownership interest in the two gas plants at greater Aitken with existing capacity of 325 MMcf/d. In total, Tourmaline has approximately 1.7 Bcf/d (net) of natural gas processing capability within NEBC including owned and operated, non-operated, and contracted capacity. Current production in the NEBC Montney complex is approximately 325,000 Boe/d. As at December 31, 2025, Tourmaline holds approximately 1,703 gross sections of Montney rights in NEBC with 3,866.2 MMboe of proved plus probable reserves evaluated by the independent engineers at December 31, 2025, including approximately 2,004 gross (1,973.9 net) future drilling locations (including DUC's) recognized in the Consolidated Reserve Report.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Date of Statement

The statement of reserves data and other oil and gas information set forth below is dated February 2, 2026 and effective as at December 31, 2025 and is inclusive of the Peace River High Disposition assets (as further described under the heading "*Description of the Business – General Development of the Business – Recent Developments*").

Disclosure of Reserves Data

The reserves data set forth below is based upon the report of GLJ Ltd. ("**GLJ**") dated effective December 31, 2025 (the "**GLJ Reserve Report**") and the report of Deloitte LLP ("**Deloitte**") dated effective December 31, 2025 (the "**Deloitte Reserve Report**"), which are contained in the consolidated report of GLJ dated effective December 31, 2025, with a preparation date of February 2, 2026 (the "**Consolidated Reserve Report**"). The Consolidated Reserve Report evaluates, as at December 31, 2025, the crude oil, NGL and natural gas reserves of Tourmaline and includes the full impact of all operating costs and royalties owed to Topaz by Tourmaline.

GLJ evaluated in the GLJ Reserve Report approximately 93.4% of the assigned total proved plus probable reserves and 93.8% of the total proved plus probable future net revenue discounted at 10% recognized in the Consolidated Reserve Report. Deloitte evaluated in the Deloitte Reserve Report approximately 6.6% of the assigned total proved plus probable reserves and 6.2% of the total proved plus probable future net revenue discounted at 10% recognized in the Consolidated Reserve Report. Deloitte evaluated in the Deloitte Reserve Report the Company's Hinton, Anderson, Cabin Creek, and Lovett River properties located in the Alberta Deep Basin and the Company's Mulligan, Spirit River, and Wapiti properties located in the Alberta portion of the Peace River High. Deloitte incorporated the forecast price and cost assumptions as described below under the heading "Consolidated Reserve Report Pricing Assumptions" in their evaluation. GLJ evaluated in the GLJ Reserve Report the balance of the Company's properties.

GLJ prepared the Consolidated Reserve Report by consolidating the GLJ Reserve Report with the Deloitte Reserve Report adjusted to apply certain of GLJ's assumptions and methodologies used in the preparation of the GLJ Reserve Report to the Deloitte Reserve Report. Accordingly, the consolidated reserves information below varies from the reserve information that would be derived from a simple arithmetic summation of the GLJ Reserve Report and the Deloitte Reserve Report. Also due to rounding, certain columns may not add. The price forecast used in the reserve evaluations is an equal weighted average of the December 31, 2025 price forecasts for GLJ and McDaniel & Associates Consultants Ltd. and the January 1, 2026 price forecast for Sproule Associates Ltd.

The Consolidated Reserve Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in NI 51-101 and the COGE Handbook. Additional information not required by NI 51-101 has been presented to provide continuity and additional information which Tourmaline believes is important to readers of this AIF. GLJ and Deloitte were engaged to provide evaluations of proved and proved plus probable reserves and no attempt was made to evaluate possible reserves.

Shale natural gas is required to be presented separately from conventional natural gas as its own product type pursuant to NI 51-101. While the Tourmaline Montney reserves do not strictly fit the definition of "shale gas" as defined in NI 51-101 because the natural gas is not "primarily adsorbed" as stated within the definition, the Montney reserves have been included as shale gas for purposes of this disclosure.

All of the Company's consolidated reserves are in Canada and, more specifically, substantially all are in the provinces of Alberta and British Columbia.

The applicable Reports on Reserves Data by Independent Qualified Reserves Evaluators in Form 51-101F2 and the Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3 are attached as Schedules A through B to this AIF.

There are numerous uncertainties inherent in estimating quantities of crude oil, natural gas and NGL reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth in this AIF are estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the economically recoverable crude oil, NGL and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. The Company's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

The information relating to the Company's crude oil, NGL and natural gas reserves contains forward-looking statements relating to future net revenues, forecast capital expenditures, future development plans and costs related thereto, forecast operating costs, anticipated production and abandonment and reclamation costs. See "*Forward-Looking Statements*", "*Certain Reserves Data Information*", "*Industry Conditions*" and "*Risk Factors – Reserves Estimates*".

Reserves and Future Net Revenue Data (Forecast Price and Costs)

The following tables summarize the Company's gross reserves defined as the working interest share of reserves prior to the deduction of interest owned by others (burdens). Royalty interest reserves are not included in Company gross reserves. Company net reserves are defined as the working net carried, and royalty interest reserves after deduction of all applicable burdens.

Summary of Oil and Gas Reserves and Net Present Values of Future Net Revenue as of December 31, 2025 Forecast Prices and Costs(1)

	Light & Medium Crude Oil		Conventional Natural Gas		Shale Natural Gas		Natural Gas Liquids		Total Oil Equivalent	
Reserves Category	**Company Gross (Mbbls)**	**Company Net (Mbbls)**	**Company Gross (MMcf)**	**Company Net (MMcf)**	**Company Gross (MMcf)**	**Company Net (MMcf)**	**Company Gross (Mbbls)**	**Company Net (Mbbls)**	**Company Gross (Mboe)**	**Company Net (Mboe)**
Proved Developed Producing	21,160	17,174	3,055,049	2,735,539	3,718,591	3,177,927	320,480	259,711	1,470,580	1,262,462
Proved Developed Non-Producing	913	719	77,273	69,212	235,875	207,971	14,957	12,073	68,061	58,989
Proved Undeveloped	46,004	35,868	2,707,566	2,420,305	5,028,848	4,397,996	381,895	306,033	1,717,302	1,478,285
Total Proved	68,077	53,760	5,839,887	5,225,056	8,983,313	7,783,894	717,332	577,817	3,255,943	2,799,735
Total Probable	56,441	44,105	3,887,703	3,405,262	8,960,502	7,602,413	638,000	483,364	2,835,808	2,362,082
Total Proved Plus Probable	124,518	97,865	9,727,590	8,630,317	17,943,815	15,386,307	1,355,332	1,061,181	6,091,751	5,161,817

Net Present Values of Future Net Revenue ($000s)

	Before Income Taxes Discounted at (%/year)						After Income Taxes Discounted at (2) (%/year)						Unit Value Before Income Tax Discounted at 10%/year	
Reserves Category	**0**	**5**	**8**	**10**	**15**	**20**	**0**	**5**	**8**	**10**	**15**	**20**	**($/Boe)**	**($/Mcfe)**
Proved Developed Producing	22,301,966	17,992,059	16,036,155	14,951,707	12,814,736	11,253,708	18,441,419	15,077,840	13,505,660	12,627,256	10,885,272	9,604,416	11.84	1.97
Proved Developed Non-Producing	1,676,830	1,274,026	1,096,787	998,260	803,042	660,138	1,243,603	944,800	812,099	738,132	591,280	483,594	16.92	2.82
Proved Undeveloped	22,289,928	13,562,876	10,305,918	8,646,213	5,674,702	3,770,473	16,576,660	9,821,393	7,287,783	5,997,234	3,693,228	2,227,362	5.85	0.97
Total Proved	46,268,724	32,828,961	27,438,860	24,596,180	19,292,480	15,684,319	36,261,681	25,844,033	21,605,541	19,362,623	15,169,781	12,315,371	8.79	1.46
Total Probable	47,073,880	23,307,656	16,451,121	13,361,389	8,489,541	5,799,002	34,976,107	17,159,157	12,006,018	9,687,734	6,046,297	4,051,063	5.66	0.94
Total Proved Plus Probable	93,342,604	56,136,618	43,889,981	37,957,569	27,782,020	21,483,321	71,237,789	43,003,190	33,611,559	29,050,357	21,216,078	16,366,435	7.35	1.23

Notes:

(1) Numbers may not add due to rounding.

(2) The after-tax net present value of the Company's oil and gas reserves reflects Company level tax pools. The Financial Statements and MD&A should be consulted for tax information at the Company level.

Total Future Net Revenue ($000s)
(Undiscounted)
as of December 31, 2025
Forecast Prices and Costs(1)

Reserves Category	Revenue	Royalties	Operating Costs	Capital Development Costs	Abandonment and Reclamation Costs(2)	Future Net Revenue Before Income Tax	Income Tax	Future Net Revenue After Income Tax(3)
Proved Developed Producing……	44,048,706	6,307,932	12,849,844	81,045	2,507,918	22,301,966	3,860,547	18,441,419
Proved Developed Non-Producing	2,767,252	371,004	548,968	113,251	57,200	1,676,830	433,228	1,243,603
Proved Undeveloped……………..	55,161,594	8,535,555	11,285,023	12,392,477	658,610	22,289,928	5,713,268	16,576,660
Total Proved……………………...	101,977,552	15,214,491	24,683,836	12,586,772	3,223,728	46,268,724	10,007,043	36,261,681
Total Probable……………………	98,478,991	18,257,702	22,549,878	9,655,820	941,711	47,073,880	12,097,772	34,976,107
Total Proved Plus Probable………	200,456,543	33,472,193	47,233,714	22,242,592	4,165,439	93,342,604	22,104,815	71,237,789

Notes:

(1) Numbers may not add due to rounding.
(2) Abandonment and Reclamation Costs includes all active and inactive assets, with or without associated reserves, inclusive of all wells (existing and undrilled), facilities and pipelines.
(3) The after-tax net present value of the Company's oil and gas reserves reflects Company level tax pools. The Financial Statements and MD&A should be consulted for tax information at the Company level.

Future Net Revenue
by Production Type
as of December 31, 2025
Forecast Prices and Costs

Reserves Category	Production Type(1)	Future Net Revenue Before Income Taxes (discounted at 10%/year) ($000s)	Unit Value (discounted at 10%/year) ($/Boe)	Unit Value (discounted at 10%/year) ($/Mcfe)
Proved Reserves	Light and Medium Crude Oil	1,678,816	11.46	1.91
	Conventional Natural Gas	8,000,038	7.77	1.29
	Shale Natural Gas..	14,917,326	9.19	1.53
	Total	**24,596,180**	**8.79**	**1.46**
Proved Plus Probable	Light and Medium Crude Oil	2,442,798	9.07	1.51
	Conventional Natural Gas	11,111,727	6.58	1.10
	Shale Natural Gas..	24,403,045	7.62	1.27
	Total	**37,957,569**	**7.35**	**1.23**

Notes:

(1) By-products, including solution gas, NGLs and other associated by-products are included in their main product group (natural gas or oil).

Reconciliation of Changes in Reserves

Reconciliation of Company Gross Reserves
by Principal Product Type
Forecast Prices and Costs

Factors	Light and Medium Crude Oil: Gross Proved (Mbbl)	Light and Medium Crude Oil: Gross Probable (Mbbl)	Light and Medium Crude Oil: Gross Proved Plus Probable (Mbbl)	Conventional Natural Gas: Gross Proved (MMcf)	Conventional Natural Gas: Gross Probable (MMcf)	Conventional Natural Gas: Gross Proved Plus Probable (MMcf)
December 31, 2024	65,976	53,356	119,331	5,796,229	3,876,118	9,672,347
Discoveries	-	-	-	-	-	-
Extensions and Improved Recovery	6,770	2,880	9,650	719,816	196,580	916,396
Technical Revisions	630	302	933	107,145	(231,432)	(124,287)
Acquisitions	870	290	1,159	39,658	17,807	57,465
Dispositions	(7)	(1)	(8)	(2,160)	(14,699)	(16,859)
Economic Factors	(1,438)	(386)	(1,824)	(243,989)	43,329	(200,660)
Production	(4,724)	-	(4,724)	(576,812)	-	(576,812)
December 31, 2025	68,077	56,441	124,518	5,839,887	3,887,703	9,727,590

Factors	Shale Natural Gas: Gross Proved (MMcf)	Shale Natural Gas: Gross Probable (MMcf)	Shale Natural Gas: Gross Proved Plus Probable (MMcf)	Total Natural Gas Liquids: Gross Proved (Mbbl)	Total Natural Gas Liquids: Gross Probable (Mbbl)	Total Natural Gas Liquids: Gross Proved Plus Probable (Mbbl)
December 31, 2024	7,460,434	7,704,191	15,164,625	636,753	599,632	1,236,385
Discoveries	-	-	-	-	-	-
Extensions and Improved Recovery	972,803	424,670	1,397,473	83,582	30,180	113,762
Technical Revisions	266,416	(10,453)	255,963	9,977	(34,935)	(24,957)
Acquisitions	812,871	843,313	1,656,183	46,544	42,315	88,859
Dispositions	-	-	-	(251)	(559)	(810)
Economic Factors	(31,875)	(1,218)	(33,093)	(10,177)	1,367	(8,810)
Production	(497,336)	-	(497,336)	(49,096)	-	(49,096)
December 31, 2025	8,983,313	8,960,502	17,943,815	717,332	638,000	1,355,332

Factors	Total BOE: Gross Proved (Mboe)	Total BOE: Gross Probable (Mboe)	Total BOE: Gross Proved Plus Probable (Mboe)
December 31, 2024	2,912,173	2,583,039	5,495,212
Discoveries	-	-	-
Extensions and Improved Recovery	372,456	136,602	509,058
Technical Revisions	72,868	(74,947)	(2,079)
Acquisitions	189,502	186,124	375,626
Dispositions	(618)	(3,010)	(3,628)
Economic Factors	(57,593)	8,000	(49,593)
Production	(232,845)	-	(232,845)
December 31, 2025	3,255,943	2,835,808	6,091,751

Notes to Reserves Data Tables:

(1) Numbers may not add due to rounding.
(2) Tourmaline has no bitumen, coalbed methane, gas hydrates, heavy crude oil, synthetic crude oil or synthetic gas reserves.
(3) Company gross reserves do not include royalty interests received by Tourmaline.
(4) The crude oil, NGLs, conventional natural gas and shale natural gas reserve estimates presented in the GLJ Report are based on the definitions and guidelines contained in the COGE Handbook. A summary of those definitions is set forth below.

Reserve Categories

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on:

- Analysis of drilling, geological, geophysical and engineering data;
- The use of established technology; and
- Specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed.

Reserves are classified according to the degree of certainty associated with the estimates.

(a) **Proved reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

(b) **Probable reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Other criteria that must also be met for the categorization of reserves are provided in the COGE Handbook.

Each of the reserve categories (proved and probable) may be divided into developed and undeveloped categories:

(a) **Developed reserves** are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

   (i) **Developed producing reserves** are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

   (ii) **Developed non-producing reserves** are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

(b) **Undeveloped reserves** are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to individual reserve entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest-level sum of individual entity estimates for which reserves are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

(a) at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and

(b) at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in the COGE Handbook.

(5) Well abandonment, disconnect and surface reclamation costs were estimated and included in the GLJ report for both wells that were assigned reserves and inactive wells that were not assigned reserves. Complete abandonment, disconnect and surface reclamation costs have also been estimated for gathering systems, batteries, plants and processing facilities.

Consolidated Reserve Report Pricing Assumptions

Summary of Pricing and Inflation Rate Assumptions
Forecast Prices and Costs[1]

Crude Oil and Natural Gas Liquids Pricing

Year	Inflation %	CAD/USD Exchange Rate $US/ $Cdn	NYMEX WTI Near Month Futures Contract Crude Oil at Cushing, Oklahoma — Constant 2026 $US/Bbl	NYMEX WTI Near Month Futures Contract Crude Oil at Cushing, Oklahoma — Then Current $US/ Bbl	Brent Crude Oil FOB North Sea Then Current $US/ Bbl	MSW, Light Crude Oil (40 API, 0.3%S) at Edmonton Then Current $Cdn/Bbl	Cold Lake Crude Oil (21.3 API, 3.9%S) at Hardisty Then Current $Cdn/Bbl	WCS Crude Oil (20.9 API, 3.5%S) at Hardisty Then Current $Cdn/Bbl	Heavy Crude Oil Proxy (12 API) at Hardisty Then Current $Cdn/Bbl	Light Sour Crude Oil (35 API, 1.2%S) at Cromer Then Current $Cdn/Bbl	Medium Crude Oil (29 API, 2.0%S) at Cromer Then Current $Cdn/Bbl	Alberta Natural Gas Liquids (Then Current Dollars) — Spec Ethane $Cdn/Bbl	Edmonton Propane $Cdn/Bbl	Edmonton Butane $Cdn/Bbl	Edmonton C5+ Stream Quality $Cdn/Bbl
2026	0.00	0.728	59.92	59.92	63.92	77.54	63.48	65.12	60.09	76.59	75.60	9.59	25.10	36.95	80.01
2027	2.00	0.737	63.82	65.10	69.13	83.60	69.25	70.43	64.94	82.58	81.51	10.64	27.28	39.79	86.19
2028	2.00	0.740	67.55	70.28	74.36	90.18	75.19	76.90	71.16	89.09	87.92	11.34	29.67	42.87	92.83
2029	2.00	0.740	67.78	71.93	76.10	92.32	77.10	78.71	72.84	91.20	90.01	11.66	30.37	43.89	95.05
2030	2.00	0.740	67.79	73.37	77.62	94.17	78.64	80.29	74.30	93.03	91.82	11.89	30.98	44.77	96.94
2031	2.00	0.740	67.79	74.84	79.17	96.06	80.22	81.90	75.80	94.89	93.65	12.14	31.60	45.67	98.89
2032	2.00	0.740	67.79	76.34	80.76	97.98	81.82	83.53	77.32	96.79	95.53	12.39	32.23	46.58	100.87
2033	2.00	0.740	67.79	77.87	82.37	99.93	83.45	85.20	78.87	98.72	97.44	12.64	32.87	47.51	102.88
2034	2.00	0.740	67.79	79.42	84.01	101.93	85.12	86.91	80.46	100.70	99.38	12.90	33.53	48.46	104.94
2035	2.00	0.740	67.79	81.01	85.70	103.97	86.83	88.65	82.07	102.72	101.37	13.17	34.20	49.43	107.04
2036	2.00	0.740	67.79	82.63	87.41	106.05	88.57	90.42	83.71	104.77	103.40	13.43	34.89	50.42	109.18
2037	2.00	0.740	67.79	84.29	89.16	108.17	90.34	92.23	85.39	106.87	105.47	13.70	35.58	51.43	111.36
2038	2.00	0.740	67.79	85.97	90.95	110.34	92.14	94.07	87.10	109.00	107.58	13.97	36.30	52.46	113.59
2039	2.00	0.740	67.79	87.69	92.77	112.54	93.99	95.95	88.84	111.18	109.73	14.25	37.02	53.51	115.86
2040	2.00	0.740	67.79	89.45	94.62	114.79	95.87	97.87	90.61	113.41	111.92	14.54	37.76	54.58	118.18
2041+	2.00	0.740	67.79	+2.0%/ yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr

Natural Gas and Sulphur Pricing

Year	NYMEX Henry Hub Near Month Contract — Constant 2026 $US/ MMbtu	NYMEX Henry Hub Near Month Contract — Then Current $US/MMbtu	Midwest Price @ Chicago Then Current $US/ MMbtu	AECO/NIT Spot Then Current $Cdn/ MMbtu	Dawn Price @ Ontario Then Current $US/MMbtu	Alberta Plant Gate — Spot — Constant 2026 $Cdn/ MMbtu	Alberta Plant Gate — Spot — Then Current $Cdn/ MMbtu	Alberta Plant Gate — ARP $Cdn/ MMbtu	Saskatchewan Plant Gate — SaskEnergy $Cdn/ MMbtu	Saskatchewan Plant Gate — Spot $Cdn/ MMbtu	Huntingdon/ Sumas Spot $US/ MMbtu	British Columbia — Westcoast Station 2 $Cdn/ MMbtu	British Columbia — Spot Plant Gate $Cdn/ MMbtu	Dutch TTF $US/ MMbtu	JKM $US/ MMbtu
2026	3.74	3.74	3.47	3.00	3.51	2.78	2.78	2.78	3.19	2.81	2.41	2.66	2.25	10.19	9.20
2027	3.70	3.78	3.55	3.30	3.54	3.02	3.08	3.08	3.50	3.11	3.56	3.07	2.65	9.94	9.70
2028	3.70	3.85	3.63	3.49	3.61	3.13	3.26	3.26	3.68	3.30	3.64	3.25	2.83	10.19	10.40
2029	3.71	3.93	3.70	3.58	3.69	3.16	3.35	3.35	3.78	3.39	3.72	3.34	2.92	10.50	11.08
2030	3.70	4.01	3.78	3.65	3.77	3.16	3.42	3.42	3.85	3.46	3.80	3.41	2.98	10.71	11.30
2031	3.70	4.09	3.85	3.72	3.85	3.16	3.49	3.49	3.93	3.53	3.89	3.47	3.04	10.92	11.53
2032	3.70	4.17	3.94	3.80	3.93	3.17	3.57	3.57	4.00	3.61	3.97	3.54	3.11	11.14	11.76
2033	3.70	4.26	4.01	3.88	4.02	3.17	3.64	3.64	4.08	3.69	4.06	3.62	3.18	11.36	11.99
2034	3.70	4.34	4.10	3.95	4.10	3.17	3.72	3.72	4.16	3.76	4.14	3.69	3.25	11.59	12.23
2035	3.70	4.43	4.17	4.03	4.18	3.17	3.79	3.79	4.24	3.84	4.23	3.77	3.32	11.82	12.49
2036	3.70	4.52	4.26	4.11	4.27	3.17	3.87	3.87	4.32	3.92	4.32	3.84	3.39	12.06	12.74
2037	3.70	4.61	4.34	4.20	4.35	3.17	3.95	3.95	4.41	4.00	4.40	3.92	3.46	12.30	12.99
2038	3.70	4.70	4.43	4.28	4.44	3.17	4.02	4.02	4.50	4.08	4.49	4.00	3.52	12.55	13.25
2039	3.70	4.79	4.52	4.36	4.53	3.17	4.11	4.11	4.59	4.16	4.58	4.08	3.60	12.80	13.52
2040	3.70	4.89	4.61	4.45	4.62	3.17	4.19	4.19	4.68	4.24	4.67	4.16	3.67	13.05	13.79
2041+	3.70	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	3.17	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr

Notes:

(1) Crude oil and natural gas benchmark reference pricing, inflation and exchange rates utilized by GLJ in the GLJ Reserve Report and Deloitte in the Deloitte Reserve Report, were an equal weighted average of the December 31, 2025 price forecasts published by GLJ and McDaniel & Associates Consultants Ltd. as at January 1, 2026, and Sproule Associates Ltd. as at December 31, 2025 (each of which is available on their respective websites at, www.gljpc.com, www.mcdan.com, and www.sproule.com). GLJ assigns a value to the Company's existing physical diversification contracts for natural gas at consuming market regions including US Gulf Coast, US Midwest, US West and Canadian East, and international markets based on forecasted differentials to NYMEX Henry Hub as per the aforementioned consultant average price forecast, contracted volumes and transportation costs. No incremental value is assigned to potential future contracts which were not in place as of December 31, 2025.

