INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(000s) (unaudited)	March 31, 2026	December 31, 2025
Assets		
Current assets:		
Accounts receivable	**$ 714,412**	$ 775,328
Income tax receivable	**36,797**	26,809
Prepaid expenses and deposits	**146,667**	130,893
Fair value of financial instruments *(note 3)*	**766,145**	181,352
Assets held for sale *(note 4)*	–	862,864
Total current assets	**1,664,021**	1,977,246
Long-term asset	**5,770**	17,532
Fair value of financial instruments *(note 3)*	**1,017,013**	502,106
Exploration and evaluation assets *(note 5)*	**130,673**	135,446
Property, plant and equipment *(note 6)*	**19,878,725**	19,620,271
Right-of-use asset (*note 7*)	**34,477**	36,540
Investment in Topaz (*note 10*)	**329,654**	332,466
Total Assets	**$ 23,060,333**	$ 22,621,607
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 1,283,221**	$ 1,362,328
Fair value of financial instruments *(note 3)*	**386,929**	45,676
Liabilities held for sale *(note 4)*	–	105,514
Lease liabilities (*note 7*)	**7,406**	8,034
Decommissioning obligations *(note 8)*	**64,000**	75,000
Current debt *(note 9)*	**154,632**	800,000
Total current liabilities	**1,896,188**	2,396,552
Fair value of financial instruments *(note 3)*	**319,011**	17,088
Lease liabilities (*note 7)*	**29,110**	30,343
Decommissioning obligations *(note 8)*	**773,431**	763,538
Long-term debt *(note 9)*	**947,664**	1,052,914
Deferred taxes	**3,134,237**	2,924,894
Shareholders' equity:		
Share capital *(note 11)*	**10,723,569**	10,673,117
Contributed surplus	**511,952**	501,768
Retained earnings	**4,725,171**	4,261,393
Total shareholders' equity	**15,960,692**	15,436,278
Total Liabilities and Shareholders' Equity	**$ 23,060,333**	$ 22,621,607

Commitments (note 14).

Subsequent events (note 3).

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(000s) except per-share amounts (unaudited)	Three Months Ended March 31, 2026	2025
Commodity sales from production (*note 15*)	**$ 1,447,049**	$ 1,457,567
Premium on risk management activities (*note 15*)	**257,897**	337,609
Marketing revenue (*note 15*)	**71,248**	17,791
Royalties	**(168,836)**	(179,159)
Other income	**10,272**	9,419
Realized gain (loss) on financial instruments	**(11,056)**	96,417
Unrealized gain (loss) on financial instruments *(note 3)*	**456,524**	(300,466)
	2,063,098	1,439,178
Expenses:		
Operating	**285,015**	295,661
Transportation	**321,684**	317,197
Marketing purchases (*note 15)*	**63,004**	16,302
General and administration	**50,606**	46,862
Share-based payments	**14,171**	17,066
Depletion, depreciation, amortization and impairment (*notes 4, 6 and 7*)	**461,238**	422,038
Realized foreign exchange (gain) loss	**(1,855)**	22,842
Unrealized foreign exchange (gain) loss	**1,116**	(2,897)
Income on investment in Topaz (*note 10)*	**(5,188)**	(2,187)
(Gains) on acquisitions and divestitures	**(10,502)**	–
Total expenses	**1,179,289**	1,132,884
Income from operations	**883,809**	306,294
Finance expenses	**23,143**	24,776
Income before taxes	**860,666**	281,518
Income taxes:		
Current tax expense (recovery)	**(5,188)**	37,882
Deferred tax expense	**208,294**	30,958
Total income taxes	**203,106**	68,840
Net income and comprehensive income	**$ 657,560**	$ 212,678
Net income per share *(note 12)*		
Basic	**$ 1.70**	$ 0.57
Diluted	**$ 1.69**	$ 0.56

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(000s) (unaudited)	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance at December 31, 2025	$10,673,117	$ 501,768	$ 4,261,393	$15,436,278
Share-based payments	–	14,171	–	14,171
Capitalized share-based payments (*note 6*)	–	8,853	–	8,853
Options exercised (*note 11*)	50,452	(11,563)	–	38,889
Restricted share units settled (*note 13)*	–	(228)	–	(228)
Share-based payments – other	–	(1,049)	–	(1,049)
Dividends paid (*note 11*)	–	–	(193,782)	(193,782)
Income attributable to common shareholders	–	–	657,560	657,560
Balance at March 31, 2026	**$10,723,569**	**$ 511,952**	**$ 4,725,171**	**$15,960,692**

(000s) (unaudited)	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance at December 31, 2024	$ 9,856,122	$ 426,902	$ 5,260,540	$15,543,564
Share-based payments	–	17,066	–	17,066
Capitalized share-based payments (*note 6*)	–	10,162	–	10,162
Options exercised (*note 11*)	36,168	(8,327)	–	27,841
Restricted share units settled (*note 13)*	–	(6)	–	(6)
Share-based payments – other	–	1,183	–	1,183
Dividends paid (*note 11*)	–	–	(318,141)	(318,141)
Income attributable to common shareholders	–	–	212,678	212,678
Balance at March 31, 2025	**$ 9,892,290**	**$ 446,980**	**$ 5,155,077**	**$15,494,347**

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

	Three Months Ended March 31,	
(000s) (unaudited)	**2026**	**2025**
Cash provided by (used in):		
Operations:		
Net income	**$ 657,560**	$ 212,678
Items not involving cash:		
Depletion, depreciation, amortization and impairment (*notes 4, 6 and 7*)	**461,238**	422,038
Accretion (*note 8*)	**8,179**	7,285
Lease interest expense *(note 7)*	**485**	474
Share-based payments	**14,171**	17,066
Current tax expense (recovery)	**(5,188)**	37,882
Deferred tax expense	**208,294**	30,958
Unrealized (gain) loss on financial instruments *(note 3)*	**(456,524)**	300,466
Amortization on long-term asset	**748**	551
(Gains) on acquisitions and divestitures	**(10,502)**	–
Income from investment in Topaz *(note 10)*	**(5,188)**	(2,187)
Unrealized foreign exchange (gain) loss	**1,116**	(2,897)
Decommissioning expenditures *(note 8)*	**(25,194)**	(34,181)
Cash taxes paid	**(4,800)**	–
Cash paid on restricted share units settled	**(228)**	(6)
Dividends received from Topaz *(note 10)*	**8,000**	10,801
Changes in non-cash operating working capital	**90,460**	87,383
Total cash flow from operating activities	**942,627**	1,088,311
Financing:		
Issue of common shares	**38,889**	27,841
Lease payments *(note 7)*	**(2,859)**	(2,789)
Dividends paid *(note 11)*	**(193,782)**	(318,141)
Decrease in current debt	**(645,368)**	–
Decrease in revolving credit facility	**(354,354)**	(81,273)
Increase in senior unsecured notes	**249,104**	130
Total cash flow used in financing activities	**(908,370)**	(374,232)
Investing:		
Property, plant and equipment *(note 6)*	**(660,162)**	(813,898)
Property acquisitions *(note 6)*	**(1,829)**	(12,143)
Proceeds from divestitures *(note 6)*	**753,275**	1,023
Changes in non-cash investing working capital	**(125,541)**	110,939
Total cash flow used in investing activities	**(34,257)**	(714,079)
Changes in cash	–	–
Cash, beginning of period	–	–
Cash, end of period	**$ –**	$ –

Cash is defined as cash and cash equivalents.

See accompanying notes to the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2026 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

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

Corporate Information:

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

The Company is engaged in the acquisition, exploration, development and production of petroleum and natural gas properties. These unaudited interim condensed consolidated financial statements reflect only the Company's proportionate interest in such activities. The unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on May 6, 2026.

OPERATING ENVIRONMENT

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

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

CLIMATE CHANGE AND ENVIRONMENTAL REGULATION

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

Sustainability Reporting

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

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

1. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". These unaudited interim condensed consolidated financial statements do not include all of the information and disclosure required in the annual financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2025.

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

The accounting policies and significant accounting judgments, estimates, and assumptions used in these unaudited interim condensed consolidated financial statements are consistent with those described in notes 1 and 2 of the Company's consolidated financial statements for the year ended December 31, 2025.

Changes in Accounting Policies

On January 1, 2026, the Company adopted the amendments made to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures. The amended standards include new guidance relating to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. The amendments to the standard are effective on January 1, 2026. These amendments do not have a material impact on the Company's financial statements.

Future Accounting Changes

In April 2024, the IASB issued IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18"), which will replace IAS 1. This standard introduces new requirements for entities applying IFRS Accounting Standards to present and disclose financial information. IFRS 18 introduces new totals, subtotals, and categories for income and expenses in the statement of income, as well as requiring disclosure about management-defined performance measures and additional requirements regarding the aggregation and disaggregation of certain information. This pronouncement from the IASB will become effective January 1, 2027, with earlier adoption permitted, and must be adopted on a retrospective basis. Tourmaline is currently evaluating the impact on its financial statements.

2. DETERMINATION OF FAIR VALUE

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

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

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

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

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

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

3. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company's financial risks are consistent with those discussed in note 4 of the Company's consolidated financial statements for the year ended December 31, 2025.

Market Risk:

As at March 31, 2026, the Company has entered into certain financial derivative contracts in order to manage commodity risk and foreign exchange risk. These instruments are not used for trading or speculative purposes. The Company has not designated its financial derivative contracts as effective accounting hedges, even though the Company considers all commodity contracts to be effective economic hedges. As a result, all such contracts are recorded on the interim consolidated statement of financial position at fair value, with changes in the fair value being recognized as an unrealized gain or loss on the interim consolidated statement of income and comprehensive income.