During the year ended December 31, 2025, the Company received the following weighted average prices, including realized gains and losses on financial instruments, in respect of its production: natural gas – $3.62/Mcf; NGL – $27.95/bbl; and oil and condensate – $89.77/bbl. The overall weighted average price received by Tourmaline on an oil equivalent basis was $28.30/Boe.

Additional Information Relating to Reserves Data

Undeveloped Reserves

The following tables set forth the proved undeveloped reserves and the probable undeveloped reserves, each by product type, attributed to Tourmaline's properties as at the end of the financial years ended December 31, 2025, 2024, and 2023.

Proved Undeveloped Reserves

Year	Light Crude Oil and Medium Crude Oil (Mbbl)		Conventional Natural Gas (MMcf)		Shale Natural Gas[2] (MMcf)		Natural Gas Liquids (Mbbl)		MBoe Oil Equivalent	
	First Attributed[1]	Cumulative at Year-end	First Attributed	Cumulative at Year-end	First Attributed	Cumulative at Year-end	First Attributed	Cumulative at Year-end	First Attributed	Cumulative at Year-end
2023	3,141	45,941	662,645	2,833,505	340,878	3,396,307	59,211	279,797	229,606	1,364,040
2024	3,089	45,302	158,690	2,780,509	975,517	4,111,107	57,553	320,826	249,677	1,514,731
2025	3,498	46,004	399,983	2,707,566	1,245,326	5,028,848	89,598	381,895	367,313	1,717,302

Notes:

(1) "First Attributed" refers to reserves first attributed on the effective date of the corresponding fiscal year.
(2) Because of product type guidelines and definitions, contained in NI 51-101, the Company's Montney proved reserves are classified as shale natural gas.

It is anticipated that most of the proved undeveloped locations will be drilled by December 31, 2030.

Probable Undeveloped Reserves

Year	Light Crude Oil and Medium Crude Oil (Mbbl)		Conventional Natural Gas (MMcf)		Shale Natural Gas[2] (MMcf)		Natural Gas Liquids (Mbbl)		MBoe Oil Equivalent	
	First Attributed[1]	Cumulative at Year-end	First Attributed	Cumulative at Year-end	First Attributed	Cumulative at Year-end	First Attributed	Cumulative at Year-end	First Attributed	Cumulative at Year-end
2023	11,084	53,673	817,681	3,076,599	423,635	5,780,687	73,535	452,539	291,505	1,982,426
2024	2,597	45,012	218,020	2,990,890	1,083,316	6,496,005	64,254	496,496	283,740	2,122,657
2025	3,457	47,417	383,638	3,016,052	1,584,468	7,641,532	99,169	534,698	430,644	2,358,378

Notes:

(1) "First Attributed" refers to reserves first attributed on the effective date of the corresponding fiscal year.
(2) Because of product type guidelines and definitions, contained in NI 51-101, the Company's Montney probable reserves are classified as shale natural gas.

It is anticipated that most of the future development capital associated with the probable undeveloped reserves will be incurred by December 31, 2033.

In general, once proved and/or probable undeveloped reserves are identified, they are scheduled into Tourmaline's development plans. Normally, Tourmaline plans to develop its proved and probable undeveloped reserves within five to eight years. A number of factors that could result in delayed or cancelled development are as follows: changing economic conditions (due to pricing, operating and capital expenditure fluctuations); changing technical conditions (production anomalies such as water breakthrough or accelerated depletion); multi-zone developments (delay of a prospective formation completion until the initial completion is no longer economic); a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and surface access issues (landowners, weather conditions and/or regulatory approvals). See "*Risk Factors*" and "*Industry Conditions*".

Significant Factors or Uncertainties Affecting Reserves Data

The process of estimating reserves is complex. It requires significant judgements and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserves estimates contained in the AIF are based on current production forecasts, prices and economic conditions.

As circumstances change and additional data becomes available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and natural gas prices and reservoir performance. Such revisions can be either positive or negative.

Other than as discussed above and the various risks and uncertainties that participants in the oil and natural gas industry are exposed to generally, Tourmaline is unable to identify any important economic factors or significant uncertainties that will affect any particular components of the reserves data disclosed in this AIF. See "*Risk Factors*" and "*Industry Conditions*".

GLJ's forecast of well abandonment and reclamation costs for all wells with reserves assigned are included in their report and therefore in their estimate of future net revenue. Abandonment and reclamation costs for wells for which no reserves are assigned and for Company-owned facilities are also included for the purposes of calculating GLJ's estimate of future net revenue. Refer to note 9 "*Decommissioning Obligations"* in the Financial Statements for further discussion on the Company's abandonment and reclamation obligations, which note is incorporated by reference herein.

The following table sets forth abandonment and reclamation costs deducted in the estimation of future net revenue in the Consolidated Reserve Report:

Forecast Prices and Costs (Total Proved plus Probable) ($000s)

Year	**Abandonment and Reclamation Costs (Undiscounted)**	**Abandonment and Reclamation Costs (Discounted at 10%)**
2026	75,000	75,000
2027	70,000	63,636
2028	66,300	54,793
Thereafter	3,954,139	505,059
Total	**4,165,439**	**698,489**

Notes:

(1) Numbers may not add due to rounding.

Future Development Costs

The following table sets forth development costs deducted in the estimation of Tourmaline's future net revenue attributable to the reserve categories noted below ($000s):

	Undiscounted Forecast Prices and Costs	
Year	Proved Reserves	Proved Plus Probable Reserves
2026	1,762,071	2,083,566
2027	2,833,794	3,183,252
2028	2,089,620	2,610,083
2029	3,894,615	4,637,329
2030	1,654,578	2,615,167
Thereafter	352,094	7,113,195
Total	12,586,772	22,242,592

Tourmaline expects that the capital listed in the preceding table will be funded through its existing cash balance, unutilized credit facilities, expected cash flow from operations and completed financings.

Other Oil and Natural Gas Information

Crude Oil and Natural Gas Wells

The following table sets forth the number and status of wells in which Tourmaline had a working interest as at December 31, 2025 and that Tourmaline considers capable of production.

	Crude Oil Wells(1)				Natural Gas Wells(1)			
	Producing		Non-Producing(2)		Producing		Non-Producing(2)	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta(1)	1,056	838.6	473	259.1	5,160	4,171.6	1,345	772.4
British Columbia(1)	17	12.1	25	12.8	1,836	1,748.0	692	601.9
Saskatchewan(1)	1	0.1	-	-	-	-	-	-
Total	**1,074**	**850.8**	**498**	**271.9**	**6,996**	**5,919.6**	**2,037**	**1,374.3**

Notes:

(1) All of Tourmaline's wells are located onshore.
(2) The non-producing oil wells and natural gas wells capable of production, but which are not currently producing, will be re-evaluated with respect to future product prices, proximity to facility infrastructure, design of future exploration and development programs and access to capital.

For a general description of Tourmaline's important properties, facilities and installations, see "*Description of Core Long-Term Growth Areas*".

Landholdings

The following table sets out Tourmaline's developed and undeveloped properties, in which Tourmaline has an interest, as at December 31, 2025. When determining gross and net acreage for two or more leases covering the same lands but different rights, the acreage is reported for each lease. When there are multiple discontinuous rights in a single lease, the acreage is reported only once.

	Developed Acres		**Undeveloped Acres**		**Total Acres**	
	Gross	**Net**	**Gross**	**Net**	**Gross**	**Net**
Alberta	2,494,375	1,892,003	2,241,804	1,799,892	4,736,179	3,691,895
British Columbia	700,669	566,842	1,036,170	860,802	1,736,838	1,427,644
Saskatchewan	72,059	25,510	17,214	5,586	89,274	31,096
Quebec	-	-	376,920	43,896	376,920	43,896
Manitoba	-	-	80	18	80	18
Total	**3,267,103**	**2,484,355**	**3,672,188**	**2,710,194**	**6,939,291**	**5,194,549**

Note:

(1) Numbers may not add due to rounding.

Properties with no Attributable Reserves

The following table sets forth the gross and net acres of the Company for which reserves have not been attributed as at December 31, 2025:

	Gross Acres	**Net Acres**
Alberta	2,462,813	1,919,785
British Columbia	1,181,050	970,798
Saskatchewan	89,274	31,096
Quebec	376,920	43,896
Manitoba	80	18
Total	**4,110,137**	**2,965,593**

The maximum net area for which the Company has rights to explore, develop and exploit currently scheduled to expire during 2026 is 454,434 acres in Alberta and 103,443 acres in British Columbia. The expiring acreage is continuously being evaluated, and attempts will be made to maintain the Company's rights on the acreage and mitigate expiries through land swaps, asset dispositions or drilling to maintain the lease. There are no material work commitments necessary to maintain these properties.

Significant Factors or Uncertainties Relevant to Properties With No Attributed Reserves

For information with respect to the Company's reclamation and abandonment obligations for the properties to which reserves have been attributed, see "*Additional Information Relating to Reserves Data – Significant Factors or Uncertainties Affecting Reserves Data*" in this AIF.

Tax Horizon

Based on current estimates and subject to changes in acquisitions, divestitures, capital expenditures, and commodity price fluctuations, the company expects to remain cash taxable for the foreseeable future. Tourmaline has $7.8 billion of tax pools available as of December 31, 2025.

Capital Expenditures

The following table summarizes capital expenditures (including property acquisitions, net of dispositions, as well as capitalized general administrative expenses) related to Tourmaline's activities for the year ended December 31, 2025:

	$000s
Exploration, drilling and completions	2,187,979
Development, equipping and tie-in	455,240
Property acquisitions[1]	19,307
Property dispositions	(75,622)
Facilities	275,842
Geological and geophysical	6,651
Other (including capitalized G&A)	62,883
Total	**2,932,280**

Note:

(1) Property acquisitions are a result of approximately $14.1 million of acquired proved properties and approximately $5.2 million of acquired unproved properties.

Exploration and Development Activities

The following table sets forth the gross and net exploratory and development wells in which Tourmaline participated in the year ended December 31, 2025:

	Exploratory Wells		Development Wells	
	Gross	Net	Gross	Net
Natural Gas	1.0	1.0	308.0	299.8
Oil	4.0	4.0	18.0	14.0
Service	-	-	-	-
Dry	-	-	-	-
Total	**5.0**	**5.0**	**326.0**	**313.8**

See "*Description of Core Long-Term Growth Areas*" and "*Description of the Business*" for a description of Tourmaline's exploration and development plans.

Production Estimates

The following table sets out Tourmaline's forecasted production in the first year of the Consolidated Reserve Report, which is reflected in the estimate of future net revenue disclosed in the tables contained under "Disclosure of Reserves Data" above.

	Light and Medium Crude Oil	Conventional Natural Gas	Shale Natural Gas	Natural Gas Liquids	Oil Equivalent Total
	Company Gross (Bbls/d)	Company Gross (Mcf/d)	Company Gross (Mcf/d)	Company Gross (Bbls/d)	Company Gross (Boe/d)
Proved Developed Producing	11,256	1,351,057	1,393,186	126,003	594,632
Proved Developed Non-Producing	475	42,170	59,004	5,411	22,748
Proved Undeveloped	3,214	226,417	224,020	19,449	97,736
Total Proved	14,945	1,619,645	1,676,209	150,862	715,116
Total Probable	1,110	119,813	131,877	10,739	53,797
Total Proved Plus Probable	16,054	1,739,458	1,808,087	161,601	768,913

Notes:

(1) No one field accounted for 20% or more of Tourmaline's estimated 2026 total proved production in the Consolidated Reserve Report.
(2) Numbers may not add due to rounding.

Production History

The following tables summarize certain information in respect of average production, product prices received, royalties paid, operating expenses and resulting netback for the periods indicated below:

	Quarter Ended 2025[1][2]			
	March 31	**June 30**	**September 30**	**December 31**
Average Daily Production[3]				
Light and Medium Crude Oil (Bbls/d)	52,565	50,852	52,739	56,295
Conventional Natural Gas (Mcf/d)	1,608,343	1,528,552	1,521,898	1,591,495
Shale Natural Gas (Mcf/d)	1,334,231	1,349,160	1,403,587	1,447,690
NGL (Bbls/d)	94,873	90,286	94,426	96,378
Combined (Boe/d)	637,867	620,757	634,746	659,204
Average Price Received				
Light and Medium Crude Oil ($/Bbl)	$98.21	$90.53	$88.31	$82.76
Conventional Natural Gas ($/Mcf)	$4.78	$3.87	$3.42	$4.19
Shale Natural Gas ($/Mcf)	$3.72	$2.73	$2.69	$3.31
NGL ($/Bbl)	$33.78	$26.00	$25.83	$26.24
Combined ($/Boe)	$32.95	$26.66	$25.33	$28.27
Royalties Paid				
Light and Medium Crude Oil ($/Bbl)	$16.58	$9.43	$13.02	$10.37
Conventional Natural Gas ($/Mcf)[4]	$0.04	$0.12	$0.02	$0.14
Shale Natural Gas ($/Mcf)	$0.46	$0.07	$0.11	$0.29
NGL ($/Bbl)	$4.54	$2.56	$3.25	$2.52
Combined ($/Boe)	$3.12	$1.60	$1.87	$2.23
Production Costs (includes transportation)				
Light and Medium Crude Oil ($/Bbl)	$19.58	$22.30	$17.99	$15.34
Conventional Natural Gas ($/Mcf)	$2.20	$1.95	$1.91	$2.01
Shale Natural Gas ($/Mcf)	$1.68	$1.61	$1.68	$1.62
NGL ($/Bbl)[5]	-	-	-	-
Combined ($/Boe)	$10.68	$10.13	$9.79	$9.72
Netback Received ($/Boe)[6]	$19.15	$14.93	$13.67	$16.32

Notes:

(1) Numbers may not add due to rounding.
(2) For the purposes of this disclosure, condensate has been combined with Light and Medium Crude Oil as the associated revenues and certain costs of condensate are similar to Light and Medium Crude Oil. Accordingly, NGLs in this disclosure exclude condensate.
(3) Before deduction of royalties.
(4) Includes royalty reductions for the quarters ended March 31, June 30, September 30 and December 31 of $0.06/Mcf, $0.05/Mcf, $0.05/Mcf and $0.06/Mcf, respectively, relating to Alberta Gas Cost Allowance credits received by the Company.
(5) NGL volumes are derived from natural gas production, as such all the related operating costs are attributed to the production of natural gas.
(6) Netbacks are calculated by subtracting royalties and production costs from revenues.

The following table sets forth the average daily production volumes for the year ended December 31, 2025 for each of the important fields, aggregated by area, comprising Tourmaline's assets.

Area	Light Crude Oil and Medium Crude Oil (Bbls/d)	NGLs (Bbls/d)	Conventional Natural Gas (Mcf/d)	Shale Natural Gas (Mcf/d)	Total (Boe/d)
Alberta Deep Basin	13,614	56,907	1,491,610	-	319,123
Other Alberta properties	10,932	1,179	70,804	-	23,911
British Columbia properties....................	28,576	35,913	-	1,384,033	295,162
Total(1)	53,122	93,999	1,562,414	1,384,033	638,196

Note:

(1) For the purposes of this disclosure, condensate has been combined with Light and Medium Crude Oil as the associated revenues and certain costs of condensate are similar to Light and Medium Crude Oil. Accordingly, NGLs in this disclosure exclude condensate.

The Company's production for the year ended December 31, 2025 was 8.3% light and medium crude oil (including condensate), 14.8% NGLs, 40.8% conventional natural gas and 36.1% shale natural gas.

For the year ended December 31, 2025, approximately 26.4% of the Company's revenue, which is defined as the sum of commodity sales from production, premium (loss) on risk management activities and realized gain (loss) on financial instruments, was derived from crude oil production (including condensate), 14.6% from NGL production, 35.2% from conventional natural gas production and 23.8% was derived from shale natural gas production.

Forward Contracts and Marketing

The Company's commodity hedging policy has been established with the Board authorizing management to hedge up to 50% of forecasted production. Other than as disclosed in the Financial Statements, Tourmaline is not bound by any agreement (including any transportation agreement), directly or through an aggregator, under which it is precluded from fully realizing, or may be protected from the full effect of, future market prices for crude oil or natural gas. Refer to note 4(c) "*Financial Risk Management – Market Risk*" in the Financial Statements for further discussion on the Company's commodity hedging activities.

Tourmaline's transportation obligations or commitments for future physical deliveries of crude oil and natural gas are not expected to vary significantly from Tourmaline's future forecasted production.

OTHER BUSINESS INFORMATION

Specialized Skill and Knowledge

Tourmaline employs individuals with various professional skills in the course of pursuing its business plan. These professional skills include, but are not limited to, geology, geophysics, engineering, financial and business skills, which are widely available in the industry. Drawing on significant experience in the oil and gas business, Tourmaline believes its management team has a demonstrated track record of bringing together all of the key components to a successful exploration and production company: strong technical skills; expertise in planning and financial controls; ability to execute on business development opportunities; capital markets expertise; and an entrepreneurial spirit that allows Tourmaline to effectively identify, evaluate and execute on value added initiatives.

Competitive Conditions

Companies operating in the petroleum industry must manage risks which are beyond the direct control of company personnel. Among these risks are those associated with exploration, environmental damage, commodity prices, foreign exchange rates and interest rates.

The oil and natural gas industry is intensely competitive and Tourmaline competes with a substantial number of other entities, some of which have greater technical or financial resources. With the maturing nature of the WCSB, the access to new prospects is becoming more competitive and complex.

Tourmaline attempts to enhance its competitive position by operating in areas where it believes its technical personnel are able to reduce some of the risks associated with exploration, production and marketing because they are familiar with the areas of operation. See "*Description of Core Long-Term Growth Areas*".

Management believes that Tourmaline will be able to explore for and develop new production and reserves with the objective of increasing its cash flow and reserve base. See "*Risk Factors – Competition*".

Cycles

The Company's business is generally cyclical. The exploration for and the development of oil and natural gas reserves is dependent on access to areas where drilling is to be conducted. Seasonal weather variation, including "freeze-up" and "break-up", affect access in certain circumstances. See "*Risk Factors – Seasonality and Extreme Weather Conditions* ".

Environmental Protection

The oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal legislation. Compliance with such legislation may require significant expenditures or result in operational restrictions. Breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of material fines and penalties, all of which might have a significant negative impact on earnings and overall competitiveness of the Company. For a description of the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of Tourmaline see "*Industry Conditions – Environmental Regulation*" and "*Risk Factors – Environmental*".

The Board has established the Environment, Safety and Sustainability Committee which is comprised of independent directors. The purpose of this Committee is to oversee policies relating to environment, health, safety and sustainability matters. Tourmaline leverages technology and innovative strategies to minimize its environmental impact, and in this regard, the Company has developed robust and integrated air emissions, water and land use strategies designed to reduce the impact of its operations on the environment. The Company's most recent Sustainability Report can be found on the Company's website at www.sustainability.tourmaline.com.

Employees

At December 31, 2025, Tourmaline had 409 full time employees and 115 consultants located at its Calgary office, and 135 full time employees and 577 contract operators in various field locations.

Reorganizations

Tourmaline has not completed any material reorganizations within the three most recently completed financial years or during the current financial year. No material reorganization is planned for the current financial year.

Environmental, Health and Safety Policies

Tourmaline supports environmental protection and employee health and safety by integrating the essential principles and practices through its environmental management systems and employee occupational health and safety programs. Tourmaline promotes safety and environmental awareness and protection through the implementation and communication of Tourmaline's environmental management and employee occupational health and safety programs, policies and procedures. Committee structures are established in Tourmaline's operations which are designed to allow for employee participation and development of policies and programs which provide employees with job orientation, training, instruction and supervision to assist them in conducting their activities in an environmentally responsible and safe manner.

Tourmaline develops emergency response teams and preparedness plans in conjunction with local authorities, emergency services and the communities in which it operates in order to effectively respond to an environmental incident should it arise. Environmental assessments are undertaken for new projects or when acquiring new properties or facilities in order to identify, assess and minimize environmental risks and operational exposures. Tourmaline conducts audits of operations to confirm compliance with internal standards and to stimulate improvement in practices where needed. Documentation is maintained to support internal accountability and measure operational performance against recognized industry indicators to assist in achieving the objectives of the described policies and programs.

Tourmaline also faces environmental, health and safety risks in the normal course of its operations due to the handling and storage of hazardous substances. Tourmaline's environmental and occupational health and safety management systems are designed to manage such risks in Tourmaline's business and allow action to be taken to mitigate the extent of any environmental, health or safety impacts from such operations. A key aspect of these systems is the performance of annual environmental and occupational health and safety audits.

DIVIDENDS

The table below details the dividends paid by Tourmaline during the periods indicated. Subsequent to December 31, 2025, Tourmaline announced a quarterly base dividend of $0.50 per Common Share payable on March 31, 2026.

	2019	2020	2021	2022	2023	2024	2025
Quarterly Dividends Paid	$0.46	$0.50	$0.67	$0.90	$1.05	$1.32	$2.00
Special Dividends Paid................	-	-	$0.75	$7.00	$5.50	$2.00	$1.30
Total Dividends Paid	**$0.46**	**$0.50**	**$1.42**	**$7.90**	**$6.55**	**$3.32**	**$3.30**

Tourmaline's intention will be to pay quarterly cash dividends and special dividends, when appropriate, on the Common Shares from its free cash flow (cash flow less capital expenditures, excluding acquisitions and dispositions, and prior to dividend payments) to shareholders of record as of the dividend record date which is usually approximately 15 days prior to the dividend payment date. Tourmaline's dividend policy is intended to provide a steady return to shareholders through its base dividend and surplus free cash flow distribution strategies.

In determining the level of dividends to be declared, the Board takes into consideration such factors as current and expected future levels of free cash flow (after income tax), borrowings and debt repayments, changes in working capital requirements and other factors.

Over the long term, Tourmaline expects to continue to pay dividends from its free cash flow; however, credit facilities may be used to stabilize dividends from time to time. Growth capital expenditures will be funded from retained cash flow from operating activities, proceeds from asset dispositions and proceeds from additional debt or equity, as required. Although Tourmaline intends to continue to make regular quarterly dividends to shareholders, dividends are not guaranteed.

Notwithstanding the foregoing, the amount of future cash dividends declared and paid by Tourmaline, if any, will be subject to the discretion of the Board and may vary depending on a variety of factors and conditions existing from time to time, including fluctuations in commodity prices, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens, foreign exchange rates, compliance with any restrictions on the declaration and payment of dividends contained in any agreements to which Tourmaline is a party from time to time (including, without limitation, the agreements governing Tourmaline's credit facilities), and the satisfaction of liquidity and solvency tests imposed by the ABCA for the declaration and payment of dividends.

The Board intends to review this policy on a quarterly basis. Depending on the foregoing factors and any other factors that the Board deems relevant from time to time, many of which are beyond the control of the Board and Tourmaline's management team, the Board may change this policy following any such quarterly review or at any other time that the Board deems appropriate. Any such change may result in future cash dividends being reduced or suspended entirely.

The Board intends that dividends declared and paid by Tourmaline will qualify as "eligible dividends" for the purposes of the *Income Tax Act* (Canada) (and any similar applicable provincial legislation) and thus qualify for the enhanced gross-up and tax credit regime available to certain shareholders. The Board therefore intends to designate dividends paid by Tourmaline as "eligible dividends" and notify shareholders that dividends are "eligible dividends" for these purposes by posting a general notice to this effect on Tourmaline's website and by disclosing this fact in each press release that Tourmaline issues that contains a dividend announcement. Notwithstanding the foregoing, no assurances can be given that all dividends will qualify as "eligible dividends" and the designation of dividends as "eligible dividends" will be subject to the discretion of the Board.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The authorized share capital of Tourmaline consists of an unlimited number of Common Shares and an unlimited number of First Preferred Shares and an unlimited number of Second Preferred Shares.

The following is a summary of the rights, privileges, restrictions and conditions attaching to the shares in Tourmaline's share capital.

Common Shares

Tourmaline is authorized to issue an unlimited number of Common Shares without nominal or par value. Holders of Common Shares are entitled to one vote per share at meetings of shareholders of Tourmaline. Subject to the rights of the holders of First Preferred Shares and Second Preferred Shares and any other shares having priority over the Common Shares, holders of Common Shares are entitled to dividends if, as and when declared by the Board and upon liquidation, dissolution or winding-up to receive the remaining property of Tourmaline.

First Preferred Shares

The First Preferred Shares are issuable in series and will have such rights, restrictions, conditions and limitations as the Board may from time to time determine. No First Preferred Shares have been issued.

Tourmaline is authorized to issue an unlimited number of First Preferred Shares without nominal or par value. Holders of First Preferred Shares are entitled to receive dividends if, as and when declared by the Board, in priority to holders of Common Shares and Second Preferred Shares. In the event of a liquidation, dissolution or winding-up of Tourmaline, holders of the First Preferred Shares are entitled to receive a rateable share of all distributions made in priority to the holders of the Common Shares and Second Preferred Shares.

Second Preferred Shares

The Second Preferred Shares are issuable in series and will have such rights, restrictions, conditions and limitations as the Board may from time to time determine. No Second Preferred Shares have been issued.

Tourmaline is authorized to issue an unlimited number of Second Preferred Shares without nominal or par value. Holders of Second Preferred Shares are entitled to receive dividends if, as and when declared by the Board subject to the preference of First Preferred Shares but in priority to holders of Common Shares. In the event of a liquidation, dissolution or winding-up of Tourmaline, holders of the Second Preferred Shares are entitled to receive a rateable share of all distributions made, subject to the preference of holders of First Preferred Shares but in priority to holders of Common Shares.

Constraints

There are currently no constraints imposed on the ownership of securities of the Company to ensure that Tourmaline has a required level of Canadian ownership.

Ratings

The following information with respect to the Company's credit ratings is provided as it relates to Tourmaline's financing costs and liquidity. Specifically, credit ratings may affect Tourmaline's ability to obtain short-term and long-term financing and impact the cost of such financing. A reduction in the current ratings on the Company's debt by its rating agencies, particularly a downgrade below investment grade ratings, could adversely affect Tourmaline's cost of financing and its access to sources of liquidity and capital. In addition, changes in credit ratings may affect Tourmaline's ability to enter into, and the associated costs of entering into, normal course derivative or hedging transactions. Morningstar DBRS is a rating agency that provides credit ratings. Credit ratings are intended to provide investors with an independent measure of credit quality of any issues of debt securities. The credit ratings assigned by the rating agencies are not recommendations to purchase, hold or sell the securities, nor do the ratings comment on market price or suitability for a particular investor. Any rating may not remain in effect for a given period of time or may be revised or withdrawn entirely by a rating agency in the future if in its judgement circumstances so warrant. Each year, Tourmaline pays Morningstar DBRS an annual surveillance fee in connection with its corporate credit rating. Tourmaline paid Morningstar DBRS additional fees in 2025 related to the issuance of its commercial paper program. Other than the fees noted above, and additional fees paid in 2024 in relation to the Company's issuance of senior unsecured notes in May of 2024, no additional fees beyond the annual surveillance fee (including the secondary rating for commercial paper starting in 2025), have been paid to Morningstar DBRS in the last three years.

Morningstar DBRS has ten rating categories for long-term debt and issuer credit ratings, which range from "AAA" to "D". Morningstar DBRS uses "high" and "low" designations on ratings from AA to C to indicate the relative standing within a particular rating category. The absence of a "high" or "low" designation indicates that a rating is in the middle of the category. On September 9, 2020, Morningstar DBRS issued the Company's public "Issuer Rating" of "BBB" and in January 2021 its Senior Unsecured Notes rating of "BBB". Trends for these ratings are "stable". A BBB rating is the fourth highest rating of Morningstar DBRS' ten rating categories for long-term debt and issuer rating. Following the completion of the Black Swan acquisition in July 2021, Morningstar DBRS issued a credit rating upgrade to BBB (high) for both the Issuer Rating and the senior unsecured notes. In May 2025, Morningstar DBRS assigned a short-term debt credit rating of R-2 (high) with a Stable trend to the Company's $800 million commercial paper program.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares trade on the Toronto Stock Exchange (the "**TSX**") under the symbol TOU. The following table sets forth the price ranges and volume traded on the TSX on a monthly basis for each month of the most recently completed financial year:

	Common Shares		
	Price Range		
	High ($/share)	Low ($/share)	Trading Volume
2025			
January	$70.65	$65.80	33,313,842
February	$70.83	$64.76	30,731,804
March	$70.23	$61.21	77,829,430
April	$70.73	$55.40	46,509,318
May	$66.13	$59.59	49,159,036
June	$68.26	$62.45	42,884,315
July	$66.87	$58.80	34,600,670
August	$58.66	$56.72	70,020,419
September	$64.02	$57.61	74,061,666
October	$62.38	$58.81	39,272,880
November	$64.47	$59.55	51,439,134
December	$66.59	$59.66	50,509,910

Prior Sales

The following table provides details regarding each class of securities of the Company that are outstanding but not listed or quoted on a marketplace that have been issued by the Company during the most recently completed financial year.

Options Granted During 2025

Date of Issuance	Number of Options	Exercise Price of Options
January 15, 2025	96,900	$68.58
February 15, 2025	286,800	$68.50
March 15, 2025	88,500	$64.83
April 15, 2025	94,000	$58.78
May 15, 2025	438,800	$63.77
June 15, 2025	137,000	$65.53
July 15, 2025	197,500	$62.88
August 15, 2025	168,300	$57.80
September 15, 2025	90,200	$58.69
October 15, 2025	69,200	$60.59
November 15, 2025	71,300	$61.88
November 30, 2025	3,066,940	$63.08
December 15, 2025	40,000	$63.48

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the Company's knowledge, as of December 31, 2025, no securities of Tourmaline are held in escrow or subject to a contractual restriction on transfer.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The names, province or state, and country of residence, positions and offices held with the Company, as at the date of this document, and principal occupation of the directors and officers of the Company are set out below and, in the case of directors, the period each has served as a director of the Company.

Name, Province or State and Country of Residence	Position Held	Principal Occupation for the Last Five Years	Director Since
Michael L. Rose Alberta, Canada	Chairman, President and Chief Executive Officer	Chairman, President and Chief Executive Officer of Tourmaline since August 2008. Prior thereto, Chairman, President and Chief Executive Officer of Duvernay, an oil and gas company.	August 6, 2008
Brian G. Robinson Alberta, Canada	Director and Chief Financial Officer	Chief Financial Officer of Tourmaline since August 2008 (also served as Vice President, Finance of Tourmaline until December 2023). Prior thereto, Vice President, Finance and Chief Financial Officer of Duvernay.	October 27, 2008
Jill T. Angevine(1)(2)(3)(6) Alberta, Canada	Director	President of Brownstone Asset Management since August 2021. Prior thereto, Managing Director of Palisade Capital Management Ltd. Prior thereto, Vice President, Portfolio Manager at Matco Financial Inc.	November 4, 2015
William D. Armstrong(4)(6) Colorado, United States	Director	President and Chief Executive Officer of Armstrong Oil & Gas Inc., an oil and gas exploration and production company.	October 27, 2008
Lee A. Baker(4)(5)(6) Alberta, Canada	Director	Independent businessman since June 2016. Prior thereto, Mr. Baker was President and Chief Executive Officer of Nordegg Resources Inc., an oil and gas company, since March 2008.	March 22, 2011
Christopher E. Lee(1)(5)(6) Alberta, Canada	Director	Corporate Director since 2023. Prior thereto, Deputy Chair of the Deloitte Canada Board of Directors. Prior thereto, Deloitte Managing Partner of the Prairie Region and prior thereto, Deloitte National Energy & Resources Industry Leader.	November 1, 2023
Andrew B. MacDonald(1)(2)(3)(6)(7) British Columbia, Canada	Director	Independent businessman since January 2009. Prior thereto, Co-Head of Canadian Equities and Portfolio Manager with Phillips, Hager & North Investment Management, an investment management company.	March 22, 2011
Lucy M. Miller(2)(3)(5)(6) Alberta, Canada	Director	Independent businesswoman since December 2016. Prior thereto, President and CEO of United Way of Calgary and Area since 2012 and prior thereto, Chief Superintendent of the Calgary Catholic School District.	June 7, 2017
Travis J. Toews(1)(3)(6) Alberta, Canada	Director	Managing Director of Melbern Group of companies, active in cattle ranching and environmental services. Member of the Alberta Provincial Legislature from 2019 to 2023 serving as Minister of Finance, member of the Executive Council & President of the Treasury Board for the Province of Alberta.	November 6, 2024
Janet L. Weiss(4)(5)(6) Alaska, United States	Director	Former President of BP Exploration (Alaska), Inc. from 2013 to 2020. Prior thereto, employed by BP America, Inc. (or its predecessors) since 1985.	June 3, 2020
Sherra L. Aspin Alberta, Canada	Vice President, Marketing	Vice President, Marketing of Tourmaline since September 2018. Prior thereto, Manager of Natural Gas Marketing of Tourmaline.	N/A

Name, Province or State and Country of Residence	Position Held	Principal Occupation for the Last Five Years	Director Since
Katie E. Beck Alberta, Canada	Vice President, Legal General Counsel and Corporate Secretary	Vice President, Legal, General Counsel and Corporate Secretary of Tourmaline since November 2024, Prior thereto, General Counsel and Corporate Secretary since December 2023. Prior thereto, Corporate Secretary since March 2021 and Associate General Counsel since 2017.	N/A
Allan J. Bush Alberta, Canada	Vice President, Corporate Affairs	Vice President, Corporate Affairs since December 2023. Prior thereto, Chief Operating Officer since 2014, Vice President, Production since 2013, and Completions and Operations Engineering Manager since 2009.	N/A
Colin J. Frostad Alberta, Canada	Vice President, Exploration	Vice President, Exploration of Tourmaline since November 2019. Prior thereto, Exploration Manager and Senior Geologist at Tourmaline since 2009 and prior thereto, Geologist at Duvernay.	N/A
Jamie W. Heard Alberta, Canada	Vice President, Capital Markets	Vice President, Capital Markets of Tourmaline since December 2023. Prior thereto, Manager, Capital Markets. Prior to joining Tourmaline in 2019, Analyst and Investor at Castleton Commodities International.	N/A
Adam G. Karpoff Alberta, Canada	Vice President, Land	Vice President, Land of Tourmaline since November 2025. Prior thereto, Manager, Mineral Land and Joint Ventures since October 2021, and Senior Landman since May 2013.	
W. Scott Kirker Alberta, Canada	Chief Legal Officer and External Affairs	Chief Legal Officer, External Affairs of Tourmaline since March 2022. Prior thereto, Corporate Secretary from August 2008 to March 2021 and General Counsel of Tourmaline since August 2008.	N/A
Earl H. McKinnon Alberta, Canada	Chief Operating Officer	Chief Operating Officer of Tourmaline since December 2023. Prior thereto, Vice President, Operations since May 2019, Vice President, Drilling and Completions Operations since May 2015.	N/A
Matthew G. Ockenden Alberta, Canada	Vice President, Midstream	Vice President, Midstream of Tourmaline since November 2025. Prior thereto, Manager, Midstream Business since March 2022, and midstream consultant with Tourmaline since June 2021. Prior to joining Tourmaline, Senior Vice President, Strategy and New Ventures at North River Midstream.	N/A

Notes:

(1) Member of the Audit Committee. Mr. Lee is the Chair of the Audit Committee.
(2) Member of the Compensation Committee. Ms. Angevine is the Chair of the Compensation Committee.
(3) Member of the Corporate Governance and Nominating Committee. Mr. MacDonald is the Chair of the Corporate Governance and Nominating Committee.
(4) Member of the Reserves Committee. Mr. Baker is the Chair of the Reserves Committee.
(5) Member of the Environment, Safety and Sustainability Committee. Ms. Miller is the Chair of the Environment, Safety and Sustainability Committee.
(6) Independent director.
(7) Lead Director.

All of the Company's directors' terms of office will expire at the earliest of their resignation, the close of the next annual shareholder meeting called for the election of directors, or on such other date as they may be removed according to the ABCA. Each director will devote the amount of time as is required to fulfill his or her obligations to the Company. The Company's officers are appointed by and serve at the discretion of the Board.

As of the date of this AIF, the directors and officers of Tourmaline, as a group, beneficially owned, or controlled or directed, directly or indirectly, 20.7 million Common Shares or approximately 5.3% of the issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To the knowledge of the Company, no director or executive officer of the Company (nor any personal holding company of any of such persons) is, as of the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

To the knowledge of the Company, other than as discussed below, no director or executive officer of the Company (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (a) is, as of the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Baker, a director of Tourmaline, served as President and Chief Executive Officer of Nordegg Resources Inc. ("**Nordegg**"), a private company, until June 10, 2016 and Mr. Rose, the President and Chief Executive Officer and a director of Tourmaline, served as a director of Nordegg until June 10, 2016. On June 16, 2016, a secured creditor of Nordegg was granted an order under the *Bankruptcy and Insolvency Act (Canada)* appointing a receiver to take possession and exercise control over all of Nordegg's current and future assets.

Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain officers and directors of the Company are also officers and/or directors of other entities engaged in the oil and gas business generally. As a result, situations may arise where the interest of such directors and officers conflict with their interests as directors and officers of other companies. The resolution of such conflicts is governed by applicable corporate laws, which require that directors act honestly, in good faith and with a view to the best interests of the Company. Conflicts, if any, will be handled in a manner consistent with the procedures and remedies set forth in the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

There are no legal proceedings Tourmaline is or was a party to, or that any of its property is or was the subject of, during Tourmaline's financial year, nor are any such legal proceedings known to Tourmaline to be contemplated, that involves a claim for damages, exclusive of interest and costs, exceeding 10% of the current assets of Tourmaline.

Regulatory Actions

There are no:

(a) penalties or sanctions imposed against Tourmaline by a court relating to securities legislation or by a securities regulatory authority during Tourmaline's financial year;

(b) other penalties or sanctions imposed by a court or regulatory body against Tourmaline that would likely be considered important to a reasonable investor in making an investment decision; or

(c) settlement agreements Tourmaline entered into before a court relating to securities legislation or with a securities regulatory authority during Tourmaline's financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There is no material interest, direct or indirect, of any: (a) director or executive officer of Tourmaline; (b) person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of Tourmaline's voting securities; or (c) associate or affiliate of any of the persons or companies referred to in (a) or (b) above in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Tourmaline.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The Company's auditors are KPMG LLP, Chartered Professional Accountants, Suite 2200, 240 – 4th Avenue S.W., Calgary, Alberta T2P 4H4.

The transfer agent and registrar for the Common Shares is Odyssey Trust Company located at its principal offices, 1230, 300 – 5th Avenue S.W. Calgary, Alberta T2P 3C4 and 702, 67 Yonge Street, Toronto, Ontario M5E 1J8.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the Company has not entered into any material contracts within the most recently completed financial year, or before the most recently completed financial year which are still in effect.

INTERESTS OF EXPERTS

Names of Experts

The only persons or companies who are named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made by the Company under National Instrument 51-102 during, or relating to the Company's most recently completed financial year and whose profession or business gives authority to such report, valuation, statement or opinion, are:

- KPMG LLP, Tourmaline's independent auditors; and
- GLJ and Deloitte, Tourmaline's independent reserve evaluators (collectively, the "**Reserve Evaluators**").

Interests of Experts

To the Company's knowledge, no registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of one of the Company's associates or affiliates (i) were held by any of the Reserve Evaluators or by the "designated professionals" (as defined in Form 51-102F2) of the Reserve Evaluators, when the Reserve Evaluators prepared their respective reports, valuations, statements or opinions referred to herein as having been prepared by such Reserve Evaluators, (ii) were received by any of the Reserve Evaluators or the designated professionals of the Reserve Evaluators after such Reserve Evaluator prepared the report, valuation, statement or opinion in question, or (iii) is to be received by any of the Reserve Evaluators or the designated professionals of the Reserve Evaluators.

None of the Reserve Evaluators nor any director, officer or employee of any of the Reserve Evaluators is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

KPMG LLP has advised the Company that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

INDUSTRY CONDITIONS

Companies operating in the Canadian oil and gas industry are subject to extensive regulation and control of operations, including matters related to land tenure, exploration, development, production, refining and upgrading, transportation, and marketing. Legislation has been enacted by, and agreements have been entered into between, various levels of government regarding the pricing and taxation of petroleum and natural gas, all of which should be carefully considered by investors in the Corporation. All current legislation is a matter of public record; however the Corporation is unable to predict what additional legislation or amendments governments may enact in the future.

The Corporation's assets and operations are regulated by administrative agencies that derive their authority from legislation enacted by the applicable level of government. Regulated aspects of the Corporation's upstream oil and natural gas business include all activities associated with the exploration and production of oil and natural gas, including, among other matters: (i) permits for drilling wells and constructing related infrastructure; (ii) technical drilling and well requirements; (iii) permitted locations and access to operation sites; (iv) operating standards regarding conservation of produced substances and avoidance of waste, such as restrictions on flaring and venting; (v) minimizing environmental impacts, including reducing emissions; (vi) storage, injection and disposal of substances associated with production operations; and (vii) abandonment and reclamation of impacted sites. To conduct oil and natural gas operations and remain in good standing with applicable regulatory regimes, producers must comply with applicable legislation, regulations, orders, directives, and other directions, all of which are subject to governmental oversight, review and revision from time to time. Compliance can be costly, and breaches may result in fines or other sanctions.

The discussion below outlines some of the principal aspects of legislation, regulations, agreements, orders, directives, and other pertinent conditions that impact the oil and gas industry in Western Canada, where the Corporation's assets are primarily located. While these matters do not affect the Corporation's operations in any manner that is materially different from the way they affect other similarly sized industry participants with comparable assets and operations, investors should consider such matters carefully.