The Company has the following financial commodity derivative contracts in place as at March 31, 2026 [1]:

		2026	2027	2028	2029	2030	Fair Value *(000s)*
Gas							
NYMEX swaps	*mmbtu/d*	67,782	20,000	–	–	–	$ 25,679
	USD$/mmbtu	$ 4.12	$ 4.36				
Swaps - Other	*mmbtu/d*	10,000	–	–	–	–	$ 7,720
	USD$/mmbtu	$ 4.25					
International swaps [2]	*mmbtu/d*	98,964	78,329	70,000	20,000	–	$ (408,995)
	USD$/mmbtu	$ 11.51	$ 10.26	$ 9.97	$ 9.35		
NYMEX financial call options [3]	*mmbtu/d*	70,000	80,000	62,500	52,500	32,500	$ (9,926)
	USD$/mmbtu	$ 8.29	$ 8.25	$ 8.56	$ 8.86	$ 10.00	
JKM financial collars	*mmbtu/d*	10,000	12,479	10,000	–	–	$ (37,207)
	USD$/mmbtu	$8.00-13.00	$9.00-16.00	$8.00-13.00			
TTF financial collars	*mmbtu/d*	14,455	3,767	–	–	–	$ (10,651)
	USD$/mmbtu	$9.23-18.62	$12.00-26.75				
Station 2 swaps	*mmbtu/d*	16,587	–	–	–	–	$ 6,731
	CAD$/mmbtu	$ 2.73					
Oil							
Financial swaps	*bbls/d*	18,329	12,115	1,000	–	–	$ (134,815)
	USD$/bbl	$ 66.42	$ 64.49	$ 68.00			
NYMEX call options	*bbls/d*	6,335	4,000	–	–	–	$ (51,253)
	USD$/bbl	$ 68.79	$ 76.25				
Propane financial swaps [4]	*bbls/d*	8,424	3,000	–	–	–	$ (21,750)
	USD$/bbl	$ 33.13	$ 28.39				
Total fair value							$ (634,467)

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

(2) Includes international swaps (JKM and TTF).

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

(4) Propane Financial Swaps - include OPIS Conway, Argus FEI, and Baltic LPG Freight Financial Swap transactions.

The Company also has a financial JKM netback agreement based on 62,500 mmbtu/d for a seven-year term beginning on January 1, 2027. The fair value of this agreement at March 31, 2026 is an asset of $207.9 million.

The Company has entered into the following financial commodity derivative contract subsequent to March 31, 2026:

Type of Contract	Quantity	Time Period	Contract Price
Financial swap – Oil	500 bbls/d	January 2027 – December 2027	$70.06 USD/bbl

The Company has the following financial foreign currency derivative contracts in place at March 31, 2026:

Type of Contract (1)		2026	2027	Fair Value *(000s)*
Costless collar (2)	*USD$(000s)/month*	$ 90,000	$ 25,000	$ (21,735)
	CAD$/USD$	$1.36 - 1.41	$1.37 - 1.41	
Total fair value				$ (21,735)

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

(2) A portion of these financial collars have a European call writer option at period end that, if called, would result in an average rate forward in the following amounts: USD$75.0 million/month at CAD$/USD$ 1.410 for 2027 and USD$27.5 million/month at CAD$/USD$ 1.410 for 2028.

The Company has entered into the following financial foreign currency derivative contracts subsequent to March 31, 2026:

Type of Contract (1)		2026	2027 (2)
Costless collar	*USD$(000s)/month*	$ 10,000	$ 10,000
	CAD$/USD$	$1.36 - 1.40	$1.36 - 1.42

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

(2) This transaction includes a European call writer option at period end that, if called, would result in an average rate forward in the following amounts: USD$10.0 million/month at CAD$/USD$ 1.410 for 2028.

The Company has natural gas supply agreements, where Tourmaline delivers volumes to specified delivery points in North America but receives an international index price in exchange. Due to the fact the volumes are delivered to a counterparty in North America, but Tourmaline ultimately receives an international index price, it was determined that these agreements contain an embedded derivative as a result of the pricing spread between the international price index and the underlying natural gas price. The Company defined the host contract as a natural gas sales contract with an underlying natural gas price at the delivery point. Due to the nature of these agreements the Company will have unrealized gains (losses) on the natural gas embedded derivative based on the movements in the international index price and the underlying price forecasts.

The level 3 natural gas supply agreement embedded derivative contracts as at March 31, 2026 have been summarized below:

Commencement Date	Term	Delivery Point	Underlying Price	International Index Price (1)	Volumes (MMBtu/d)	Fair Value (000s)
January 2023	15-year	Louisiana, USA	NYMEX	JKM	140,000	$ 1,071,825
March 2024	34-month	AB-Nit	AECO	Dutch TTF	50,000	$ 71,430
November 2028	8-year	Louisiana, USA	NYMEX	Dutch TTF	80,000	$ 102,407
April 2027	19-month	Louisiana, USA	NYMEX	Dutch TTF	50,000	$ 86,894
April 2026	1-year	Louisiana, USA	NYMEX	Dutch TTF	30,000	$ 89,262
April 2028	10-year	AB-Nit	AECO	Dutch TTF	50,000	$ 91,372

(1) For each respective contract, the Company receives the international index price less associated deductions, detailed in each individual contract.

The Company also has natural gas to power supply agreements which contain embedded derivatives. The fair value of these agreements at March 31, 2026 is $12.3 million.

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

The following table includes quantitative information for the unobservable inputs for the Company's Level 3 natural gas supply agreement embedded derivatives as at March 31, 2026.

	15-year JKM	8-year Dutch TTF	10-year Dutch TTF
Valuation Approach	Market approach incorporating present value techniques	Market approach incorporating present value techniques	Market approach incorporating present value techniques
Significant unobservable inputs:			
Forward prices	JKM index pricing spread relative to NYMEX	Dutch TTF index pricing spread relative to NYMEX	Dutch TTF index pricing spread relative to AECO
Discount rate	25%	25%	25%
Range of forward pricing inputs/weighted average ($USD/mmbtu)	$7.22 – 17.64 / 8.66	$6.80 – 7.82 / 7.29	$8.32 – 9.95 / 8.44
Increase (decrease) in fair value:			
Discount rate			
5% increase *($000s)*	(85,087)	(20,597)	(21,053)
5% decrease *($000s)*	110,150	28,021	29,555
Index price			
5% increase *($000s)*	161,851	40,248	30,537
5% decrease *($000s)*	(161,566)	(40,248)	(30,537)

The following table is a summary of the fair value of financial instruments as at March 31, 2026:

(000s)	Financial derivative contracts	Foreign currency derivative contracts	Natural gas embedded derivatives [(1)]	Total
Current asset	$ 81,287	$ 916	$ 683,942	$ 766,145
Long-term asset	175,259	–	841,754	1,017,013
Current liability	(371,385)	(15,377)	(167)	(386,929)
Long-term liability	(311,737)	(7,274)	–	(319,011)
Total fair value of financial instruments	**$ (426,576)**	**$ (21,735)**	**$ 1,525,529**	**$ 1,077,218**

(1) Includes natural gas supply agreement embedded derivatives and natural gas to power supply agreement embedded derivatives.

The following table provides a summary of the unrealized gains and losses on financial instruments recorded in the interim condensed consolidated statements of income and comprehensive income for the three months ended March 31, 2026 and 2025:

	Three Months Ended March 31,	
(000s)	**2026**	**2025**
Unrealized (loss) on financial instruments – commodity contracts	**$ (650,279)**	$ (45,445)
Unrealized gain (loss) on financial instruments – foreign currency	**(25,232)**	41,183
Unrealized gain (loss) on financial instruments – natural gas embedded derivative (1)	**1,132,035**	(296,204)
Total unrealized gain (loss) on financial instruments	**$ 456,524**	$ (300,466)

(1) Includes natural gas supply agreement embedded derivatives and natural gas to power supply agreement embedded derivatives.

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

The Company has the following physical commodity contracts in place at March 31, 2026 (1)(4):

		2026	2027	2028	2029	2030
Gas						
Fixed price (2)	*mmbtu/d*	713,459	230,260	128,195	68,956	68,956
	CAD$/mmbtu	$ 3.79	$ 4.36	$ 3.88	$ 4.69	$ 4.69
Geographic spreads (3)	*mmbtu/d*	23,345	–	–	–	–
	USD$/mmbtu	$ 1.81				
Basis differentials – AECO	*mmbtu/d*	111,127	70,000	62,500	52,500	32,500
	USD$/mmbtu	$ (0.63)	$ (0.64)	$ (0.64)	$ (0.63)	$ (0.61)
Basis differentials – Dawn	*mmbtu/d*	10,000	8,329	–	–	–
	USD$/mmbtu	$ (0.04)	$ (0.04)			

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

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

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

(4) Tourmaline has third party netback arrangements in the following markets: Chicago, Ventura, Dawn and Henry Hub. The average for 2026-2029 is 100 mmcf/d.

The Company has not entered into any physical contracts subsequent to March 31, 2026.

Capital Management:

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

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

As shown below, as at March 31, 2026, the Company's ratio of net debt to annualized cash flow was 0.43 to 1.00 (December 31, 2025 – 0.43 to 1.00).

(000s)	**As at March 31, 2026**	**As at December 31, 2025**
Net debt:		
Working capital (deficit)	**$ (232,167)**	$ (419,306)
Fair value of financial instruments – short-term (asset)	**(379,216)**	(135,676)
Lease liabilities – short-term	**7,406**	8,034
Decommissioning obligations – short-term	**64,000**	75,000
Unrealized foreign exchange in working capital – liability	**1,116**	991
Adjusted working capital (deficit)	**$ (538,861)**	$ (470,957)
Long-term debt	**(947,664)**	(1,052,914)
Net debt	**$(1,486,525)**	$(1,523,871)
Annualized cash flow:		
Cash flow from operating activities for Q1	**$ 942,627**	$ 700,112
Current income tax (expense) recovery	**5,188**	(11,039)
Current taxes paid	**4,800**	3,246
Change in non-cash working capital	**(90,460)**	197,798
Cash flow	**$ 862,155**	$ 890,117
Annualized cash flow (based on most recent quarter annualized)	**$ 3,448,620**	$ 3,560,468
Net debt to annualized cash flow	**0.43**	0.43

During the three months ended March 31, 2026, the Company paid a quarterly base dividend of $0.50 per share.