Exports of Crude Oil, Natural Gas and NGLs from Canada

Over the past year, U.S. tariffs on certain Canadian products, including energy, along with Canada’s reciprocal measures, have added complexity to cross-border energy trade. The U.S.-Canada tariff environment remains volatile, with duties affecting products that do not qualify for United States-Mexico-Canada Agreement

("USMCA") exemptions. On February 20, 2026, the U.S. Supreme Court 2026 ("**SCOTUS**") held that the Trump administration lacked legal authority to impose certain tariffs under the *International Emergency Economic Powers Act* and U.S. Customs and Border Protection announced that it would cease collecting the affected tariffs. In response to the SCOTUS decision, the Trump administration indicated that it intends to impose alternative tariffs or adopt other trade measures on its trading partners, including Canada. SCOTUS' decision, the Trump's administration's response and the ongoing USMCA review add further uncertainty regarding whether crude oil, natural gas, and NGL exports to the U.S. could ultimately be subject to tariffs or other trade measures. These dynamics influence export costs, market access, and demand for Canadian energy products. The impact of continuing or new tariffs or other trade measures on the Canadian economy and Canadian energy producers is uncertain.

In recent years, Canada has expanded oil and gas exports beyond the U.S. The completion of the Trans Mountain Expansion has enabled crude shipments to Asia and Europe, with China, South Korea, and India emerging as major buyers. Seaborne exports to Europe have also increased. In natural gas, Canada's first large-scale LNG terminal began operations in mid-2025, opening access to global markets. These developments mark a strategic shift toward diversified energy export destinations; however, the U.S. remains the largest customer of Canadian energy products. As a result, actions taken by the U.S. administration or other events impacting U.S. demand for Canadian energy products can result in a significant impact on the pricing the Corporation and other Canadian producers receive for their energy products.

Pricing and Marketing in Canada

The price of crude oil, natural gas, and NGLs is negotiated between buyers and sellers. Various factors may influence prices, including global supply and demand, product quality, distance to market, availability of transportation, value of refined products, prices of competing products, price of competing stock, contract terms, weather conditions, supply/demand balance, and contractual provisions.

Transportation Constraints and Market Access

Despite having significant capacity to move crude oil, natural gas, and NGLs from Western Canada, much of this transportation infrastructure is oriented toward the United States. As a result, even though Western Canada possesses the ability to transport large volumes, market access remains constrained because limited capacity is available for deliveries to Eastern Canada and overseas markets. This reliance on U.S.-bound infrastructure continues to restrict Canada's ability to diversify export destinations. Many proposed projects that could broaden access, particularly those aimed at enabling greater movement to other international markets, have been cancelled or delayed due to regulatory hurdles, court challenges, and economic or socio-political factors.

Oil Pipelines

In Canada, producers negotiate with pipeline operators to transport their products to market on a firm, spot or interruptible basis depending on the specific pipeline and the specific substance. Transportation availability is, highly variable across different jurisdictions and regions. This variability can determine the nature of transportation commitments available, the number of potential customers and the price received.

Under Canadian constitutional law, the development and operation of interprovincial and international pipelines fall within federal jurisdiction, and, under the Canadian Energy Regulator Act, new interprovincial and international pipelines require a federal regulatory review and Cabinet approval before they can proceed. In recent years, however, there has been a perceived lack of policy and regulatory certainty in this regard such that, even when projects are approved, they often face delays due to actions taken by provincial and municipal governments and legal opposition related to issues such as Indigenous rights and title, the government's duty to consult and accommodate Indigenous peoples and the sufficiency of relevant environmental review processes. Export pipelines from Canada to the United States face additional unpredictability as such pipelines also require approvals from several levels of government in the United States.

In June 2025, Bill C-5 (the One Canadian Economy Act) came into force, granting the federal government authority to expedite approval of "national interest" infrastructure projects, including pipelines. While the legislation aims to reduce regulatory delays, it has drawn mixed reactions: industry stakeholders generally support its streamlining measures, whereas certain rights holders, particularly Indigenous groups, have expressed concerns regarding its implications. The federal government is currently engaged in consultations with provinces, territories, and Indigenous communities regarding implementation.

Natural Gas and LNG

Natural gas prices in Western Canada have been constrained in recent years, reaching record lows in 2025 due to increasing North American supply, limited market access, and restricted storage capacity. Companies that secure firm access to infrastructure for transporting natural gas out of Western Canada may be able to access additional markets and achieve better pricing. Companies without firm access may be forced to accept spot pricing in Western Canada, which is generally lower than prices in other North American regions.

In October 2020, TC Energy Corporation ("TC") received federal approval to expand the Nova Gas Transmission Line system (the "**NGTL System**"). The NGTL system is currently implementing a $9.9 billion infrastructure program. In July 2024, TC announced an historic equity interest purchase agreement with an Indigenous-owned investment partnership which will enable up to 72 Indigenous communities to become equity owners of the network of infrastructure assets spanning Western Canada, however as of September 2024, the deal has been delayed.

In 2025, LNG Canada became fully operational as the country's first large-scale LNG export terminal, marking a significant milestone in Canada's emergence as a global LNG supplier. The project exported its first cargo from the Kitimat terminal in July 2025, and by September had already shipped ten cargoes to international markets, with export volumes continuing to rise thereafter. In addition, on August 6, 2025, JGC and Fluor were awarded a contract to update the Front-End Engineering and Design for the proposed Phase 2 expansion, which aims to double the facility's annual LNG production capacity.

A wide range of energy infrastructure projects, including natural gas pipelines, oil pipelines, LNG export facilities, and related transmission upgrades, remain in various stages of development across Canada. These include projects that are under construction, as well as others that are proposed, awaiting regulatory approvals, or still pending final investment decisions. Together, these projects reflect a significant pipeline of potential development subject to evolving market conditions, regulatory processes, and investment decisions.

Land Tenure

Mineral Rights

Except in Manitoba, each provincial government in Western Canada owns most of the mineral rights to oil and natural gas located within their respective provincial borders. Provincial governments grant rights to explore for and produce oil and natural gas through leases, licences, and permits (collectively referred to as "**leases**") for varying terms and subject to conditions set forth in provincial legislation, including requirements to perform specific work or make payments in lieu thereof. Provincial governments in Western Canada conduct land sales where oil and natural gas companies bid for leases necessary to explore for and produce provincially owned oil and natural gas. These leases generally have fixed terms but may be continued beyond their initial terms if the required conditions are satisfied.

Private ownership of oil and natural gas (i.e. freehold mineral lands) also exists in Western Canada, as well as rights to explore for and produce privately owned oil and natural gas are granted by a lease or other contract on terms and conditions negotiated between the mineral rights holder and companies seeking to explore for and/or develop oil and natural gas reserves.

Where the Corporation operates on, or near, First Nation reserve lands or in areas subject to Indigenous rights or title, its success is closely tied to building and maintaining strong, respectful, and durable relationships with Indigenous peoples. This may take various forms, including the negotiation of Impact Benefit Agreements, collaboration on environmental stewardship, and engagement protocols that reflect the priorities, governance structures, and decision-making processes of the potentially affected Nations. Constructive engagement, grounded in transparency, mutual benefit, and recognition of Indigenous rights, is a critical component of the Corporation's ability to advance and sustain its activities in these regions.

An additional category of mineral rights ownership is Canadian federal government ownership of mineral rights on First Nation reserve lands (as designated under the *Indian Act*). Indian Oil and Gas Canada manages subsurface and surface leases in consultation with applicable First Nations, for the exploration and production of oil and natural gas on designated First Nation lands across Canada under the *Indian Oil and Gas Act* and the accompanying Indian Oil and Gas Regulations. The leases in place are subject to the terms and conditions set out in the above-noted legislation and regulations and may also be subject to additional ongoing environmental monitoring, reporting requirements and rents.

Surface Rights

To develop oil and natural gas resources, producers must also secure access rights to the surface lands required to conduct operations. For Crown lands, surface access rights can be obtained directly from the government. For private lands, access rights are typically negotiated with the landowner. Where an agreement cannot be reached, each province has developed its own process that producers can follow to obtain and maintain the surface access necessary to conduct operations.

Royalties and Incentives

Each province has legislation and regulations in place to govern Crown royalties and establish the royalty rates that producers must pay to produce Crown resources. Provincial royalty regimes operate in conjunction with applicable federal and provincial taxes and are a significant factor in the profitability of oil sands projects and oil, natural gas and NGL production.

Royalties payable on production from lands where the Crown does not hold the mineral rights are negotiated between the mineral freehold owner and the lessee, although certain provincial taxes and other charges on production or revenues may still apply. Royalties from production on Crown lands are determined by provincial regulation and are generally calculated as a percentage of the value of production.

Producers and working interest owners of oil and natural gas rights may create additional royalties or royalty-like interests, such as overriding royalties, net profits interests and net carried interests, through private transactions, the terms of which are subject to negotiation.

Occasionally, the federal and provincial governments create incentive programs for businesses operating in specific industries, such as oil and gas. These programs are often introduced when commodity prices are low to encourage exploration and development activity. They may provide volume-based incentives, royalty rate reductions, royalty holidays, or royalty tax credits. Governments may also introduce incentive programs to encourage producers to prioritize certain kinds of development or to utilize technologies that enhance recovery of oil, natural gas, and NGLs, or improve environmental performance.

Regulatory Authorities and Environmental Regulation

The Canadian oil and gas industry is subject to environmental regulation under a variety of federal, provincial, territorial, and municipal laws and regulations, all of which are subject to governmental review and revision from time to time. These regulations provide for, among other things, restrictions and prohibitions on the spill, release or emission of substances produced in association with certain oil and gas operations, such as sulphur dioxide and nitrous oxide. Regulatory regimes also establish requirements for oilfield waste handling and storage, habitat protection, and the proper operation, maintenance, abandonment, and reclamation of well, facility, and pipeline sites.

Compliance with these regulations can require significant expenditures, and breaches may result in suspension or revocation of licences and authorizations, civil liability, and the imposition of material fines and penalties. In addition, future changes to environmental legislation, including legislation related to air pollution and greenhouse gas ("**GHG**") emissions (typically measured in terms of global warming potential and expressed as carbon dioxide equivalent ("**CO2e**")), may impose further requirements on operators and other companies in the oil and gas industry. Companies engaged in hydraulic fracturing operations are subject to additional operational, regulatory, and reporting requirements.

Liability Management

The Alberta Energy Regulator ("**AER**") administers several liability management programs to manage liability for most conventional upstream oil and natural gas wells, facilities, and pipelines in Alberta. The province continues to transition from a prescriptive framework toward a more holistic approach under its Liability Management Framework.

Alberta maintains an orphan fund to cover the costs of suspending, abandoning, remediating, and reclaiming wells, facilities, or pipelines included in certain AER programs if a licensee or working interest participant becomes insolvent or is otherwise unable to meet its obligations. The orphan fund is financed through levies imposed on industry participants and provincial loans. In March 2025, the Alberta government approved a $144 million levy for the Orphan Well Association's 2025/26 operating budget.

The Supreme Court of Canada's ("**SCC**") decision in *Orphan Well Association v. Grant Thornton* (often referred to as the "**Redwater**" decision) continues to shape Alberta's liability management regime. As a result of the Redwater decision, receivers and trustees can no longer avoid the AER's legislated authority to impose abandonment orders or require security deposits before approving licence transfers during insolvency proceedings. Insolvent estates can no longer disclaim assets that have reached the end of their productive lives to prioritize valuable assets without first satisfying abandonment and reclamation obligations. The burden of a defunct licensee's obligations first falls on its working interest partners; thereafter, the AER may direct the orphan fund to assume care and custody and accelerate clean-up of wells or sites which do not have a responsible owner.

To address abandonment and reclamation liabilities, the AER periodically implements programs to encourage the decommissioning, remediation, and reclamation of inactive or marginal oil and natural gas infrastructure. In late 2025, the AER introduced mandatory annual closure spending requirements effective in 2026, reinforcing proactive liability reduction measures.

Similar to Alberta, British Columbia's regulator has moved away from formulaic liability management toward a holistic assessment of a permit holder's ability to meet abandonment and reclamation obligations. British Columbia also maintains an orphan site program. The British Columbia Dormancy and Shutdown Regulation, amended effective April 1, 2025, establishes legally binding timelines for restoring of oil and natural gas wells, aiming for 100% reclamation of currently dormant sites by 2036, with additional timelines for sites that became dormant between 2019 and 2023 and those becoming dormant after 2024.

Saskatchewan administers liability management through its Licensee Liability Rating program and the Inactive Liability Reduction Program, which mandates annual decommissioning expenditures. Saskatchewan's orphan fund, funded entirely by industry, continues to reclaim orphaned wells and facilities, with over 1,000 inactive sites restored as of early 2025.

Climate Change Regulation

Climate change regulation at each of the international, federal and provincial levels has the potential to significantly affect the future of the oil and gas industry in Canada. These impacts are uncertain, and it is not possible to predict what future policies, laws and regulations will entail. Any new laws and regulations (or additional requirements to existing laws and regulations) could have a material impact on the Corporation's operations and cash flow.

Federal

Canada is a signatory to the United Nations Framework Convention on Climate Change and ratified the Paris Agreement, committing to reduce greenhouse gas emissions by 30% below 2005 levels by 2030. In 2021, Canada strengthened this target to a 40–45% reduction by 2030 and net-zero emissions by 2050.

Canada has also pledged to reduce methane emissions from the oil and gas sector by 75% from 2012 levels by 2030; impose a cap on emissions from the oil and gas sector; and phase out thermal coal exports by 2030. At the 2023 United Nations Climate Change Conference, Canada reaffirmed its commitment to transition away from fossil fuels and accelerate GHG reductions.

The Government of Canada launched the Pan-Canadian Framework on Clean Growth and Climate Change in 2016 and, in 2018, enacted the Greenhouse Gas Pollution Pricing Act. This legislation established a federal carbon pricing system composed of two key elements: a fuel charge applied to fossil fuels, and an Output-Based Pricing System ("**OBPS**") for large industrial emitters. The federal regime applied nationwide unless a province or territory implemented a system that met or exceeded federal benchmarks. However, effective April 1, 2025, the federal government introduced regulations that eliminated the federal fuel charge and removed the requirement for provinces and territories to maintain a consumer-facing carbon price.

Canada also regulates methane emissions under the Federal Methane Regulations, which came into force in 2020 and initially targeted a 40–45% reduction below 2012 levels by 2025. In December 2023, the federal government proposed amendments to achieve a 75% reduction by 2030, introducing stricter limits, new prohibitions, and continuous monitoring requirements. These amendments are expected to take effect in 2027.

Additional federal measures include the Multi-Sector Air Pollutants Regulation, which limits emissions of nitrogen oxides and sulphur dioxide from industrial equipment, and commitments to cap oil and gas sector emissions and phase out thermal coal exports.

The Canadian Net-Zero Emissions Accountability Act ("**CNEAA**"), in force since 2021, commits Canada to achieving net-zero emissions by 2050. It establishes rolling five-year emissions reduction targets, requires detailed plans to meet each target, and mandates annual progress reporting.

Under the CNEAA, Canada released its 2030 Emissions Reduction Plan in March 2022, outlining measures to cut emissions 40-45% below 2005 levels by 2030. The plan includes incentives for electric vehicles ("**EV**"), renewable electricity, and an emissions cap for the oil and gas sector.

The federal government continues to implement and revise measures aimed at reducing greenhouse gas emissions, creating ongoing regulatory uncertainty for industry. The Clean Fuel Regulations, effective July 2023, impose increasingly stringent carbon-intensity reduction requirements and operate through a compliance credit market, which may affect fuel supply costs and credit availability. The federal Greenhouse Gas Offset Credit System, launched in 2022, allows eligible projects to generate offset credits for use under the federal OBPS, but future protocol development, credit supply, and pricing remain uncertain.

In November 2024, the federal government released proposed Oil and Gas Emissions Cap, which would establish a sector-wide cap-and-trade system for upstream oil and gas emissions. Although originally expected to take effect in 2026, the November 2025 federal budget introduced significant changes to Canada's climate-policy framework, creating uncertainty about whether the emissions cap will be implemented as proposed, revised, or withdrawn. Changes to federal carbon-pricing requirements, compliance mechanisms and potential new reporting obligations may increase compliance costs and affect the Corporation's operations, investment decisions, and long-term planning.

Canada's Carbon Management Strategy aims to deploy technologies such as carbon capture to help achieve climate targets. As part of this strategy, the federal government has committed $319 million over seven years to research and development.

In June 2024, the government enacted the Carbon Capture, Utilization, and Storage Investment Tax Credit, a refundable credit available for eligible projects from January 1, 2022, until December 31, 2040, with a 50% reduction in credit value beginning in 2031.

As discussed under "Oil Pipelines", in November 2025, the governments of Canada and Alberta signed an MOU pursuant to which the federal government committed to not implementing the Oil and Gas Emissions Cap and both governments committed to developing sector-specific stringency factors for large Alberta emitters under TIER, concluding an agreement on industrial carbon pricing, and establishing a minimum effective credit price of $130 per tonne.

In February 2026, the federal government introduced an updated national automotive strategy that includes more than $3 billion in planned financial commitments to support industry expansion, modernization, and diversification into additional export markets. As part of this initiative, the federal government will implement a new program to lower the cost of EVs for Canadians, introduce new EV purchase and lease incentives for individuals and businesses, expand charging infrastructure, and advance a broader trade framework intended to enhance the competitiveness of the automotive sector. It also replaces the Electric Vehicle Availability Standard (which required automakers to sell an increasing percentage of zero emission light-duty vehicles, reaching 100% by 2035) with updated greenhouse gas emissions standards and new targets of achieving 75% EV sales by 2035 and 90% by 2040. The Corporation is unable to predict how this new automotive strategy will impact the demand for fossil fuels and Canadian energy products.

Provincial

In December 2016, the *Oil Sands Emissions Limit Act* (Alberta) came into force, establishing an annual 100 megatonne limit for GHG emissions from all oil sands sites, but the regulations necessary to enforce the limit have not yet been developed. The delay in drafting these regulations has been inconsequential thus far, as Alberta's oil sands emitted roughly 85 megatonnes of GHG in 2024, well below the 100 megatonne limit.

On January 1, 2020, Alberta's Technology Innovation and Emissions Reduction ("**TIER**") regulation came into effect for large emitters. It meets the federal benchmark's stringency requirements, allowing relevant facilities to remain under TIER rather than the federal OBPS.

In contrast, Saskatchewan and Manitoba do not have provincial equivalents, so the federal OBPS applies in full to their large industrial emitters. British Columbia, having implemented its own provincial OBPS on April 1, 2024, is exempt from the federal system as its program meets federal equivalency standards.

Alberta committed to reducing methane emissions by 45% from 2014 levels by 2025 and achieved this goal three years early. The province enacted the Methane Emission Reduction Regulation on January 1, 2020. Later that year, Alberta and Canada signed a five-year equivalency agreement exempting Alberta from the Federal Methane Regulations. In October 2025, the parties renewed the agreement, with some modifications, extending the exemption through 2030.

Indigenous Rights

Constitutionally mandated government-led consultation with, and if applicable, accommodation of the rights of, Indigenous groups impacted by regulated industrial activity, as well as proponent-led consultation and accommodation or benefit sharing initiatives, play an increasingly important role in the Western Canadian oil and gas industry. In addition, Canada is a signatory to the United Nations Declaration on the Rights of Indigenous Peoples ("**UNDRIP**") and the principles set forth therein may continue to influence the role of Indigenous engagement in the development of the oil and gas industry in Western Canada. For example, in November 2019, the *Declaration on the Rights of Indigenous Peoples Act* ("**DRIPA**") became law in British Columbia. The DRIPA aims to align British Columbia's laws with UNDRIP. In June 2021, the *United Nations Declaration on the Rights of Indigenous Peoples Act* ("**UNDRIP Act**") came into force federally in Canada. Similar to British Columbia's DRIPA, the UNDRIP Act requires the Government of Canada to take all measures necessary to ensure the laws of Canada are consistent with the principles of UNDRIP and to implement an action plan to address UNDRIP's objectives.

As of June 2022, the federal government has sought to implement the UNDRIP Act by, among other things, creating a Secretariat within the Department of Justice to support Indigenous participation in the implementation of UNDRIP (the "**Implementation Secretariat**"), consulting with Indigenous peoples to identify their priorities, drafting an action plan to align federal laws with UNDRIP's, and implementing efforts to educate federal departments on UNDRIP principles. On June 21, 2023, the Implementation Secretariat released Canada's UNDRIP Action Plan (the "**Action Plan**") with respect to aligning federal laws with UNDRIP, which has a 2023-2028 implementation timeframe. In August 2025, the federal government tabled its Fourth Annual Progress Report on the implementation of the UNDRIP Act, which provides various progress updates, including on the implementation of the Action Plan.

The federal government is in the process of developing various regulatory regimes that could create new requirements when doing business with Indigenous groups and on or near First Nation lands, for example, the *National Strategy Respecting Environmental Racism and Environmental Justice Act* which received royal assent in June 2024 and the new Indigenous co-administration agreement provisions of the *Impact Assessment Act* for which regulations, policy, guidance and procedures are forthcoming.

On June 29, 2021, the B.C. Supreme Court's *Yahey v. British Columbia* held that cumulative impacts of industrial development on the traditional territory of Blueberry River First Nation ("**BRFN**") breached BRFN's Treaty 8 rights. On January 18, 2023, B.C. and BRFN signed the Blueberry River First Nations Implementation Agreement ("**BRFN Agreement**"), introducing key measures such as a $200 million restoration fund, ecosystem-based land-use planning, limits on new oil and gas development, and revenue-sharing provisions. Under the agreement, BRFN will receive $87.5 million over three years, with potential for additional benefits. In July 2024, BRFN filed a civil claim challenging the first implementation plan, highlighting concerns about execution.

The BRFN Agreement served as a template for other Treaty 8 arrangements. Later in January 2023, B.C. and four First Nations (Fort Nelson, Saulteau, Halfway River and Doig River) reached consensus on a collaborative approach to land and resource planning, adopting similar principles to implement cumulative effects management, new land-use plans, and revenue-sharing. However, two of these Nations later sued the B.C. government, alleging deception, misrepresentation, and withholding of information during negotiations. These disputes underscore the implementation challenges of such agreements.

Similar claims have been brought by First Nations in Alberta, including Beaver Lake Cree Nation's ("**BLCN**") claim against the Government of Alberta in 2008 and Duncan's First Nation's lawsuit against the Government of Alberta in 2022. After years of litigation, the BLCN case led to an SCC decision which established a new legal test for advance costs in public interest litigation. This ruling clarified that First Nations should not have to exhaust community resources or impoverish themselves to pursue constitutional claims, setting an important precedent for access to justice in treaty rights cases. The long-term impacts of these lawsuits on the Canadian oil and gas industry remain uncertain.

Recent British Columbia court decisions have the potential to influence the interpretation of Aboriginal title and the duty to consult framework in the province. In *Cowichan Tribes v Canada (Attorney General)*, the Supreme Court of British Columbia declared portions of the City of Richmond to be subject to Aboriginal title, a finding that raises unresolved questions regarding the interaction between Aboriginal title and existing fee simple ownership. In *Gitxaala v British Columbia (Chief Gold Commissioner)*, the British Columbia Court of Appeal held that British Columbia's DRIPA incorporates UNDRIP into domestic law and creates legally enforceable obligations on the Province, including positive duties to ensure that provincial laws are consistent with UNDRIP. Premier David Eby has since announced plans to amend DRIPA to limit judicial involvement in that process.

While these developments may have limited direct application in Alberta given Alberta's treaty landscape and the absence of province-level UNDRIP implementation legislation, they underscore the rapidly evolving nature of Indigenous rights jurisprudence. Indigenous rights claims may still arise in Alberta on different factual or legal grounds, and these decisions nonetheless highlight the increasing importance of early, proactive, and sustained engagement with Indigenous Nations in regulatory, land-use, and project-development contexts.

RISK FACTORS

The Corporation is subject to risks that directly affect its business and operations, as well as indirect risks that impact third parties or industry generally.

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Corporation's other public filings before making an investment decision. The risks set out below should be read in conjunction with the "Industry Conditions" section above. These risks are not exhaustive and should not be taken as a complete summary or description of all the risks associated with the Corporation's business and the oil and natural gas business generally. The risks discussed below are based on certain assumptions made by the Corporation which later may prove to be incorrect or incomplete. Investors are encouraged to perform their own investigation with respect to the business, financial condition and prospects of the Corporation.

While some exposures may be reduced by the Corporation's risk management strategies, many risks are driven by external factors beyond its control or are of a nature which cannot be eliminated. Additional risks and uncertainties not currently known to management or that may currently not be considered material by management, could nevertheless also have an adverse effect on the Corporation's business.

The information set forth below contains forward-looking statements, which are qualified by the information contained in the "Forward-Looking Statements" section of this AIF.

Exploration, Development and Production Risks

The Corporation's future performance may be affected by the financial, operational, environmental and safety risks associated with the exploration, development and production of oil and natural gas

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, the Corporation's existing reserves, and the production from them, will decline over time as the Corporation produces from such reserves. A future increase in the Corporation's reserves will depend on both the ability of the Corporation to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance that the Corporation will be able to continue to find satisfactory properties to acquire or participate in. Moreover, management of the Corporation may determine that current markets, terms of acquisition, or participation or pricing conditions make potential acquisitions or participation uneconomic. There is also no assurance that the Corporation will discover or acquire further commercial quantities of oil or natural gas.

Future oil and natural gas exploration may involve unprofitable efforts from dry wells or from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completing (including hydraulic fracturing), operating and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion and operating costs.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, shut-ins of wells resulting from extreme weather conditions, insufficient storage or transportation capacity or geological and mechanical conditions. While diligent well supervision, effective maintenance operations and the development of enhanced oil recovery technologies can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment and cause personal injury or threaten wildlife. Particularly, the Corporation may explore for and produce sour gas in certain areas. An unintentional leak of sour gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to the Corporation.

Oil and natural gas production operations are also subject to geological and seismic risks, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

As is standard industry practice, the Corporation is not fully insured against all risks, nor are all risks insurable. Although the Corporation maintains liability insurance and business interruption insurance in an amount it considers consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. In either event, the Corporation could incur significant costs. See "*Risk Factors – Insurance*".

Prices, Markets and Marketing

Various factors may adversely impact the marketability of oil and natural gas, affecting net production revenue, production volumes and development and exploration activities

Numerous factors beyond the Corporation's control do, and will continue to, affect the marketability and price of oil and natural gas acquired, produced, or discovered by the Corporation. The Corporation's ability to market its oil and natural gas may depend upon its ability to acquire capacity in pipelines that deliver oil and natural gas to commercial markets or contract for the delivery of oil by rail. Deliverability uncertainties related to the distance of the Corporation's reserves from pipelines, railway lines, processing and storage facilities; operational problems affecting pipelines, railway lines and processing and storage facilities; and government regulation relating to prices, taxes, tariffs, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business may also affect the Corporation.

Oil and natural gas prices may be volatile for a variety of reasons including market uncertainties over the supply and demand of these commodities due to the current state of the world economies, actions of the Organization of Petroleum Exporting Countries ("OPEC"), political uncertainties, sanctions imposed on certain oil producing nations by other countries, the Russian Ukrainian war, conflicts in the Middle East, geopolitical developments in Venezuela or other adverse economic or political development in the United States, South America, Europe, or Asia. Additionally, the occurrence or threat of terrorist attacks in the United States or other countries could adversely affect the global economy. Prices of oil and natural gas are also subject to the availability of foreign markets and the Corporation's ability to access such markets.

A material decline in prices could result in a reduction of the Corporation's net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes and the value of the Corporation's reserves. The Corporation may also elect not to produce from certain wells at lower prices. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on the Corporation's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. See "*Industry Conditions – Transportation Constraints and Market Access*".

Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for, and project the return on, acquisitions and development and exploitation projects.

Market Price

The trading price of the Corporation's Common Shares may be adversely affected by factors related and unrelated to the oil and natural gas industry

The trading price of the securities of oil and natural gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of issuers. Factors unrelated to the Corporation's performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices and changing perceptions of the oil and natural gas market. In recent years, the volatility of commodities prices has increased due in part to the implementation of computerized trading and the decrease of discretionary commodity trading. In addition, the volatility, trading volume and share price of issuers have been impacted by increasing investment levels in passive funds that track major indices, as such funds that only purchase securities included in such indices. Similarly, the market price of the Common Shares of the Corporation could be subject to significant fluctuations in response to variations in the Corporation's operating results, financial condition, liquidity and other internal factors. Accordingly, the price at which the Common Shares of the Corporation will trade cannot be accurately predicted.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The anticipated benefits of acquisitions may not be achieved and the Corporation may dispose of non-core assets for less than their carrying value on the financial statements as a result of weak market conditions

The Corporation considers acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of acquired businesses and assets may require substantial managerial effort, time and resources diverting management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided by third parties and the resources required to provide such services. In this regard, non-core assets may be periodically disposed of so the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Corporation, if disposed of, may realize less on disposition than their assessed carrying value on the financial statements of the Corporation.

Geopolitical Risks

The Corporation's business may be adversely affected by political and social events and decisions made in Canada, the United States, South America, Europe, the Middle East and elsewhere

The Corporation's results may be adversely impacted by political, legal, or regulatory developments in Canada and elsewhere that affect local operations and local and international markets. Changes in government, government policy or regulations, changes in law or interpretation of settled law, third-party opposition to industrial activity generally or projects specifically, and duration of regulatory reviews could impact the Corporation's existing operations and planned projects. This includes actions by regulators or other political actors to delay or deny necessary licences or permits for the Corporation's activities or restrict the operation of third-party infrastructure on which the Corporation relies. Additionally, changes in environmental regulations, assessment processes or other laws, and increasing and expanding stakeholder consultation (including Indigenous stakeholders), may increase the cost of compliance or reduce or delay available business opportunities and adversely impact the Corporation's results.

The current U.S.-Canada tariff environment remains highly dynamic and uncertain. Legislative or regulatory changes by the U.S. administration could materially impact the Corporation's operations and financial condition. In March 2025, the United States imposed a series of tariffs on goods imported from Canada and other countries, triggering a *de facto* global trade war, and prompting Canada and several trading partners to implement retaliatory measures. Since then, tariff policies have continued to evolve, creating ongoing uncertainty regarding U.S. support for existing trade agreements, including the USMCA.

At present, the United States maintains tariffs on a range of Canadian exports and Canada has implemented certain reciprocal tariffs. Additionally, U.S. tariffs apply to Canadian potash and energy products that do not qualify for USMCA exemptions. On February 20, 2026, the SCOTUS held that the Trump administration lacked legal authority to impose certain tariffs under the *International Emergency Economic Powers Act* and the Trump administration indicated that it intends to impose alternative tariffs or adopt other trade measures. Changes to existing tariffs or new trade restrictions could materially impact the Canadian economy, the oil and gas sector, and the Corporation. Additionally, further U.S. tariffs on other countries could exacerbate global trade tensions, increase costs, reduce U.S. demand for the Corporation's products, and negatively affect its operations.

Other government and political factors that could adversely affect the Corporation's financial results include increases in taxes or government royalty rates (including retroactive claims) and changes in trade policies and agreements. Further, the adoption of regulations mandating efficiency standards or the use of alternative fuels or uncompetitive fuel components could affect the Corporation's operations. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources. The success of these initiatives may decrease demand for the Corporation's products.

A change in federal, provincial, state or municipal governments in Canada or the United States may have an impact on the directions taken by such governments on matters that may impact the oil and natural gas industry including the balance between economic development and environmental policy. The oil and natural gas industry has become an increasingly politically polarizing topic resulting in a rise in civil disobedience surrounding oil and natural gas development – particularly with respect to infrastructure projects. Protests, blockades and demonstrations have the potential to delay and disrupt the Corporation's activities. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation" and* "*Industry Conditions – Transportation Constraints and Market Access*".

Middle Eastern Conflicts

The Corporation's business may be adversely affected by geopolitical conflicts abroad

The Corporation's business may be adversely affected by geopolitical conflicts abroad. Hostilities that began in October 2023 between Israel and Hamas have evolved into a broader regional conflict. The Syrian Assad regime collapsed in late 2025, and the political climate remains in flux.

In June 2025, U.S. airspace strikes targeted Iranian nuclear facilities at Fordow, Natanz, and Isfahan, prompting Iranian missile attacks on U.S. assets in Qatar. On February 28, 2026, the United States and Israel launched a large scale coordinated missile and airstrike campaign across Iran, killing Supreme Leader Ayatollah Ali Khamenei and striking multiple military and governmental sites. Iran immediately retaliated with missile attacks targeting U.S. and Israeli assets across the region, heightening the risk of broader conflict and potential disruptions to global energy supply and transportation routes.

These developments pose ongoing risks to regional stability in the Middle East, a key hub for global oil production. Continued conflict or escalation could disrupt energy supply chains and drive volatility in oil and natural gas markets. Such instability could materially impact the global economy, the Canadian oil and gas industry, and the Corporation.

Russian Ukrainian War

The Corporation's business may be adversely affected by geopolitical conflicts abroad

The Corporation's business may be adversely affected by geopolitical conflicts abroad. Russia's invasion of Ukraine in February 2022 has developed into a prolonged and intense conflict, with heavy fighting continuing in eastern Ukraine and ongoing missile and drone attacks. The North Atlantic Treaty Organization ("**NATO**") and allied nations, including Canada, have provided substantial military and financial support to Ukraine, while maintaining strict sanctions against Russia. Although peace negotiations have advanced, no comprehensive settlement has been reached, and territorial and security issues remain unresolved. These developments pose ongoing risks to regional stability, global energy and industrial supply chains, and international markets, which could negatively impact the world economy, the Canadian oil and gas industry, and the Corporation.

U.S.-Venezuela Conflict

The Corporation's business may be adversely affected by geopolitical conflicts abroad

The Corporation's business could be adversely impacted by geopolitical developments affecting global oil markets. On January 3, 2026, United States military forces conducted an operation in Caracas, Venezuela, resulting in the capture of President Nicolás Maduro and his spouse, Cilia Flores. Subsequent statements made by U.S. leadership indicated an intention to administer Venezuela temporarily, and facilitate significant investment by American oil companies in Venezuela's petroleum sector. These actions have drawn widespread international attention, and the extent of resulting political and economic repercussions remains uncertain. Given that the United States is the primary destination for Canadian crude oil exports, increased U.S. access to Venezuela's substantial reserves could reduce U.S. demand for Canadian crude and negatively affect pricing and market competitiveness.

Operational Dependence

The successful operation of a portion of the Corporation's properties is dependent on third parties

On a limited basis, other companies operate some of the assets in which the Corporation has an interest. The Corporation has limited ability to exercise influence over the operation of those assets and their associated costs, which could adversely affect the Corporation's financial performance. The Corporation's return on assets operated by others depends upon a number of factors that may be outside of the Corporation's control, including, but not limited to, the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

In addition, due to volatile commodity prices, many companies, including companies that may operate some of the assets in which the Corporation has an interest, may encounter financial difficulty. This could impact their ability to fund and pursue capital expenditures, carry out their operations in a safe and effective manner and satisfy regulatory requirements with respect to abandonment and reclamation obligations. If companies that operate some of the assets in which the Corporation has an or "a working" interest fail to satisfy regulatory requirements with respect to abandonment and reclamation obligations, the Corporation may be required to satisfy such obligations and to seek reimbursement from such companies. To the extent that any such companies go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in such assets being shut-in, the Corporation potentially becoming subject to additional liabilities relating to such assets and the Corporation having difficulty collecting revenue due from such operators or recovering amounts owing to the Corporation from such operators for their share of abandonment and reclamation obligations. Any of these factors could have a material adverse effect on the Corporation's financial and operational results.

Abandonment and Reclamation Costs

The Corporation may have to pay certain costs associated with abandonment and reclamation

The Corporation will need to comply with the terms and conditions of environmental and regulatory approvals and all legislation regarding the abandonment of its projects and reclamation of the project lands at the end of their economic life, which may result in substantial abandonment and reclamation costs. Any failure to comply with the terms and conditions of the Corporation's approvals and legislation may result in the imposition of potentially material fines and penalties. Generally, abandonment and reclamation costs are substantial and, while the Corporation accrues a reserve in its financial statements for such costs in accordance with International Financial Reporting Standards, such accruals may be insufficient.

It is not possible at this time to estimate abandonment and reclamation costs reliably since they will, in part, depend on future regulatory requirements. In addition, in the future, the Corporation may determine it prudent or be required by applicable laws, regulations or regulatory approvals to establish and fund one or more reclamation funds to provide for payment of future abandonment and reclamation costs. If the Corporation establishes a reclamation fund, its liquidity and cash flow may be adversely affected.

Alberta has developed liability management programs designed to prevent taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities and pipelines if a licensee or permit holder is unable to satisfy its regulatory obligations. The implementation of or changes to the requirements of liability management programs may result in significant increases to the security that must be posted by licensees, increased and more frequent financial disclosure obligations or may result in the denial of licence or permit transfers, which could impact the availability of capital to be spent by such licensees which could in turn materially adversely affect the Corporation's business and financial condition. In addition, these liability management programs may prevent or interfere with a licensee's ability to acquire or dispose of assets, as both the vendor and the purchaser of oil and natural gas assets must comply with the liability management programs (both before and after the transfer of the assets) for the applicable regulatory agency to allow for the transfer of such assets.

Take-in-Kind

Most agreements the Corporation has entered into that create new royalties stipulate that the royalty interest so acquired by the Corporation is an interest in land and as such is separate and distinct from the interest of the royalty payor. In addition, all of these new royalty agreements provide the Corporation with the right, but not the obligation, to take its share of production in kind rather than have the royalty payor sell the Corporation's royalty production on behalf of the Corporation as agent for the Corporation. These provisions serve to mitigate the counterparty risk attributable to any financial difficulty of the royalty payors under these agreements. The previously discussed provisions may not exist in certain of the royalty agreements previously entered into by other royalty recipients who subsequently sold their respective interest as a royalty recipient to the Corporation.

Project Risks

The success of the Corporation's operations may be negatively impacted by factors outside of its control resulting in operational delays and cost overruns

The Corporation manages a variety of small and large projects in the conduct of its business. Project interruptions may delay expected revenues from operations. Significant project cost overruns could make a project uneconomic. The Corporation's ability to execute projects and market oil and natural gas depends upon numerous factors beyond the Corporation's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the availability of, and the ability to acquire, water supplies needed for drilling, hydraulic fracturing, and waterfloods or the Corporation's ability to dispose of water used or removed from strata at a reasonable cost and in accordance with applicable environmental regulations;
- the effects of inclement and severe weather events, including fire, drought, extreme cold and flooding;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;

- regulatory changes;
- availability and productivity of skilled labour;
- political uncertainty;
- environmental and Indigenous activism that may result in delays or cancellations of projects; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, the Corporation may be unable to execute projects on time, on budget, or at all.

Gathering and Processing Facilities, Pipeline Systems, Trucking and Rail

Lack of capacity and/or regulatory constraints on gathering and processing facilities, pipeline systems and railway lines may have a negative impact on the Corporation's ability to produce and sell its oil and natural gas

The Corporation delivers its products through gathering and processing facilities, pipeline systems and, in certain circumstances, by truck and rail. The amount of oil and natural gas that the Corporation can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering and processing facilities, pipeline systems, trucking routes and railway lines. The lack of firm pipeline capacity, production limits and limits on availability of capacity in gathering and processing facilities, pipeline systems or railway lines continues to affect the oil and natural gas industry and limits the ability to transport produced oil and natural gas to market. In particular, the limited pipeline capacity to tidewater and the lack of LNG facilities in Canada significantly impacts the ability of Canadian oil and natural gas companies to export their products outside of North America which limits demand for their products and results in lower prices. This limited ability to export oil and natural gas outside of North America puts Canadian oil and natural companies at greater risk with the United States' recent imposition of tariffs on Canadian imports into the United States. The inability to export oil and natural gas could result in the Corporation's inability to realize the full economic potential of its production or in a reduction of the price the Corporation receives for its products. Unexpected shutdowns or curtailment of capacity of pipelines for maintenance or integrity work or because of actions taken by regulators could also affect the Corporation's anticipated production, operations and financial results.

A portion of the Corporation's production may, from time to time, be processed through facilities owned by third parties and over which the Corporation does not have control. From time to time, these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could have a material adverse effect on the Corporation's ability to process its production and deliver the same to market. Midstream and pipeline companies may take actions to maximize their return on investment, which may in turn adversely affect producers and shippers, especially when combined with a regulatory framework that may not always align with the interests of shippers.

Industry Competition

The Corporation competes with other oil and natural gas companies, some of which have greater financial and operational resources

The petroleum industry is competitive in all of its phases. The Corporation competes with numerous other entities in the exploration for, and the development, production and marketing of, oil and natural gas. The Corporation's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Corporation. Some of these companies not only explore for, develop and produce oil and natural gas, but also carry-on refining operations and market oil and natural gas on an international basis. As a result of these complementary activities, some of these competitors may have greater and more diverse competitive resources to draw on than the Corporation. The Corporation's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price, process, methods, and reliability of delivery and storage.

Cost of New Technologies

The Corporation's ability to successfully implement new technologies into its operations in a timely and efficient manner will affect its ability to compete

The petroleum industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other companies may have greater financial, technical and personnel resources that allow them to implement and benefit from technological advantages. There can be no assurance that the Corporation will be able to respond to such competitive pressures and implement such technologies on a timely basis, or at a reasonable cost. If the Corporation does implement such technologies, there is no assurance that the Corporation will do so successfully. One or more of the technologies currently utilized by the Corporation or potentially implemented in the future may become obsolete. If the Corporation is unable to utilize the most advanced commercially available technology, or is unsuccessful in implementing certain technologies, its business, financial condition and results of operations could also be adversely affected, potentially in a material way.

Alternatives to and Changing Demand for Petroleum Products

Changes to the demand for oil and natural gas products and the rise of petroleum alternatives may negatively affect the Corporation's financial condition, results of operations and cash flow

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and renewable energy generation systems could reduce the demand for oil and natural gas. In recent years, certain jurisdictions have implemented policies or incentives to decrease the use of fossil fuels and encourage the use of renewable fuel alternatives, which may lessen the demand for petroleum products and put downward pressure on commodity prices. Advancements in energy-efficient products have a similar effect on the demand for oil and natural gas products. The Corporation cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flow by decreasing the Corporation's profitability, increasing its costs, limiting its access to capital and decreasing the value of its assets.

Regulatory Landscape

Modification to current, or implementation of additional, regulations may reduce the demand for oil and natural gas, increase the Corporation's costs and delay planned operations

The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for oil and natural gas and increase the Corporation's costs, either of which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. Further, third party challenges to regulatory decisions and orders can reduce the efficiency of the regulatory regime, as the implementation of decisions and orders may be delayed resulting in uncertainty and interruption to the business of the oil and natural gas industry.

To conduct oil and natural gas operations, the Corporation requires regulatory permits, licences, registrations, approvals and authorizations from various governmental authorities at the municipal, provincial and federal level. There can be no assurance that the Corporation will be able to obtain all of the permits, licences, registrations, approvals and authorizations that may be required to conduct operations that it may wish to undertake. In addition, certain federal legislation such as the *Competition Act* and the *Investment Canada Act* could negatively affect the Corporation's business, financial condition and the market value of its Common Shares or its assets, particularly when undertaking, or attempting to undertake, acquisition or disposition activity. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation*".