4. DISPOSAL GROUP HELD FOR SALE

In the fourth quarter of 2025, the Company entered into a purchase and sale agreement for the disposition of its Spirit River cash-generating unit (the “disposal group”). At December 31, 2025, the Company classified the assets and associated liabilities of the disposal group as held for sale, as the carrying amount will be recovered through a capital disposition rather than through future operating cash flows. The value of the assets and associated liabilities held for sale, included in the disposal group, were recorded at the lower of their carrying value and fair value less costs to sell which resulted in a $1.2 billion impairment loss recorded in the consolidated statement of income and comprehensive income for the three and twelve months ended December 31, 2025.

On February 2, 2026, the Company completed the disposition of the disposal group for cash proceeds of $751.8 million, after customary closing adjustments and transaction costs. The disposition resulted in the derecognition of the assets and associated liabilities in the disposal group and an impairment loss on assets held for sale of $24.8 million was recorded in the interim condensed statement of income and comprehensive income for the three months ended March 31, 2026.

5. EXPLORATION AND EVALUATION ASSETS

(000s)		
As at January 1, 2025	$	191,081
Transfers to property, plant and equipment *(note 6)*		(25,253)
Assets held for sale *(note 4)*		(5,792)
Divestitures		(3,628)
Expired mineral leases		(20,962)
As at December 31, 2025	$	135,446
Transfers to property, plant and equipment *(note 6)*		(4,233)
Divestitures		(540)
As at March 31, 2026	**$**	**130,673**

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

Impairment Assessment

At March 31, 2026, and December 31, 2025, the Company determined that no internal or external indicators of impairment existed on its E&E assets; therefore, an impairment test was not performed.

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

Cost

(000s)	
As at January 1, 2025	$29,508,228
Capital expenditures	3,029,714
Transfers from exploration and evaluation (*note 5*)	25,253
Change in decommissioning liabilities (*note 8*)	(36,855)
Assets held for sale *(note 4)*	(2,943,092)
Corporate acquisitions	531,126
Property acquisitions	318,940
Divestitures	(55,535)
As at December 31, 2025	$30,377,779
Capital expenditures	660,716
Transfers from exploration and evaluation *(note 5)*	4,233
Change in decommissioning liabilities (*note 8*)	15,404
Property acquisitions	18,577
Divestitures	(6,645)
As at March 31, 2026	**$31,070,064**

Accumulated Depletion, Depreciation and Amortization

(000s)	
As at January 1, 2025	$ 9,874,942
Depletion, depreciation and amortization	1,741,378
Divestitures	(362)
Assets held for sale *(note 4)*	(858,450)
As at December 31, 2025	$10,757,508
Depletion, depreciation and amortization	433,831
As at March 31, 2026	**$11,191,339**

Net Book Value

(000s)	
As at December 31, 2025	$19,620,271
As at March 31, 2026	**$ 19,878,725**

Forecasted future development costs of $19.9 billion were included in the depletion calculation at March 31, 2026 (December 31, 2025 – $22.2 billion).

Capitalization of G&A and Share-Based Payments

A total of $14.3 million in G&A expenditures have been capitalized and included in PP&E for the three months ended March 31, 2026 (December 31, 2025 – $50.7 million). Also included in PP&E are non-cash share-based payments of $8.9 million (December 31, 2025 – $41.1 million).

Impairment Assessment

At March 31, 2026, and December 31, 2025, the Company did not identify indicators of impairment on any of its CGUs and therefore, an impairment test was not performed. The Company has no CGUs with historical impairment.

Total Acquisitions and Dispositions of Oil and Natural Gas Properties

In total, for the three months ended March 31, 2026, the Company completed property acquisitions for cash consideration of $1.8 million (December 31, 2025 – $19.3 million) and $15.9 million in property acquisitions for non-cash consideration (December 31, 2025 – $290.8 million). The Company assumed $0.8 million in decommissioning liabilities as a result of these acquisitions (December 31, 2025 – $11.3 million).

For the three months ended March 31, 2026, the Company also completed property dispositions, for total cash consideration of $753.3 million (December 31, 2025 – $75.6 million) and non-cash consideration of $5.4 million (December 31, 2025 – $2.6 million). The Company disposed of $0.3 million in decommissioning liabilities and $105.5 million of decommissioning liabilities, which were previously reclassified as liabilities held for sale, as a result of these dispositions (December 31, 2025 – $0.9 million).