Royalty Regimes

Changes to royalty regimes may negatively impact the Corporation's cash flows

Governments in the jurisdictions in which the Corporation has assets may adopt new royalty regimes, or modify the existing ones, which may affect the economic viability of the Corporation's projects. An increase in royalties will reduce the Corporation's earnings and could make future capital investments, or operations, less economic. See "*Industry Conditions – Royalties and Incentives*".

Hydraulic Fracturing

Implementation of new regulations on hydraulic fracturing may lead to operational delays, increased costs and/or decreased production volumes, adversely affecting the Corporation's financial position; the Corporation's operations are dependent upon the availability of water and its ability to dispose of produced water from drilling and production activities

Hydraulic fracturing involves the injection of water, sand and additives under pressure into rock formations to stimulate the production of oil and natural gas. Specifically, hydraulic fracturing enables the production of commercial quantities of oil and natural gas from reservoirs. Certain areas in Alberta and other provinces have been prone to seismic activity and as a result, additional protocols relating to hydraulic fracturing and seismic monitoring have been implemented in such areas. Any new laws, regulations, or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs, and/or third party or governmental claims, and could increase the Corporation's costs of compliance and doing business, as well as delay the development of oil and natural gas resources from shale formations, which are not commercial without the use of hydraulic fracturing. Restrictions or bans on hydraulic fracturing in the areas where the Corporation operates could result in the Corporation being unable to economically recover its oil and natural gas reserves, which would result in a significant decrease in the value of the Corporation's assets.

Water is an essential component of the Corporation's drilling and hydraulic fracturing processes. Limitations or restrictions on the Corporation's ability to secure sufficient amounts of water (including limitations resulting from natural causes such as drought) could materially and adversely impact its operations. Severe drought conditions can result in local water authorities taking steps to restrict the use of water in their jurisdiction for drilling and hydraulic fracturing in order to protect the local water supply. If the Corporation is unable to obtain water to use in its operations from local sources, water may need to be obtained from new sources and transported to drilling sites, resulting in increased costs. Cost increases could have a material adverse effect on drilling economics resulting in delays or suspensions of drilling which would ultimately have a detrimental effect on the financial condition, results of operations, and cash flows of the Corporation.

The Corporation must dispose of the fluids produced from oil and natural gas production operations, including produced water. It does so directly or through the use of third-party vendors. The legal requirements related to the disposal of produced water into a non-producing geologic formation by means of underground injection wells are subject to change based on concerns of the public or governmental authorities.

Another consequence of seismic events may be lawsuits alleging that disposal well operations have caused damage to neighbouring properties or otherwise violated laws and regulations regarding waste disposal. These developments could result in additional regulation and restrictions on the use of injection wells by the Corporation or by commercial disposal well vendors that the Corporation may use from time to time to dispose of produced water. Increased regulation and attention given to induced seismicity could also lead to greater opposition, including litigation to limit or prohibit oil and natural gas activities utilizing injection wells for produced water disposal. Any one or more of these developments may result in the Corporation or its vendors having to limit disposal well volumes, disposal rates, pressures or locations, or require the Corporation or its vendors to shut down or curtail the injection of produced water into disposal wells, which events could have a material adverse effect on the Corporation's business, financial condition, and results of operations.

Alberta

Minor earthquakes are common in certain parts of Alberta and the AER has introduced seismic protocols for hydraulic fracturing operators in the Montney-Lower Doig, Duvernay, Cardium, Brazeau, and Red Deer areas (collectively, the "**Seismic Protocol Regions**"). Oil and natural gas producers in each of the Seismic Protocol Regions are subject to a "traffic light" reporting system that sets thresholds on the Richter scale of earthquake magnitude, which vary among the regions. The reporting requirements include an assessment of the potential for seismicity prior to conducting operations, the implementation of a response plan to address potential seismic events and the suspension of operations, depending on the magnitude of an earthquake. Orders imposed by the AER in response to seismic events remain in effect as long as the AER deems them necessary. In recent years, hydraulic fracturing has been linked to increased seismicity in the areas in which hydraulic fracturing takes place, leading to continued monitoring by the AER. While the AER has not announced plans to extend its seismic protocols to new geographic regions of the province, it may do so in the future.

British Columbia

The Corporation's business may be affected by regulatory requirements in British Columbia. In response to seismic activity in the Kiskatinaw Seismic Monitoring and Mitigation Area, the British Columbia Energy Regulator ("**BCER**") requires operators to submit seismic monitoring and mitigation plans, provide pre-operation notifications, and suspend operations when seismic events exceed specified thresholds. These requirements, introduced in 2018 and strengthened in 2021, remain in effect.

Additionally, enforcement of dam safety regulations under the *Water Sustainability Act* and Dam Safety Regulation has intensified. The BCER continues to issue compliance orders for unauthorized dams associated with hydraulic fracturing, and administrative penalties introduced in January 2024 signal stricter oversight. Future regulatory changes or enforcement actions could result in operational delays, increased costs, or other adverse impacts on the Corporation.

Availability of Water

Lack of availability of water may affect the Corporation's ability to implement various processes

The Corporation may use water in certain operations, including drilling, completions, and waterflooding, and reduced availability could adversely affect its business. Alberta continues to face drought risks following several warm, dry winters. In April 2024, the province entered voluntary water-sharing agreements with major licensees in southern Alberta river basins to mitigate drought impacts, and in 2025 introduced a Drought Response Plan and changes to water licence transfer rules to improve flexibility. Despite these measures, prolonged drought or stricter water allocation requirements could lead to operational delays, increased costs, or other adverse effects on the Corporation's financial condition.

Environmental Regulation

Compliance with environmental regulations requires the dedication of a portion of the Corporation's financial and operational resources

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, state, provincial and local laws and regulations. Environmental legislation provides for, among other things, the initiation and approval of new oil and natural gas projects, and restrictions and prohibitions on the spill, release or emission of various substances produced in association with oil and natural gas industry operations. 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. New environmental legislation at the federal, state, and provincial levels may increase uncertainty among oil and natural gas industry participants as the new laws are implemented, and the effects of the new rules and standards are felt in the oil and natural gas industry. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation*".

Compliance with environmental legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liabilities and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge. In November 2024, the federal government published a draft of the proposed *Oil and Gas Sector Greenhouse Gas Emissions Cap Regulations*, which, if enacted as drafted, would cap emissions from a range of industrial activities in the oil and gas sector, establish a cap-and-trade system for emissions allowances, and require facility operators to comply with various reporting and remittance obligations. Such proposed regulations, which could affect investor confidence, increase decarbonization initiatives and lead to production cuts, are expected to be finalized in and come into force in 2026.

Although the Corporation believes that it is in material compliance with current applicable environmental legislation, no assurance can be given that environmental compliance requirements will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Anti-greenwashing rules introduce risk into making certain environmental-related disclosures

Amendments to the *Competition Act* introduced in June 2024 prohibit companies from making false or misleading environmental claims. The new rules are complex and uncertain and initially led many companies to suspend voluntary sustainability reporting. While private rights of action for greenwashing came into effect in June 2025, *Budget 2025 Implementation Act, No. 1* subsequently removed this access and clarified substantiation requirements to address unintended consequences. Despite these improvements, the regulatory landscape continues to evolve and penalties for non-compliance remain significant, including up to the greater of $10 million for a first order, $15 million for subsequent orders, or 3% of global annual revenues. Companies making voluntary environmental disclosures face ongoing risk of liability and reputational harm.

Climate Change

Climate change concerns could result in increased operating costs and reduced demand for the Corporation's products and shares, while the potential physical effects of climate change could disrupt the Corporation's production and cause it to incur significant costs in preparing for or responding to those effects

Global climate issues continue to attract public and scientific attention. Numerous reports, including reports from the United Nations Intergovernmental Panel on Climate Change, have engendered concern about the impacts of human activity, especially fossil fuel combustion, on global climate issues. In turn, increasing public, government, and investor attention is being paid to global climate issues and to emissions of GHG, including emissions of carbon dioxide and methane from the production and use of oil and natural gas. The majority of countries, including Canada, have agreed to reduce their carbon emissions in accordance with the Paris Agreement and in November 2025 at COP30 in Brazil, Canada reaffirmed its commitments to transitioning away from fossil fuels in line with the Paris Agreement. As discussed below, the Corporation faces both transition risks and physical risks associated with climate change and climate change policy and regulations. See "*Industry Conditions – Climate Change Regulation*".

Transition risks

Foreign and domestic governments continue to evaluate and implement policy, legislation, and regulations focused on restricting GHG emissions and promoting adaptation to climate change and the transition to a low-carbon economy. It is not possible to predict what measures foreign and domestic governments may implement in this regard, nor is it possible to predict the requirements that such measures may impose or when such measures may be implemented. However, international multilateral agreements, the obligations adopted thereunder and legal challenges concerning the adequacy of climate-related policy brought against foreign and domestic governments may accelerate the implementation of such measures. Given the evolving nature of climate change policy and the control of GHG emissions and resulting requirements, including carbon taxes and carbon pricing schemes implemented by varying levels of government, it is expected that current and future climate change regulations will have the effect of increasing the Corporation's operating expenses, and, in the long-term, potentially reducing the demand for oil and natural gas and related products, resulting in a decrease in the Corporation's profitability and a reduction in the value of its assets.

Claims have been made against certain energy companies alleging that GHG emissions from oil and natural gas operations constitute a public nuisance under certain laws or that such energy companies provided misleading disclosure to the public and investors of current or future risks associated with climate change. Individuals, governmental authorities, or other organizations may make claims against oil and natural gas companies, including the Corporation, for alleged personal injury, property damage, or other potential liabilities. While the Corporation is not currently a party to any such litigation or proceedings, it could be named in actions making similar allegations. An unfavourable ruling in any such case could adversely affect the demand for and price of securities issued by the Corporation, impact its operations, and have an adverse impact on its financial condition.

Due to long-term risks from environmental policy changes, regulations, legal challenges, and market shifts related to climate change, recent efforts have targeted the financial sector. Investment advisors, banks, pension funds, universities, and other institutional investors are engaging companies in climate action, using voting rights, and reallocating capital toward low-carbon assets while divesting from high-emission businesses. Stakeholders are also pressuring insurers and banks to stop financing or insuring oil, gas, and related infrastructure. These efforts may negatively impact the Corporation's operations, securities demand and pricing, and its cost and access to capital.

Climate-related regulations and reporting standards continue to evolve. In June 2023, the ISSB issued two global disclosure standards, IFRS S1 and S2, to promote consistent, comparable, and reliable environmental reporting. In December 2024, the CSSB finalized similar Canadian Standards, CSDS 1 and CSDS 2. In December 2025, ISSB announced targeted amendments to IFRS S2; whether the Canadian Standards will be revised remains uncertain. Meanwhile, in April 2025, due to significant changes in the global economic and geopolitical landscape, the Canadian Securities Administrators paused work on its own climate disclosure initiative. If the Corporation is not able to meet future climate-related 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, licences, registrations, approvals, and authorizations from various governmental authorities, and raise capital may be adversely affected. See "*Industry Conditions – Climate Change Regulation*".

Physical risks

The potential physical risks resulting from climate change are long-term in nature and associated with a high degree of uncertainty regarding timing, scope, and severity of potential impacts. Many experts believe global climate change could increase extreme variability in weather patterns such as increased frequency of severe weather, rising mean temperature and sea levels, and long-term changes in precipitation patterns. Extreme hot and cold weather, heavy snowfall, heavy rainfall, drought and wildfires may restrict the Corporation's ability to access its properties and cause operational difficulties, including damage to equipment and infrastructure. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions.

Indigenous Land and Rights Claims

Opposition by Indigenous groups to the conduct of the Corporation's operations, development or exploratory activities may negatively impact the Corporation

Opposition by Indigenous groups to the conduct of the Corporation's operations, development or exploratory activities in any of the jurisdictions in which the Corporation conducts business may negatively impact it in terms of public perception, diversion of management's time and resources, and legal and other advisory expenses, and could adversely impact the Corporation's progress and ability to explore and develop properties.

Indigenous groups across Canada have established and asserted treaty entitlements, title to land and Aboriginal rights. There are ongoing Indigenous rights claims, which may include Indigenous title claims, on lands where the Corporation operates. Such claims, if successful, could have a material adverse effect on the Corporation's operations or pace of growth. No certainty exists that any lands currently unaffected by claims brought by Indigenous groups will remain unaffected by future claims.

The Canadian federal and provincial governments have a duty to consult with Indigenous peoples when contemplating actions that may adversely affect asserted or proven Indigenous or treaty rights and, in certain circumstances, accommodate them. The scope of the duty to consult by federal and provincial governments varies upon the circumstances and is often the subject of litigation. The fulfillment of the duty to consult Indigenous peoples and any associated accommodations may adversely affect the Corporation's ability to, or increase the timeline to, obtain or renew, permits, leases, licences and other approvals, or to meet the terms and conditions of those approvals. In 2021, the British Columbia Supreme Court determined that the cumulative impacts of government sanctioned industrial development on the traditional territories of a First Nation in northeast British Columbia breached that group's treaty rights. In 2023, the Government of British Columbia and the First Nation came to an agreement relating to further industrial activities in the area. The developments in northeastern British Columbia relating to Indigenous rights may lead to similar claims of cumulative effects across Canada in other areas covered by treaties. The long-term impacts and associated risks of the decision on the Canadian oil and natural gas industry and the Corporation remain uncertain.

The federal government has enacted federal legislation to implement the UNDRIP and British Columbia has adopted similar provincial legislation and under the *Declaration on the Rights of Indigenous Peoples Act* ("**DRIPA**"). The practical implications of these statutes have remained uncertain; however, recent judicial decisions in 2025 provide important guidance.

In February 2025, the Federal Court in *Kebaowek First Nation v Canadian Nuclear Laboratories* directed a decision-maker to reconsider whether the duty to consult and accommodate had been satisfied in light of UNDRIP principles. In December 2025, the British Columbia Court of Appeal in *Gitxaala v British Columbia (Chief Gold Commissioner)* held that DRIPA imposes immediate, positive statutory obligations on the provincial government, including taking concrete and diligent steps to align provincial laws with UNDRIP. British Columbia Premier, David Eby, has since announced that the government plans to amend DRIPA to remove the courts' ability to scrutinize that alignment process.

Although the scope of UNDRIP implementation continues to evolve, these recent decisions demonstrate a judicial willingness to confer substantive legal effect on UNDRIP both in B.C. and federally. Additional processes may be created and legislation associated with project development and operations may be amended or introduced, further increasing uncertainty with respect to project regulatory approval timelines and requirements. See "*Industry Conditions – Indigenous Rights*".

Inflation and Interest Rates

A failure to secure the services and equipment necessary to the Corporation's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on the Corporation's financial performance and cash flows

The Corporation's financial performance and cash flows may be adversely affected by inflationary pressures and fluctuations in interest rates. Inflation can lead to increased operating costs through higher prices for labour, equipment, materials, and services, as well as contribute to supply chain disruptions and regulatory changes. If the Corporation is unable to effectively manage these cost increases, project economics and future development decisions may be negatively impacted.

Although interest rates have begun to decline, they remained elevated for an extended period as central banks implemented measures to curb inflation. Higher borrowing costs during these periods may affect the Corporation's financing expenses and reduce returns on capital projects. Sustained periods of elevated interest rates can also slow economic growth, reduce energy demand, depress commodity prices, and limit industry activity. The duration and combined impact of inflationary pressures and interest rate volatility on energy demand, commodity pricing, and the Corporation's operations remain uncertain.

Seasonality

Oil and natural gas operations are subject to seasonal weather conditions and the Corporation may experience significant operational delays as a result

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipal and provincial and state transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Road bans and other restrictions generally result in a reduction of drilling and exploratory activities and may also result in the shut-in of some of the Corporation's production. Certain oil and natural gas producing assets are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of muskeg. In addition, extreme cold weather, heavy snowfall and heavy rainfall may restrict access to properties in which the Corporation has an interest and cause operational difficulties. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding decreases in the demand for the goods and services of the Corporation.

Variations in Foreign Exchange Rates and Interest Rates

Variations in foreign exchange rates and interest rates could adversely affect the Corporation's financial condition

World oil and natural gas prices are quoted in United States dollars. The Canadian/United States dollar exchange rate, which fluctuates over time, consequently affects the price received by Canadian producers of oil and natural gas. Material increases in the value of the Canadian dollar relative to the United States dollar will negatively affect the Corporation's production revenues. Accordingly, exchange rates between Canada and the United States could affect the future value of the Corporation's reserves as determined by independent evaluators. Although a low value of the Canadian dollar relative to the United States dollar may positively affect the price the Corporation receives for its oil and natural gas production, it could also result in an increase in the price for certain goods used in the Corporation's operations, which may have a negative impact on the Corporation's financial results.

To the extent that the Corporation engages in risk management activities related to foreign exchange and interest rates, there is a credit risk associated with counterparties with which the Corporation may contract.

An increase in interest rates could result in a significant increase in the amount the Corporation pays to service debt, resulting in a reduced amount of funds available to fund its exploration and development activities, and if applicable, the cash available for dividends. Such an increase could also negatively impact the market price of the Common Shares of the Corporation.

Substantial Capital Requirements

The Corporation's access to capital may be limited or restricted as a result of factors related and unrelated to it, impacting its ability to conduct future operations and acquire and develop reserves

The Corporation anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. As future capital expenditures will be financed out of cash generated from operations, borrowings, proceeds from asset sales and possible future equity sales, the Corporation's ability to do so is dependent on, among other factors:

- the overall state of the capital markets;
- the Corporation's credit rating;

- commodity prices;
- interest rates;
- royalty rates;
- tax burden due to current and future tax laws; and
- investor appetite for investments in the energy industry and the Corporation's securities.

Further, if the Corporation's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. The conditions in, or those affecting, the oil and natural gas industry have negatively impacted the ability of oil and natural gas companies, including the Corporation, to access financing and/or the cost thereof. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. The Corporation may be required to seek additional equity financing on terms that are highly dilutive to existing shareholders. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's business financial condition, results of operations and prospects.

Additional Funding Requirements

The Corporation may require additional financing, from time to time, to fund the acquisition, exploration and development of properties and its ability to obtain such financing in a timely fashion and on acceptable terms may be negatively impacted by current economic conditions and global market volatility

The Corporation's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times and, from time to time, the Corporation may require additional financing in order to carry out its oil and natural gas acquisition, exploration and development activities. Failure to obtain financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce its operations.

As a result of global economic and political volatility, the Corporation may, from time to time, have restricted access to capital and increased borrowing costs. Failure to obtain suitable financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Corporation's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect the Corporation's ability to expend the necessary capital to replace its reserves or to maintain its production. To the extent that external sources of capital become limited, unavailable or available on onerous terms, the Corporation's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result. In addition, the future development of the Corporation's petroleum properties may require additional financing and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms. Alternatively, any available financing may be highly dilutive to existing shareholders. Failure to obtain any financing necessary for the Corporation's capital expenditure or acquisition plans may result in a delay in development of or production from the Corporation's properties.

Asset Concentration

The Corporation's operations and drilling activities are vulnerable to risks associated with operating in a limited geographic area

The Corporation's producing and undeveloped properties are geographically concentrated in the provinces of Alberta and British Columbia. Demand for and costs of personnel, equipment, power, services, and resources in such geographic areas remain high. This high level of demand could result in a delay or inability to secure such personnel, equipment, power, services, and resources. Any delay or inability to secure the personnel, equipment, power, services or resources could result in oil and natural gas production volumes being below the Corporation's forecasts. In addition, any such negative effect on production volumes, or significant increases in costs, could have a material adverse effect on the Corporation's financial conditions, results of operations, cash flow, and profitability.

As a result of this geographical concentration, the Corporation may be disproportionately exposed to the impact of delays or interruptions of operations or production in this area caused by external factors such as governmental regulation, provincial politics, Indigenous rights claims, market limitations, supply shortages, or extreme weather-related conditions.

Credit Facilities

Failing to comply with the "total debt" to "total capitalization" covenant under the Corporation's credit facilities could result in restricted access to additional capital or being required to repay all amounts owing thereunder

The Corporation has a number of credit facilities in place including a covenant-based, unsecured, revolving credit facility and covenant-based, unsecured, operating credit facility. Under the terms of these credit facilities, the Corporation is subject to a "total debt" to "total capitalization" covenant. If the Corporation does not comply with this covenant, the Corporation's access to capital could be restricted or repayment could be required. Events beyond the Corporation's control may contribute to the failure of the Corporation to comply with this covenant. A failure to comply this covenant could result in default under the Corporation's credit facilities, which could result in the Corporation being required to repay amounts owing thereunder. The acceleration of the Corporation's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions. In addition, the Corporation's credit facilities may impose operating and financial restrictions on the Corporation that could include restrictions on the payment of dividends, repurchase or making of other distributions with respect to the Corporation's securities, incurring of additional indebtedness, the provision of guarantees, the assumption of loans, making of capital expenditures, entering into of amalgamations, mergers, take-over bids or disposition of assets, among others.

Issuance of Debt

Increased debt levels may impair the Corporation's ability to borrow additional capital on a timely basis to fund opportunities as they arise

From time to time, the Corporation may enter into transactions to acquire assets or shares of other organizations. These transactions may be financed in whole or in part with debt, which could increase the Corporation's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Corporation may require additional debt financing that may not be available or, if available, may not be available on favourable terms. Neither the Corporation's articles nor its by-laws limit the amount of indebtedness that the Corporation may incur. The level of the Corporation's indebtedness from time to time could impair the Corporation's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Hedging

Hedging activities expose the Corporation to the risk of financial loss and counter party risk

From time to time, the Corporation may enter into agreements to receive fixed prices or derivative contracts on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline. However, to the extent that the Corporation engages in price risk management activities to protect itself from commodity price declines, it may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, the Corporation's hedging arrangements may expose it to the risk of financial loss in certain circumstances, including instances in which:

- production falls short of the hedged volumes or prices fall significantly lower than projected;

- there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the hedge arrangement;

- the counterparties to the hedging arrangements or other price risk management contracts fail to perform under those arrangements; or

- a sudden unexpected event materially impacts oil or natural gas prices.

Similarly, from time to time, the Corporation may enter into agreements to fix the exchange rate of Canadian dollars to United States dollars or other currencies in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to other currencies. However, if the Canadian dollar declines in value compared to such fixed currencies, the Corporation will not benefit from the fluctuating exchange rate.

Diluent Supply

A decrease in, or restriction in access to, diluent supply may increase the Corporation's operating costs

Heavy oil and bitumen are characterized by high specific gravity or weight and high viscosity or resistance to flow. Diluent is required to facilitate the transportation of heavy oil and bitumen. A shortfall in the supply of diluent, or a restriction in access to diluent, may cause its price to increase, increasing the cost to transport heavy oil and bitumen to market. An increase in the cost of bringing heavy oil and bitumen to market may increase the Corporation's overall operating cost and result in decreased net revenues, negatively impacting the overall profitability of the Corporation's heavy oil and bitumen projects.

Title to and Right to Produce from Assets

Defects in the title or rights to produce the Corporation's properties may result in a financial loss

The Corporation's actual title to and interest in its properties, and its right to produce and sell the oil and natural gas therefrom, may vary from the Corporation's records. In addition, there may be valid legal challenges or legislative changes that affect the Corporation's title to and right to produce from its oil and natural gas properties, which could impair the Corporation's activities and result in a reduction of the revenue received by the Corporation.

If a defect exists in the chain of title or in the Corporation's right to produce, or a legal challenge or legislative change arises, it is possible that the Corporation may lose all or a portion of the properties to which the title defect relates and/or its right to produce from such properties. This may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Reserves Estimates

The Corporation's estimated reserves are based on numerous factors and assumptions which may prove incorrect and which may affect the Corporation

There are numerous uncertainties inherent in estimating reserves and the future cash flows attributed to such reserves. The reserves and associated cash flow information set forth in this document are estimates only. Generally, estimates of economically recoverable oil and natural gas reserves (including the breakdown of reserves by product type) and the future net cash flows from such estimated reserves are based upon a number of variable factors and assumptions, such as:

- historical production from properties;

- production rates;

- ultimate reserve recovery;

- timing and amount of capital expenditures;
- marketability of oil and natural gas;
- royalty rates; and
- the assumed effects of regulation by governmental agencies and future operating costs (all of which may vary materially from actual results).

For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. The Corporation's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates and such variations could be material.

The estimation of proved reserves that may be developed and produced in the future is often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas are often estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in potentially material variations in the estimated reserves.

In accordance with applicable securities laws, the Corporation's independent reserves evaluator has used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, including actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation and taxation and the impact of inflation on costs.

Actual production and cash flows derived from the Corporation's oil and natural gas reserves will vary from the estimates contained in the reserve evaluation, and such variations could be material. The reserve evaluation is based in part on the assumed success of activities the Corporation intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom and contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific effective date and, except as may be specifically stated, has not been updated and therefore does not reflect changes in the Corporation's reserves since that date.

Insurance

Not all risks of pursuing oil and natural gas opportunities are insurable and the occurrence of an uninsurable event may have a materially adverse effect on the Corporation

The Corporation's involvement in the exploration for and development of oil and natural gas properties may result in the Corporation becoming subject to liability for pollution, blowouts, sour gas leaks, property damage, personal injury or other hazards. Although the Corporation maintains insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, certain risks are not, in all circumstances, insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

The Corporation's insurance policies are generally renewed on an annual basis and, depending on factors such as market conditions, the premiums, policy limits and/or deductibles for certain insurance policies can vary substantially. In some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. Significantly increased premiums could lead the Corporation to decide to reduce, or possibly eliminate, coverage. In addition, insurance is purchased from a number of third-party insurers, often in layered insurance arrangements, some of which may discontinue providing insurance coverage for their own policy or strategic reasons. Should any of these insurers refuse to continue to provide insurance coverage, the Corporation's overall risk exposure could increase and the Corporation could incur significant costs.

Reputational Risk Associated with the Corporation's Operations

The Corporation relies on its reputation to continue its operations and to attract and retain investors and employees

The Corporation's business, operations or financial condition may be negatively impacted by any negative public opinion toward the Corporation or as a result of any negative sentiment toward, or in respect of, the Corporation's reputation with stakeholders, special interest groups, political leadership, the media or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which the Corporation operates as well as such groups' opposition to certain oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licences and increased costs and/or cost overruns. The Corporation's reputation and public opinion could also be impacted by the actions and activities of other companies operating in the oil and natural gas industry, particularly other producers, over which the Corporation has no control. Similarly, the Corporation's reputation could be impacted by negative publicity related to loss of life, injury or damage to property and the environment caused by the Corporation's operations. In addition, if the Corporation develops a reputation of having an unsafe work site, this may impact the ability of the Corporation to attract and retain the necessary skilled employees and consultants to operate its business. Opposition from special interest groups opposed to oil and natural gas development and the possibility of climate-related litigation against governments and fossil fuel companies may impact the Corporation's reputation. See "*Risk Factors – Climate Change*".

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory and legal risks, among others, must all be managed effectively to safeguard the Corporation's reputation. Damage to the Corporation's reputation could result in negative investor sentiment toward the Corporation, which may result in limiting the Corporation's access to capital, increasing the cost of capital and decreasing the price and liquidity of the Corporation's securities.

Changing Investor Sentiment

Changing investor sentiment toward the oil and natural gas industry may impact the Corporation's access to, and cost of, capital

A number of factors, including the concerns of the effects of the use of fossil fuels on climate change, the impact of oil and natural gas operations on the environment, environmental damage resulting from spills of petroleum products during production and transportation, and Indigenous rights have affected certain investors' sentiments toward the oil and natural gas industry. As a result of these concerns, some institutional, retail and public investors have announced that they are no longer willing to fund or invest in oil and natural gas properties or companies or are reducing the amount thereof over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust social, environmental and governance policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board, management and employees of the Corporation. Failing to implement the policies and practices as requested by institutional investors may result in such investors reducing their investment in the Corporation or not investing in the Corporation at all. Any reduction in the investor base willing to invest in the oil and natural gas industry and more specifically, the Corporation, may limit the Corporation's access to capital, thereby increasing the cost of capital and decreasing the price and liquidity of the Corporation's securities even if the Corporation's operating results, underlying asset values or prospects have not changed.

Dilution

The Corporation may issue additional Common Shares or other dilutive securities, diluting current shareholders

The Corporation may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Corporation, which may be dilutive to shareholders.

Management of Growth

The Corporation may not be able to effectively manage the growth of its business

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. To continue to manage growth effectively, the Corporation will need to continue to implement and improve its operational and financial systems, and to train and manage, and potentially expand, its employee base. If the Corporation is unable to deal with such growth, it may have a material adverse effect on the Corporation's business, financial condition, results of operations or prospects.

Expiration of Licences and Leases

The Corporation, or its working interest partners, may fail to meet the requirements of a licence or lease, causing its termination or expiry

The Corporation's properties are held in the form of licences and leases and working interests in licences and leases. If the Corporation, or the holder of a licence or lease, fails to meet a specific requirement of the licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of the Corporation's licences or leases or the working interests relating to a licence or lease and the associated abandonment and reclamation obligations may have a material adverse effect on the Corporation's business, financial condition, results of operations or prospects.

Dividends

The amount of and frequency at which future cash dividends are paid may vary and there is no assurance that the Corporation will pay dividends in the future

The amount of future cash dividends paid by the Corporation, if any, will be subject to the discretion of the Board and may vary depending on a variety of factors and conditions existing from time to time, including, among other things, fluctuations in commodity prices, production levels, capital expenditure requirements, debt service requirements and debt levels, operating costs, royalty burdens, foreign exchange rates, restrictions under contracts on the payment of dividends, and the satisfaction of the liquidity and solvency tests imposed by applicable corporate law for the declaration and payment of dividends. Depending on these and various other factors, many of which will be beyond the control of the Corporation, the dividend policy of the Corporation from time to time and future cash dividends could be reduced or suspended entirely.

The market value of the Common Shares may deteriorate if cash dividends are reduced or suspended. Furthermore, the future treatment of dividends for tax purposes will be subject to the nature and composition of dividends paid by the Corporation and potential legislative and regulatory changes. Dividends may be reduced during periods of lower funds from operations, which result from lower commodity prices and any decision by the Corporation to finance capital expenditures using funds from operations.

To the extent that external sources of capital, including capital in exchange for the issuance of additional Common Shares, become limited or unavailable, the ability of the Corporation to make the necessary capital investments to maintain or expand petroleum and natural gas reserves and to invest in assets, as the case may be, will be impaired. To the extent that the Corporation is required to use funds from operations to finance capital expenditures or property acquisitions, the cash available for dividends may be reduced.

Litigation

The Corporation may be involved in litigation in the course of its normal operations and the outcome of any such litigation may adversely affect the Corporation and its reputation

In the normal course of the Corporation's operations, it may become involved in, be named as a party to, or be the subject of, legal proceedings, including regulatory proceedings, tax proceedings or legal actions. Potential litigation may develop in relation to personal injuries, including resulting from exposure to hazardous substances, property damage, property taxes, land and access rights, or environmental issues, including claims relating to contamination or natural resource damages and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted and may be determined adversely to the Corporation and could have a material adverse effect on the Corporation's assets, liabilities, business, financial condition and results of operations at such time. Even if the Corporation prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from business operations, which could have an adverse effect on the Corporation's financial condition.

Intellectual Property Litigation

Unauthorized use of intellectual property may cause the Corporation to engage in, or be the subject of, litigation

Rapid advances in oil and gas technology increase the risk of intellectual property disputes. The Corporation may face claims of infringement or initiate actions against others for infringing its rights. Such litigation can be costly, disrupt asset development, and divert technical and management resources, even if resolved in the Corporation's favour. In the event of an adverse outcome as a defendant in any such litigation, the Corporation may, among other things, be required to:

- pay substantial damages and/or cease the development, use, sale or importation of processes that infringe upon other patented intellectual property;
- expend significant resources to develop or acquire non-infringing intellectual property;
- discontinue processes incorporating infringing technology; or
- obtain licences to the infringing intellectual property.

However, the Corporation may not be successful in such development or acquisition, or such licences may not be available on reasonable terms. Any such development, acquisition or licence could require the expenditure of substantial time and other resources and could have a material adverse effect on the Corporation's business and financial position.

Breach of Confidentiality

Breach of confidentiality by a third party could impact the Corporation's competitive advantage or put it at risk of litigation

While discussing potential business relationships or other transactions with third parties, the Corporation may disclose confidential information relating to its business, operations or affairs. Although confidentiality agreements are generally signed by third parties prior to the disclosure of any confidential information, a breach could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot be predicted but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation would be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such breach of confidentiality may cause.

Income Taxes

Taxation authorities may reassess the Corporation's tax returns

The Corporation files all required income tax returns and believes that it is in full compliance with the provisions of the *Income Tax Act* and all applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Corporation, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Income tax laws relating to the oil and natural gas industry, such as the treatment of resource taxation or dividends, may in the future be changed or interpreted in a manner that adversely affects the Corporation. Furthermore, tax authorities having jurisdiction over the Corporation may disagree with how the Corporation calculates its income for tax purposes or could change administrative practices to the Corporation's detriment.

Third Party Credit Risk

The Corporation is exposed to credit risk of its partners and third-party operators of properties in which it has an interest

The Corporation may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its oil and natural gas production and other parties. In addition, the Corporation may be exposed to third party credit risk from operators of properties in which the Corporation has a working or royalty interest. In the event such entities fail to meet their contractual or other obligations to the Corporation, such failures may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry, generally, and of the Corporation's joint venture partners may affect a joint venture partner's willingness to participate in the Corporation's ongoing capital program, potentially delaying the program and the results of such program until the Corporation finds a suitable alternative partner. To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in the Corporation being unable to collect all or a portion of any money owing from such parties. Any of these factors could materially adversely affect the Corporation's financial and operational results.

Conflicts of Interest

Conflicts of interest may arise for the Corporation's directors and officers who are also involved with other industry participants

Certain directors or officers of the Corporation may also be directors or officers of other oil and natural gas companies and as such may, in certain circumstances, have a conflict of interest. Conflicts of interest, if any, will be subject to and governed by procedures prescribed by the ABCA which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Corporation to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA.

Reliance on a Skilled Workforce and Key Personnel

An inability to recruit and retain a skilled workforce and key personnel may negatively impact the Corporation

The operations and management of the Corporation require the recruitment and retention of a skilled workforce, including engineers, technical personnel and other professionals. The loss of key members of such workforce, or a substantial portion of the workforce as a whole, could result in the failure to implement the Corporation's business plans which could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business. The Corporation does not have any key personnel insurance in place. Contributions of the existing management team to the immediate and near-term operations of the Corporation are likely to be of central importance. In addition, certain of the Corporation's current employees may have significant institutional knowledge that must be transferred to other employees prior to their departure from the workforce. If the Corporation is unable to retain current employees, successfully complete effective knowledge transfers, and/or recruit new employees with the requisite knowledge and experience, the Corporation could be negatively impacted. In addition, the Corporation could experience increased costs to retain and recruit these professionals. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation.

Information Technology Systems and Cyber-Security

Breaches of the Corporation's cyber-security and loss of, or access to, electronic data may adversely impact the Corporation's operations and financial position

The Corporation has become increasingly dependent upon the availability, capacity, reliability and security of its information technology infrastructure, and its ability to expand and continually update this infrastructure, to conduct daily operations. The Corporation depends on various information technology systems to estimate reserve quantities, process and record financial data, manage the Corporation's land base, manage financial resources, analyze seismic information, administer contracts with operators and lessees and communicate with employees and third-party partners.

Further, the Corporation is subject to a variety of information technology and system risks as a part of its normal course operations including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Corporation's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to business activities or the Corporation's competitive position.

Phishing attacks (i.e., fraudulent attempts to obtain sensitive information such as passwords, financial details, or funds) have become increasingly sophisticated. A successful attack could result in loss of financial resources, theft of critical data, or compromise of the Corporation's technology infrastructure. Employees are frequent targets, often through emails that appear legitimate but direct recipients to fraudulent websites, request confidential information, or install malware such as "Trojan horse" programs.

Increasingly, social media is used as a vehicle to carry out phishing attacks. Information posted on social media sites for business or personal purposes may be used by attackers to gain entry into the Corporation's systems and obtain confidential information. The Corporation restricts the social media access of its employees and periodically reviews, supervises, retains and maintains the ability to retrieve social media content. As social media continues to grow in influence and access to social media platforms becomes increasingly prevalent, however, there are significant risks that the Corporation may not be able to properly regulate social media use and preserve adequate records of business activities and client communications conducted through the use of social media platforms.

The Corporation maintains policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and conducts annual cyber-security risk assessments. The Corporation also employs encryption protection of its confidential information, and all its computers and other electronic devices. Despite the Corporation's efforts to mitigate such phishing attacks through education and training, phishing activities remain a serious problem that may damage the Corporation’s information technology infrastructure. The Corporation applies technical and process controls in line with industry-accepted standards to protect its information, assets and systems, including a written incident response plan for responding to a cyber-security incident. However, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a negative effect on the Corporation's performance and earnings, as well as on its reputation. The significance of any such event is difficult to quantify and may in certain circumstances be material and could have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Corporation's IT systems may incorporate artificial intelligence ("**AI**"), and development of these capabilities is ongoing. AI introduces risks and unintended consequences that could affect adoption and business operations. Algorithms and training methods may be flawed, and reliance on AI without adequate safeguards can lead to inaccurate outcomes or operational vulnerabilities.

AI also poses data privacy, cyber-security, and intellectual property risks. Improper use may result in unauthorized disclosure of sensitive information or outputs that infringe copyrights, patents, or privacy rights. As legal and regulatory frameworks for AI remain uncertain, future compliance obligations could impose significant costs or limit the Corporation's ability to integrate AI tools.

Data Protection

The handling of secure information exposes the Corporation to potential data security risks that could result in monetary damages against the Corporation and could otherwise damage its reputation, and adversely affect its business, financial condition and results of operations

The protection of customer, employee, and company data is critical to the Corporation's business. The regulatory environment in Canada surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and evolving requirements. Certain legislation, including the *Personal Information Protection and Electronic Documents Act* in Canada, requires documents to be securely destroyed to avoid identity theft and inadvertent disclosure of confidential and sensitive information. A significant breach of customer, employee, or company data could attract a substantial amount of media attention, damage the Corporation's customer relationships and reputation, and result in lost sales, fines, or lawsuits. In addition, an increasing number of countries have introduced and/or increased enforcement of comprehensive privacy laws or are expected to do so. The continued emphasis on information security as well as increasing concerns about government surveillance may lead customers to request the Corporation to take additional measures to enhance security and/or assume higher liability under its contracts. As a result of legislative initiatives and customer demands, the Corporation may have to modify its operations to further improve data security. Any such modifications may result in increased expenses and operational complexity, and adversely affect its reputation, business, financial condition and results of operations.

Expansion into New Activities

Expanding the Corporation's business exposes it to new risks and uncertainties

The operations and expertise of the Corporation's management are currently focused primarily on oil and natural gas production, exploration and development in Western Canada. In the future, the Corporation may acquire or move into new industry-related activities or new geographical areas and may acquire different energy-related assets. As a result, the Corporation may face unexpected risks or, alternatively, its exposure to one or more existing risk factors may be significantly increased, which may in turn result in the Corporation's future operational and financial conditions being adversely affected.

Risks Relating to Credit Ratings

There are risks should the Corporation's credit ratings fall below investment grade

Rating agencies regularly evaluate the Corporation and base their ratings of its long-term and short-term debt on a number of factors. The credit ratings applied to the Corporation and its securities are an assessment by the relevant ratings agencies of the Corporation's ability to pay its obligations as of the respective dates the ratings are assigned. The credit ratings may not reflect the potential impact of risks related to structure, market or other factors discussed herein on the value of the Corporation's securities.

Credit ratings affect the Corporation's financing costs, liquidity and operations over the long term and are intended as an independent measure of the credit quality of long-term debt securities or the issuer. Credit ratings affect the Corporation's ability to obtain short and long-term financing and the Corporation's ability to engage in certain business activities in a cost-effective manner. There is no assurance that one or more of the Corporation's credits will not be downgraded or withdrawn entirely. In addition, real or anticipated changes in credit ratings can affect the cost at which the Corporation can access public or private debt markets and may affect the value of its senior unsecured notes.

Should the Corporation's credit ratings fall below investment grade, the Corporation may have to provide security, may not be able to issue certain types of debt securities or use higher cost financing to fund its financial obligations, pay additional interest or pay in advance for goods and services. The perceived creditworthiness of the Corporation and changes in, or a withdrawal of, its credit ratings may also affect the value of the Corporation's debt securities.

Forced or Child Labour in Supply Chains

Supply chain due diligence and reporting requirements could expose the Corporation to certain risks

In May 2023, *the Fighting Against Forced Labour and Child Labour in Supply Chains Act* was passed and came into force on January 1, 2024. Pursuant to the new legislation, any company that is subject to the reporting requirements, including the Corporation, is required to file an annual report with respect to its supply chains. In late 2024 the federal government signalled its intention to create a new and more onerous supply chain due diligence regime overseen by a new oversight agency, whereby reporting entities would be required to scrutinize their supply chains for human rights risks and take action to resolve any such risks. Although the Corporation is currently unaware of any forced or child labour within its supply chains, heightened scrutiny of Canadian companies could reveal risks or instances of such practices in a supply chain connected to the Corporation, potentially harming its reputation. In addition, complying with any new legislative requirements related to due diligence of its supply chains will increase the Corporation's costs and regulatory burdens.

Natural Disasters, Terrorist Acts, Civil Unrest, Pandemics and Other Disruptions and Dislocations

Natural Disasters, Terrorist Acts, Civil Unrest, Pandemics and Other Disruptions and Dislocations, may adversely affect the Corporation

Events such as natural disasters, war, riots, or civil unrest can severely disrupt recovery efforts in affected regions. This may have a material adverse impact on the Corporation, its customers, and their operations. Other risks include terrorist attacks, public health crises (such as epidemics, pandemics, or new infectious diseases), trade and infrastructure disruptions, civil disobedience, national emergencies, acts of war, and technological attacks. These events can create volatility and disrupt supply chains, operations, workforce mobility, and financial markets. Such disruptions may lead to a significant decline in economic activity in Canada and globally reduce demand for oil and natural gas, and affect interest rates, credit ratings, inflation, and overall business conditions. These factors could negatively impact the Corporation's reputation, business, financial condition, and operations, and may worsen other risks identified herein.

Forward-Looking Information

Forward-looking information may prove inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on the Corporation's forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. See "*Risk Factors – Reserves Estimates*".

Additional information on the risks, assumptions and uncertainties are found under the heading "*Forward-Looking Information*".

AUDIT COMMITTEE INFORMATION

The Audit Committee has been structured to comply with the requirements of National Instrument 52-110. The Board has determined that the Audit Committee members have the appropriate level of financial understanding and industry-specific knowledge to be able to perform their duties. A copy of the Audit Committee mandate and the additional disclosure required under National Instrument 52-110 is attached to this AIF as Schedule "C".