7. LEASES

Right-of-Use Assets

(000s)	**As at March 31, 2026**	**As at December 31, 2025**
Balance, beginning of period	**$ 36,540**	$ 30,056
Additions	**244**	16,605
Modifications	**269**	220
Depreciation	**(2,576)**	(10,341)
Balance, end of period	**$ 34,477**	$ 36,540

Lease Liabilities

(000s)	**As at March 31, 2026**	**As at December 31, 2025**
Balance, beginning of period	**$ 38,377**	$ 31,389
Additions	**244**	16,605
Modifications	**269**	220
Lease interest expense	**485**	1,941
Lease payments	**(2,859)**	(11,778)
Balance, end of period	**$ 36,516**	$ 38,377
Current lease liabilities	**$ 7,406**	$ 8,034
Long-term lease liabilities	**$ 29,110**	$ 30,343

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

8. DECOMMISSIONING OBLIGATIONS

The Company's decommissioning obligations result from net ownership interests in oil and natural gas assets including well sites, gathering systems and processing facilities. The Company has estimated a net present value of its decommissioning obligation to be $837.4 million (December 31, 2025 – $838.5 million) based on a total inflated but undiscounted amount of cash flow required to settle its decommissioning obligations of approximately $2.9 billion (December 31, 2025 – $3.1 billion). Management estimates that these payments will be made over the next 61 years. A risk-free rate of 3.88% (December 31, 2025 – 3.85%) and an inflation rate of 2.05% (December 31, 2025 – 1.98%) were used to calculate the decommissioning obligations. As at March 31, 2026, the change in future estimated cash outlays includes the change in discount and inflation rates.

(000s)	**As at March 31, 2026**	**As at December 31, 2025**
Balance, beginning of period	**$ 838,538**	$ 1,010,459
Obligation incurred	**4,133**	31,161
Obligation incurred on corporate acquisitions	–	4,333
Obligation incurred on property acquisitions (*note 6*)	**846**	11,272
Obligation divested (*note 6*)	**(342)**	(874)
Obligation settled	**(25,194)**	(79,445)
Accretion expense	**8,179**	35,162
Change in future estimated cash outlays	**11,271**	(68,016)
Liabilities directly associated with assets held for sale	–	(105,514)
Balance, end of period	**$ 837,431**	$ 838,538
Current decommissioning obligations	**$ 64,000**	$ 75,000
Long-term decommissioning obligation	**$ 773,431**	$ 763,538

The following table demonstrates the effect that movements in the risk-free rate would have on the decommissioning obligation:

(000s)	**As at March 31, 2026**	**As at December 31, 2025**
1% increase	$ (247,872)	$ (238,340)
1% decrease	$ 341,926	$ 328,797

9. DEBT

(000s)	**As at March 31, 2026**	**As at December 31, 2025**
Commercial paper	**$ 154,632**	$ 800,000
Revolving credit facility	–	354,748
Senior unsecured notes	**950,000**	700,000
Debt issue costs	**(2,336)**	(1,834)
Total debt	**$ 1,102,296**	1,852,914
Current debt	**$ 154,632**	$ 800,000
Long-term debt	**$ 947,664**	$ 1,052,914

Commercial paper

The Company has a commercial paper ("CP") program, authorizing the Company to borrow up to $800.0 million of CP at any given time. As at March 31, 2026, the Company had $154.6 million of CP outstanding with an average term of 30 days and an average interest rate of 2.76%. The CP program is supported by the Company's revolving credit facility and the Company reserves capacity under its revolving credit facility for any CP amounts outstanding.

Credit facilities

The Company has a covenant-based, unsecured, five-year extendible revolving credit facility in place with a syndicate of banks in the amount of $2.55 billion maturing in June 2030. The maturity date may, at the request of the Company and with consent of the lenders, be extended on an annual basis. The revolving credit facility includes an accordion feature which allows the Company, upon approval from the lenders, to increase the facility amount by up to $1.0 billion by adding a new financial institution or by increasing the commitment of its existing lenders. The revolving credit facility can be drawn in either Canadian or U.S. funds and bears interest at the agent bank's prime lending rate, CORRA or SOFR (for U.S. borrowings), plus applicable margins. At March 31, 2026 the revolving credit facility was undrawn.

The Company also has a covenant-based, unsecured, operating credit facility with a Canadian bank in the amount of $75.0 million. The operating credit facility has a maturity date of June 2027, which may, at the request of the Company and with consent of the lender, be extended on an annual basis. The covenants are the same as the revolving credit facility. At March 31, 2026 and December 31, 2025, the operating credit facility was undrawn.

Additionally, the Company has an unsecured demand letter of credit facility with a Canadian bank in the amount of $75.0 million. At March 31, 2026 and December 31, 2025, the demand letter of credit facility was undrawn.

Tourmaline has outstanding letters of credit in the amount of $62.0 million at March 31, 2026 (December 31, 2025 – $61.5 million) which are secured by the demand letter of credit facility.