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR+ at www.sedarplus.ca. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Company's information circular for the Company's most recent annual meeting of securityholders that involved the election of directors. Additional financial information is contained in the Financial Statements and the MD&A for the Company's most recently completed financial year.

SELECTED ABBREVIATIONS

In this AIF, unless otherwise indicated or the context otherwise requires, the following abbreviations shall have the meaning set forth below:

Crude Oil and Natural Gas Liquids

Bbls/d	barrels of oil per day
Bbls or Bbl	barrels of oil
Boe	barrel of oil equivalent
Boe/d	barrel of oil equivalent per day
$/Bbl	Canadian dollars per barrel of oil
$/Boe	Canadian dollars per barrel of oil equivalent
Mbbls	thousand barrels
MBoe	thousand barrels of oil equivalent
Mbbls/d	thousand barrels of oil per day
MMbbls	million barrels of oil
MMboe	million barrels of oil equivalent
MMboe/d	million barrels of oil equivalent per day
NGL	natural gas liquids

Natural Gas

Bcf	billion cubic feet
Bcf/d	billion cubic feet per day
cf	cubic feet
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
Mcfe	thousand cubic feet of gas equivalent
Mcfe/d	thousand cubic feet of gas equivalent per day
MMbtu	million British thermal units
MMbtu/d	million British thermal units per day
MMcf	million cubic feet
MMcf/d	million cubic feet per day
MMcfe	million cubic feet of gas equivalent
MMcfe/d	million cubic feet of gas equivalent per day
$/Mcf	Canadian dollars per thousand cubic feet
$/MMbtu	Canadian dollars per million British thermal units
GJ	Gigajoule
GJs/d	Gigajoules per day
$/GJ	Canadian dollar per gigajoule

Other

km	Kilometres
km2	square kilometres
$, Cdn, Cdn or $dollars	Canadian dollars
$000s or M$	thousand dollars
Dutch TTF	Dutch Title Transfer Facility
NEBC	northeast British Columbia
JKM	Japan Korea Marker
MM$	million dollars
PG&E	Pacific Gas & Electric
$US or US$	United States dollars
2D	two dimensional
3D	three dimensional
Vol/d	volumes per day

SELECTED CONVERSIONS

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	cubic metres	28.174
cubic metres	cubic feet	35.494
Bbls	cubic metres	0.159
cubic metres	Bbls	6.290
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

FORWARD-LOOKING STATEMENTS

Certain statements contained in this AIF constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential" and "capable" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this AIF should not be unduly relied upon. These statements speak only as of the date of this AIF. In addition, this AIF may contain forward-looking statements and forward-looking information attributed to third-party industry sources.

In particular, this AIF contains, without limitation, forward-looking statements pertaining to the following:

- the reserve potential of the Company's assets;
- the production from the Company's assets;
- the Company's growth strategy and opportunities;
- the Company’s dividend policy including the ability to achieve an appropriate level of quarterly cash dividends and the potential for additional special dividends;
- the Company's capital exploration and development programs and future capital requirements;
- the estimated quantity and value of the Company's proved and probable reserves;
- the Company's estimates of future interest and foreign exchange rates;
- the Company's environmental considerations;
- the Company's expectations regarding commodity prices;
- the timing of commencement of certain of the Company's operations and the level of production anticipated by the Company;
- the potential for production disruption and constraints;
- the supply and demand fundamentals for crude oil and natural gas;
- the Company's access to adequate pipeline capacity;
- the Company's access to third-party infrastructure;
- the Company's drilling and recompletion plans and abandonment and reclamation costs;
- industry conditions pertaining to the oil and gas industry;
- the Company's plans for, and results of, exploration and development activities and for the use of proceeds from the Peace River High Disposition and the impact on production and operating netbacks as a result of the termination of deep cut gas plant deliveries in the Alberta Deep Basin;
- the planned construction of the Company's gathering, transportation and processing facilities and related infrastructure;
- the timing for receipt of regulatory approvals;
- the Company's treatment under governmental regulatory regimes and tax laws; and
- the Company's expectations regarding having adequate human resource staffing.

With respect to forward-looking statements and forward-looking information contained in this AIF, assumptions have been made regarding, among other things:

- future crude oil and natural gas prices;
- the Company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner;
- the regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which the Company conducts its business and any other jurisdictions in which the Company may conduct its business in the future;
- the Company's ability to market production of oil and natural gas successfully to customers;
- the Company's future production levels;
- the applicability of technologies for recovery and production of the Company's reserves;
- the recoverability of the Company's reserves;

- future capital expenditures to be made by the Company;
- future cash flows from production;
- future sources of funding for the Company's capital program;
- the Company's future debt levels and its ability to maintain its investment grade credit rating;
- geological and engineering estimates in respect of the Company's reserves;
- the geography of the areas in which the Company is conducting exploration and development activities;
- the impact of competition on the Company; and
- the Company's ability to obtain financing on acceptable terms.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and included elsewhere in this AIF, including:

- operating and capital costs;
- general economic, market and business conditions;
- volatility in market prices for crude oil and natural gas and hedging activities related thereto;
- risks related to the exploration, development and production of oil and natural reserves;
- risks related to the timing of completion of the Company's projects;
- competition for, among other things, capital, the acquisition of reserves and resources and skilled personnel;
- operational hazards;
- actions by governmental authorities, including changes in government regulation and taxation;
- environmental risks and hazards;
- risks inherent in the exploration, development and production of oil and natural gas which may create liabilities to the Company in excess of the Company's insurance coverage;
- failure to accurately estimate abandonment and reclamation costs;
- failure of third parties' reviews, reports and projections to be accurate;
- the availability of capital on acceptable terms;
- political, geopolitical and social risks;
- changes to royalty or tax regimes;
- the failure of the Company or the holders of certain licenses or leases to meet specific requirements of such licenses or leases;
- claims made in respect of the Company's properties or assets;
- Indigenous claims;
- unforeseen title defects;
- risks arising from future acquisition activities;
- hedging strategies;
- potential conflicts of interest;
- the potential for management estimates and assumptions to be inaccurate;
- additional indebtedness;
- volatility in the market price of the Common Shares of the Company;
- the absence of an existing public market for the Common Shares;
- the effect that the issuance of additional securities by the Company could have on the market price of the Common Shares;
- failure to engage or retain key personnel;
- potential losses which would stem from any disruptions in production, including work stoppages or other labour difficulties, or disruptions in the transportation network on which the Company is reliant;
- uncertainties inherent in estimating quantities of oil and natural gas reserves;
- failure to acquire or develop replacement reserves;
- geological, technical, drilling and processing problems, including the availability of equipment and access to properties;
- cyber-security threats or breaches and risks associated with technology (including artificial intelligence);
- failure by counterparties to make payments or perform their operational or other obligations to the Company in compliance with the terms of contractual arrangements between the Company and such counterparties;

- current global political, economic and financial conditions, including risks or war and civil insurrection, fluctuations in interest rates, foreign exchange rates and stock market volatility;
- trade policy, barriers, disputes or wars (including new tariffs or changes to existing international trade arrangements); and
- the other factors discussed under "*Risk Factors*" in this AIF.

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, free 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.

Forward-looking statements and other information contained herein concerning the oil and gas industry and the Company's general expectations concerning this industry are based on estimates prepared by management using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. The industry involves risks and uncertainties and is subject to change based on various factors.

In addition, information and statements in this AIF relating to "reserves" are deemed to be forward-looking information and statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated, and that the reserves described can be profitably produced in the future. See also "*Certain Reserves Data Information*" below. Readers are cautioned that the foregoing list of risk factors should not be construed as exhaustive.

Additional information on these and other factors that could affect Tourmaline's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR+ website (www.sedarplus.ca).

The forward-looking statements included in this AIF are expressly qualified by this cautionary statement and are made as of the date of this AIF. The Company does not undertake any obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities laws.

NON-GAAP AND OTHER FINANCIAL MEASURES

This AIF and certain documents incorporated by reference herein make reference to certain specified financial measures consisting of non-GAAP financial measures, non-GAAP ratios and capital management measures. See "Non-GAAP and Other Financial Measures" for information regarding the following non-GAAP financial measures, non-GAAP ratios and capital management measures used in this AIF and certain documents incorporated by reference herein: "cash flow", "operating netback", "operating netback per boe", "adjusted working capital" and "net debt". Since these specified financial measures may not have standardized meanings and therefore may not be comparable to similar measures presented by other issuers, securities regulations require that specified financial measures are clearly defined, qualified and, where required, reconciled with their nearest GAAP measure. Investors are cautioned that these specified financial measures should not be construed as alternatives to other measures of financial performance calculated in accordance with GAAP. See "Non-GAAP and Other Financial Measures" in Tourmaline's MD&A for the year ended December 31, 2025, which section is incorporated by reference herein, for further information on the definition, calculation and reconciliation of these measures. The Financial Statements and MD&A are available on SEDAR+ at www.sedarplus.ca.

CERTAIN RESERVES DATA INFORMATION

The determination of oil and gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved, probable and possible reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery.

The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

The qualitative certainty levels referred to in the definitions of proved, probable and possible reserves are applicable to individual reserve entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest-level sum of individual entity estimates for which reserves are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

(a) at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and

(b) at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

A qualitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in the COGE Handbook.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

In this AIF:

(a) the discounted and undiscounted net present value of future net revenues attributable to reserves do not represent the fair market value of reserves;

(b) there is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of crude oil, NGL and natural gas reserves provided in this AIF are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and NGL reserves may be greater than or less than the estimates provided in this AIF;

(c) the estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation; and

(d) Boes 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. Given that the value ratio based on the current price of crude oil as compared to natural gas 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.

DRILLING LOCATIONS

This document discloses drilling locations, as at December 31, 2025, and prior to the impact of the Peace River High Disposition, in four categories: (i) proved undeveloped locations; (ii) probable undeveloped locations; (iii) unbooked locations; and (iv) an aggregate total of (i), (ii) and (iii). Of the 26,512 (gross) locations, 2,316 are proved undeveloped locations, 1,757 are probable undeveloped locations, and 22,439 are unbooked locations. Proved undeveloped locations, including Drilled-Uncompleted locations ("DUCs"), and probable undeveloped locations, including DUCs, are booked and derived from the Consolidated Reserve Report and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on the Company's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources (including contingent and prospective). Unbooked locations have been identified by management as an estimation of the Company's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which the Company will actually drill wells, including the number and timing thereof is ultimately dependent upon the availability of funding, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While a certain number of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, the majority of other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

SCHEDULE "A"

FORM 51-101F2
REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR

To the board of directors of Tourmaline Oil Corp. (the "**Company**"):

1. We have evaluated the Company's reserves data as at December 31, 2025. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2025, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "**COGE Handbook**") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2025, and identifies the respective portions thereof that we have evaluated and reported on to the Company's board of directors:

Independent Qualified Reserves Evaluator or Auditor	Effective Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate - $MM)			
			Audited	Evaluated	Reviewed	Total
Deloitte LLP	December 31, 2025	Canada	-	2,360.6	-	**2,360.6**
GLJ Ltd.	December 31, 2025	Canada	-	32,514.5	-	**32,514.5**
*GLJ Ltd.	December 31, 2025	Canada	-	3,082.5	-	**3,082.5**
Totals			-	37,957.6	-	**37,957.6**

* Represents value associated with Corporate level adjustments related to abandonment and reclamation, carbon taxes burdens and physical gas marketing contracts.

6. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

7. We have no responsibility to update our reports referred to in paragraph 5 for events and circumstances occurring after the effective date of our reports.

8. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

EXECUTED as to our report referred to above:

GLJ Ltd., Calgary, Alberta, Canada, February 24, 2026

"Originally signed by"

Chad P. Lemke, P. Eng.
Executive Vice President and CCO

Deloitte, Calgary, Alberta, Canada, February 26, 2026

"Originally signed by"

Andrew Botterill
Partner, Resource Evaluation and Advisory

SCHEDULE "B"

FORM 51-101F3
REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Management of Tourmaline Oil Corp. (the "**Company**") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data.

GLJ Ltd. and Deloitte LLP, each an independent qualified reserves evaluator, has evaluated the Company's reserves data. The reports of the independent qualified reserves evaluator are presented below.

The Reserves Committee of the board of directors of the Company has

(a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluators;

(b) met with the independent qualified reserves evaluators to determine whether any restrictions affected the ability of the independent qualified reserves evaluators to report without reservation; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluators.

The Reserves Committee of the board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;

(b) the filing of Form 51-102F2 which is the reports of the independent qualified reserves evaluators on the reserves data, contingent resources data, or prospective resources data; and

(c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

DATED as of this 4th day of March, 2026.

(signed)	*"Michael L. Rose"* Michael L. Rose President, Chief Executive Officer and Chairman	(signed)	*"Brian G. Robinson"* Brian G. Robinson Chief Financial Officer and Director
(signed)	*"Andrew B. MacDonald"* Andrew B MacDonald Director	(signed)	*"Lee A. Baker"* Lee A. Baker Director

SCHEDULE "C"

AUDIT COMMITTEE MANDATE AND AUDIT COMMITTEE DISCLOSURE

AUDIT COMMITTEE MANDATE

Role and Objective

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Tourmaline Oil Corp. ("**Tourmaline**" or the "**Corporation**") to which the Board has delegated its responsibility for the oversight of the following:

1. nature and scope of the annual audit;

2. the oversight of management's reporting on internal accounting standards and practices;

3. the review of financial information, accounting systems and procedures;

4. financial reporting and financial statements,

and has charged the Committee with the responsibility of recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Committee are as follows:

1. To assist directors of Tourmaline ("**Directors**") in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters, including compliance with legal and regulatory requirements;

2. To provide better communication between Directors and external auditors;

3. To enhance the external auditor's independence;

4. To increase the credibility and objectivity of financial reports, the financial reporting process and internal controls over financial reporting;

5. To strengthen the role of the outside Directors by facilitating in depth discussions between Directors on the Committee, management of Tourmaline ("**Management**") and external auditors;

6. To maintain oversight of risk identification, assessment and management programs; and

7. To establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters.

Membership of Committee

1. The Board, on recommendation of the Governance Committee, will appoint members to the Committee. The Committee will be comprised of at least three (3) Directors or such greater number as the Board may determine from time to time and all members of the Committee shall be "independent" (as such term is used in National Instrument 52-110 – Audit Committees ("**NI 52-110**") unless the Board determines that the exemption contained in NI 52-110 is available and determines to rely thereon.

2. The Board, on recommendation of the Governance Committee, may from time to time designate one of the members of the Committee to be the Chair of the Committee.

3. All of the members of the Committee must be "financially literate" (as defined in NI 52-110) unless the Board determines that an exemption under NI 52-110 from such requirement in respect of any particular member is available and determines to rely thereon in accordance with the provisions of NI 52-110.

Mandate and Responsibilities of Committee

It is the responsibility of the Committee to:

1. Oversee the work of the external auditors, including the resolution of any disagreements between Management and the external auditors regarding financial reporting.

2. Satisfy itself on behalf of the Board with respect to Tourmaline's internal control systems; identify, monitor and mitigate business risks; and ensuring compliance with legal, ethical and regulatory requirements.

3. Review the annual and interim financial statements of the Corporation and related management's discussion and analysis ("**MD&A**") prior to their submission to the Board for approval. The process should include but not be limited to:

   - reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
   - reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
   - reviewing accounting treatment of unusual or non-recurring transactions;
   - ascertaining compliance with covenants under loan agreements;
   - reviewing disclosure requirements for commitments and contingencies;
   - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
   - reviewing unresolved differences between Management and the external auditors;
   - obtaining explanations of significant variances with comparative reporting periods; and
   - determining through inquiry if there are any related party transactions and ensuring that the nature and extent of such transactions are properly disclosed.

4. In addition to the review of financial statements and MD&A described above, review prospectuses, the annual information forms ("AIF") and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results), as well as other public disclosure and filings prescribed by law (including, but not limited to, filings made pursuant to the *Extractive Sector Transparency Measures Act* (Canada), the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) and similar applicable legislation) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of Tourmaline's disclosure of all other financial information and will periodically assess the accuracy of those procedures.

5. With respect to the appointment of external auditors by the Board:

   - recommend to the Board the external auditors to be nominated;
   - recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors will report directly to the Committee;
   - on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;

- monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinions between management and the external auditor;
- when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
- review and pre-approve any non-audit services to be provided to Tourmaline or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time

6. Review with external auditors (and internal auditor if one is appointed by Tourmaline) their assessment of the internal controls of Tourmaline, their written reports containing recommendations for improvement, and Management's response and follow-up to any identified weaknesses. The Committee will also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Tourmaline and its subsidiaries.

7. Review risk management policies and procedures of the Corporation (i.e., hedging, litigation, third party credit risk and insurance). In this regard, the Committee shall:

- Regularly identify and review the principal business risks, including potential emerging risks, of the Corporation and the actions taken by the Corporation to mitigate the risks;
- Regularly identify and review the principal financial risks and exposures of the Corporation, together with mitigating strategies, including physical and financial positions in commodities markets, derivatives strategies, capital commitments, foreign exchange exposures, and exposure to interest rate fluctuations;
- Regularly review the policies and activities of the Corporation's treasury and marketing groups and the financial risks arising from those activities, including any proposed authorities of Management from the Board for the hedging of the exposures;
- Receive regular cybersecurity updates from management and provide Board oversight of cybersecurity matters and risks; and
- Review, and if desirable, recommend changes to the insurance program including coverage for property damage, business interruption and liabilities.

8. Establish a procedure for:

- the receipt, retention and treatment of complaints received by Tourmaline regarding accounting, internal accounting controls or auditing matters; and
- the confidential, anonymous submission by employees of Tourmaline of concerns regarding questionable accounting or auditing matters.

9. Review and approve Tourmaline's hiring policies regarding partners and employees and former partners and employees of the present and former external auditors of the Corporation.

The Committee has authority to communicate directly with the internal auditors (if any) and the external auditors of the Corporation. The Committee will also have the authority to investigate any financial activity of Tourmaline. All employees of Tourmaline are to cooperate as requested by the Committee.

The Committee may also retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at such compensation as established by the Committee and at the expense of Tourmaline without any further approval of the Board.

Meetings and Administrative Matters

1. At all meetings of the Committee every resolution shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote and in such cases, the undecided matter should be referred to the Board as a whole.

2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.

3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.

4. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee will be taken. The Chief Financial Officer of Tourmaline will attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chairman.

5. The Committee will meet with the external auditor at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditor and the Committee consider appropriate.

6. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.

7. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee. At each meeting, the Committee will meet in camera without management present.

8. Minutes of the Committee will be recorded and maintained and circulated to Directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.

9. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation as determined by the Committee.

10. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a Director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee each member will hold such office until the Committee is reconstituted.

11. Any issues arising from these meetings that bear on the relationship between the Board and Management should be communicated to the Chairman of the Board by the Committee Chair.

12. In discharging its duties under this Mandate, the Committee may investigate any matter brought to its attention and will have access to all books, records, facilities and personnel, may conduct meetings or interview any officer or employee, the Corporation's legal counsel, external auditors and consultants and may invite any such persons to attend any part of any meeting of the Committee.

AUDIT COMMITTEE DISCLOSURE

Audit Committee Mandate and Terms of Reference

The Board has adopted a written mandate and terms of reference for the Audit Committee, which sets out the Audit Committee's responsibility for (among other things) reviewing the Company's financial statements and the Company's public disclosure documents containing financial information and reporting on such review to the Board, ensuring the Company's compliance with legal and regulatory requirements, overseeing qualifications, engagement, compensation, performance and independence of the Company's external auditors, and reviewing, evaluating and approving the internal control and risk management systems that are implemented and maintained by management. A copy of the Audit Committee mandate and terms of reference is set forth above.

Composition of the Audit Committee and Relevant Education and Experience

The Audit Committee consists of Messrs. Lee (Chair), MacDonald, and Toews and Ms. Angevine. Each of the members of the Audit Committee is considered "financially literate" and each are considered "independent" within the meaning of NI 52-110.

The Company believes that each of the members of the Audit Committee possesses: (a) an understanding of the accounting principles used by the Company to prepare its financial statements; (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and (d) an understanding of internal controls and procedures for financial reporting. For a summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee, see "*Directors and Officers*" in this AIF.

Pre-Approval Policies and Procedures for the Engagement of Non-Audit Services

The Audit Committee is expected to adopt specific policies and procedures for the engagement of non-audit services, as described in the mandate of the Audit Committee.

External Audit Service Fees

The following table summarizes the fees paid by the Company and its subsidiaries to its auditors, KPMG LLP, for external audit and other services during the periods indicated.

Year	Audit Fees(1)	Audit – Related Fees(2)	Tax Fees(3)	All Other Fees(4,5)
	($)	($)	($)	($)
2025......................	2,175,250	191,400	184,633	-
2024......................	2,092,300	192,100	151,599	483,640
2023......................	2,097,200	155,150	91,838	399,110

Notes:

(1) Represents the aggregate fees billed by the Company's external auditor in each of the last three fiscal years for services that are reasonably related to the performance of the audit or review of the Company's financial statements. The fees disclosed under this category also include the conduct of due diligence procedures in connection with financings and acquisitions undertaken by the Company.

(2) Includes the aggregate fees related to the French translation of the annual and quarterly financial statements and MD&A, ESTMA, and other.

(3) Represents the aggregate fees billed in each of the last three fiscal years by the Company's external auditor for professional services for tax compliance, tax advice and tax planning. The services comprising the fees disclosed under this category consisted of tax consultations and tax compliance services.

(4) Represents the aggregate fees billed in each of the last three fiscal years by the Company's external auditor for products and services not included under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

(5) Represents fees billed by the Company’s external auditor related to royalty and indirect tax recovery audit engagements.