Senior unsecured notes

As at March 31, 2026, the Company has issued $950.0 million of senior unsecured notes, which are summarized below:

Issue Date	Maturity Date	Interest Rate	Principal
January 25, 2021	January 25, 2028	2.077%	$250.0 million
August 9, 2021	February 12, 2029	2.529%	$200.0 million
May 28, 2024	May 30, 2027	4.856%	$250.0 million
March 12, 2026	March 16, 2031	3.934%	$250.0 million

On March 12, 2026, the Company issued $250.0 million of unsecured notes. The notes bear interest at a fixed rate of 3.934%, payable semi-annually commencing on September 16, 2026, with a maturity date of March 16, 2031.

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

The Company's aggregate borrowing capacity is $3.7 billion at March 31, 2026, including the credit facilities and senior unsecured notes. As at, and for the three months ending March 31, 2026, the Company is in compliance with all debt covenants.

The effective interest rate for the three months ended March 31, 2026 was 3.10% (three months ended March 31, 2025 – 4.45%).

10. INVESTMENT IN TOPAZ ENERGY CORP. ("TOPAZ")

At March 31, 2026, the Company owned 15.2% of the outstanding common shares of its associate, Topaz. A reconciliation of the investment in Topaz is provided below:

(000s)	**As at March 31, 2026**	**As at December 31, 2025**
Balance, beginning of period	**$ 332,466**	$ 428,472
Income on investment in Topaz	**5,188**	75,990
Dividends received from Topaz	**(8,000)**	(41,057)
Divestitures of Topaz common shares	–	(130,939)
Balance, end of period	**$ 329,654**	$ 332,466

For the three months ended March 31, 2026, Topaz paid a cash dividend of $0.34 per common share and Tourmaline received $8.0 million, which was recorded as a reduction to the investment in Topaz.

11. SHARE CAPITAL

(a) Authorized

Unlimited number of Common Shares without par value.

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

(b) Common Shares Issued

	As at March 31, 2026		**As at December 31, 2025**	
(000s) except share amounts	**Number of Shares**	**Amount**	**Number of Shares**	**Amount**
Balance, beginning of period	**387,057,403**	**$10,673,117**	373,684,018	$ 9,856,122
Issued on corporate acquisitions	–	–	12,125,327	767,186
For cash on exercise of stock options	**1,087,719**	**38,889**	1,248,058	38,484
Contributed surplus on exercise of stock options	–	**11,563**	–	11,325
Balance, end of period	**388,145,122**	**$10,723,569**	387,057,403	$10,673,117

Normal course issuer bid

The Company has a normal course issuer bid ("NCIB") in place. On August 6, 2025, the Company renewed its NCIB allowing up to 19,342,343 common shares, representing 5% of its common shares outstanding at July 31, 2025, to be purchased over a period of twelve months commencing on August 8, 2025 and expiring on August 7, 2026. Under the NCIB, common shares may be repurchased at prevailing market prices and any common shares that are purchased under the NCIB will be cancelled upon their purchase by the Company. For the three months ended March 31, 2026, the Company did not purchase any common shares for cancellation.

Dividends

During the three months ended March 31, 2026, the Company paid its quarterly base cash dividend of $0.50 per common share totalling $193.8 million, compared to its quarterly base cash dividend of $0.50 per common share totalling $187.1 million for the same period of the prior year.

For the three months ended March 31, 2026, the Company did not pay a special dividend (March 31, 2025 – $0.35 per common share totalling $131.0 million).

12. EARNINGS PER SHARE

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

	Three Months Ended March 31,	
	2026	**2025**
Net income and comprehensive income for the period *(000s)*	**$ 657,560**	$ 212,678
Weighted average number of common shares – basic	**387,306,776**	374,114,476
Earnings per share – basic	**$ 1.70**	$ 0.57

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

	Three Months Ended March 31,	
	2026	**2025**
Net income and comprehensive income for the period *(000s)*	**$ 657,560**	$ 212,678
Weighted average number of common shares – diluted	**389,355,896**	376,842,319
Earnings per share – diluted	**$ 1.69**	$ 0.56

There were 15,963,599 options excluded from the weighted-average share calculations for the three months ended March 31, 2026 because they were anti-dilutive (three months ended March 31, 2025 - 11,673,268 options were anti-dilutive).

13. SHARE-BASED PAYMENTS

STOCK OPTION PLAN

The Company has a rolling stock option plan. Under the employee stock option plan, the Company may grant options to its employees up to 29,110,884 shares of common stock, which represents 7.5% of the current outstanding common shares. The exercise price of each option equals the volume-weighted average market price for the five days preceding the issue date of the Company's stock on the date of grant and the option's maximum term is seven years. Options are granted throughout the year and vest 1/3 on each of the first, second and third anniversaries from the date of grant.

	Three Months Ended March 31,			
		2026		**2025**
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Stock options outstanding, beginning of period	**20,751,497**	**$ 60.02**	17,417,581	$ 57.14
Granted	**164,500**	**61.90**	472,200	67.83
Exercised	**(1,087,719)**	**35.75**	(839,130)	33.18
Forfeited	**(224,255)**	**65.01**	(123,232)	67.72
Stock options outstanding, end of period	**19,604,023**	**$ 61.33**	16,927,419	$ 58.55

The average trading price of the Company's common shares was $63.22 during the three months ended March 31, 2026 (three months ended March 31, 2025 – $67.39).

The following table summarizes stock options outstanding and exercisable at March 31, 2026:

Range of Exercise Price	Number Outstanding at Period End	Weighted Average Remaining Contractual Life		Weighted Average Exercise Price	Number Exercisable at Period End		Weighted Average Exercise Price
$12.60 – 60.05	3,926,669	2.72	$	35.51	3,339,278	$	31.53
$60.06 – 63.29	3,914,839	6.42		62.78	245,437		61.48
$63.30 – 66.16	4,200,225	4.80		65.61	2,216,285		65.94
$66.17 – 68.20	3,777,215	5.42		67.06	1,277,971		67.09
$68.21 – 80.06	3,785,075	3.53		76.15	3,516,117		76.72
	19,604,023	4.58	$	61.33	10,595,088	$	58.71

The fair value of options granted during the three-months ended March 31, 2026 was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions and resulting values:

	Three Months Ended March 31,			
		2026		**2025**
Fair value of options granted (weighted average)	**$**	**13.33**	$	17.30
Risk-free interest rate		**2.67%**		2.78%
Estimated hold period prior to exercise		**4.2 Years**		4.2 Years
Expected volatility		**32%**		34%
Forfeiture rate		**1.9%**		1.9%
Dividend per share	**$**	**1.98**	$	1.54

RESTRICTED SHARE UNIT ("RSU") PLAN

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

The following table summarizes the RSUs outstanding at March 31, 2026:

	Three Months Ended March 31,	
	2026	**2025**
RSUs outstanding, beginning of period	**917,468**	728,321
Settled	**(3,566)**	(94)
Forfeited	**(16,835)**	(4,607)
Dividends reinvested	**6,599**	9,013
RSUs outstanding, end of period	**903,666**	732,633

The expense related to RSUs is calculated using the fair value method based on the Company's share price at the grant date and is recorded in share-based payments with a portion being capitalized.

14. COMMITMENTS

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

PAYMENTS DUE BY YEAR

(000s)	1 Year	2-3 Years	4-5 Years	>5 Years	Total
Operating commitments (1)	$ 7,628	$ 15,742	$ 15,963	$ 23,911	$ 63,244
Firm transportation agreements	1,150,249	2,025,889	1,568,048	6,252,681	10,996,867
Processing commitments (2)	233,592	384,094	288,483	500,422	1,406,591
Capital commitments (3)	11,689	16,193	1,414	–	29,296
Commercial paper (4)	154,632	–	–	–	154,632
Senior unsecured notes (5)	32,226	735,363	269,232	–	1,036,821
	$1,590,016	$ 3,177,281	$ 2,143,140	$6,777,014	$13,687,451

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

(2) Includes processing and logistics commitments.

(3) Includes drilling commitments.

(4) Includes interest expense at 2.76% being the rate applicable to outstanding CP at March 31, 2026.

(5) Includes interest expense at 3.39% being the average rate applicable on the senior unsecured notes at March 31, 2026 with interest payments made semi-annually.

15. REVENUE

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

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

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

	Three Months Ended March 31,	
(000s)	**2026**	**2025**
Natural gas		
Sales from production	**$ 740,315**	$ 712,522
Premium on risk management activities	**266,373**	329,227
	1,006,688	1,041,749
Oil		
Sales from production	**47,300**	96,819
Premium on risk management activities	**1,793**	2,184
	49,093	99,003
Condensate		
Sales from production	**358,367**	360,740
(Loss) on risk management activities	**(958)**	(142)
	357,409	360,598
NGL		
Sales from production	**301,067**	287,486
Premium (loss) on risk management activities	**(9,311)**	6,340
	291,756	293,826
Marketing revenue [(1)]	**71,248**	17,791
Total		
Commodity sales from production	**1,447,049**	1,457,567
Premium on risk management activities	**257,897**	337,609
Marketing revenue	**71,248**	17,791
Revenue from contracts with customers	**$ 1,776,194**	$ 1,812,967

(1) Marketing revenue represents the sale of commodities purchased from third parties. For the three months ended March 31, 2026, the Company had marketing purchases from third parties of $63.0 million (three months ended March 31, 2025 - $16.3 million).

16. RELATED PARTY

The Company has entered into a number of agreements with Topaz, relating to both royalty and infrastructure assets. From January 1, 2026, to March 31, 2026, gross overriding royalties of $31.3 million and processing fees of $10.1 million were payable to Topaz and are included in the Company's consolidated statement of income and comprehensive income as royalties and operating expenses. At March 31, 2026, $25.2 million of the Company's accounts payable balance was due to Topaz.