

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(000s) (unaudited)</i>	March 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 71,582	\$ 220,168
Accounts receivable	378,100	363,640
Prepaid expenses and deposits	18,917	22,591
Fair value of financial instruments <i>(note 3)</i>	15,516	23,074
Total current assets	484,115	629,473
Long-term asset	4,512	4,758
Fair value of financial instruments <i>(note 3)</i>	4,851	2,385
Exploration and evaluation assets <i>(note 4)</i>	489,449	509,533
Property, plant and equipment <i>(note 5)</i>	11,734,534	11,632,033
Right-of-use asset <i>(note 6)</i>	11,054	12,018
Total Assets	\$12,728,515	\$ 12,790,200
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 635,801	\$ 450,510
Lease liabilities <i>(note 6)</i>	2,409	3,412
Fair value of financial instruments <i>(note 3)</i>	88,818	59,189
Decommissioning obligations <i>(note 7)</i>	6,679	4,618
Total current liabilities	733,707	517,729
Bank debt <i>(note 8)</i>	1,217,824	1,942,259
Senior unsecured notes <i>(note 9)</i>	248,802	–
Lease liabilities <i>(note 6)</i>	8,839	8,763
Fair value of financial instruments <i>(note 3)</i>	45,894	48,361
Decommissioning obligations <i>(note 7)</i>	508,342	590,814
Deferred taxes	485,411	405,736
Shareholders' equity:		
Share capital <i>(note 11)</i>	6,334,435	6,328,115
Non-controlling interest <i>(note 10)</i>	460,638	467,443
Contributed surplus	310,379	307,152
Retained earnings	2,374,244	2,173,828
Total shareholders' equity	9,479,696	9,276,538
Total Liabilities and Shareholders' Equity	\$12,728,515	\$ 12,790,200

Commitments (note 14).

Subsequent events (note 3).

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(000s) except per-share amounts (unaudited)	Three Months Ended March 31,	
	2021	2020
Revenue:		
Commodity sales from production (note 15)	\$ 996,035	\$ 525,649
Premium (loss) on risk management activities (note 15)	37,061	(23,842)
Marketing revenue (note 15)	17,383	23,127
Royalties	(53,776)	(16,929)
Other income	13,977	8,613
Realized gain (loss) on financial instruments	(27,832)	23,108
Unrealized gain (loss) on financial instruments (note 3)	(32,254)	129,912
Total revenue	950,594	669,638
Expenses:		
Operating	134,840	83,406
Transportation	161,099	122,186
Marketing purchases	17,125	21,519
General and administration	23,388	16,269
Share-based payments	2,696	2,432
Depletion, depreciation, amortization and impairment (notes 4, 5 and 6)	264,533	503,526
Realized foreign exchange (gain) loss	525	(3,391)
Unrealized foreign exchange (gain) loss	1,966	(1,376)
(Gain) on acquisitions and divestitures	–	(34,204)
Total expenses	606,172	710,367
Income (loss) from operations	344,422	(40,729)
Finance expenses	14,324	15,915
Income (loss) before taxes	330,098	(56,644)
Deferred tax expense (recovery)	79,675	(20,510)
Net income (loss) and comprehensive income (loss) before non-controlling interest	250,423	(36,134)
Net income (loss) and comprehensive income (loss) attributable to:		
Shareholders of the Company	247,837	(35,812)
Non-controlling interest (note 10)	2,586	(322)
	\$ 250,423	\$ (36,134)
Net income (loss) per share attributable to common shareholders (note 12)		
Basic	\$ 0.84	\$ (0.13)
Diluted	\$ 0.83	\$ (0.13)

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(000s) (unaudited)</i>	Share Capital	Contributed Surplus	Retained Earnings	Non-Controlling Interest	Total Equity
Balance at December 31, 2020	\$ 6,328,115	\$ 307,152	\$ 2,173,828	\$ 467,443	\$ 9,276,538
Issue of Topaz common shares to NCI (<i>note 10</i>)			82	1,501	1,583
Share-based payments	–	2,696	–	–	2,696
Capitalized share-based payments	–	1,766	–	–	1,766
Options exercised (<i>note 11</i>)	6,320	(1,235)	–	–	5,085
Dividends paid (<i>note 11</i>)	–	–	(47,503)	(10,892)	(58,395)
Income attributable to common shareholders	–	–	247,837	–	247,837
Income attributable to non-controlling interest	–	–	–	2,586	2,586
Balance at March 31, 2021	\$ 6,334,435	\$ 310,379	\$ 2,374,244	\$ 460,638	\$ 9,479,696

<i>(000s) (unaudited)</i>	Share Capital	Contributed Surplus	Retained Earnings	Non-Controlling Interest	Total Equity
Balance at December 31, 2019	\$ 5,886,977	\$ 287,410	\$ 1,610,631	\$ 181,571	\$ 7,966,589
Share-based payments	–	2,432	–	–	2,432
Capitalized share-based payments	–	1,692	–	–	1,692
Purchase of common shares under NCIB (<i>note 11</i>)	(4,814)	2,661	–	–	(2,153)
Dividends paid (<i>note 11</i>)	–	–	(32,519)	(4,147)	(36,666)
(Loss) attributable to common shareholders	–	–	(35,812)	–	(35,812)
(Loss) attributable to non-controlling interest	–	–	–	(322)	(322)
Balance at March 31, 2020	\$ 5,882,163	\$ 294,195	\$ 1,542,300	\$ 177,102	\$ 7,895,760

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

	Three Months Ended March 31,	
<i>(000s) (unaudited)</i>	2021	2020
Cash provided by (used in):		
Operations:		
Net income (loss)	\$ 247,837	\$ (35,812)
Items not involving cash:		
Depletion, depreciation, amortization and impairment	264,533	503,526
Accretion (<i>note 7</i>)	2,805	1,036
Lease interest expense (<i>note 6</i>)	90	39
Share-based payments (<i>note 13</i>)	2,696	2,432
Deferred tax expense (recovery)	79,675	(20,510)
Unrealized (gain) loss on financial instruments (<i>note 3</i>)	32,254	(129,912)
(Gain) on acquisitions and divestitures (<i>note 5</i>)	–	(34,204)
Amortization on long-term asset	246	186
Non-controlling interest (<i>note 10</i>)	2,586	(322)
Unrealized foreign exchange (gain) loss	1,966	(1,376)
Decommissioning expenditures (<i>note 7</i>)	(5,363)	(1,365)
Changes in non-cash operating working capital	120,804	58,240
Total cash flow from operating activities	750,129	341,958
Financing:		
Issue of common shares	5,085	–
Purchase of common shares under NCIB (<i>note 11</i>)	–	(2,153)
Issuance of Topaz common shares to NCI	1,583	–
Lease payments (<i>note 6</i>)	(984)	(1,296)
Dividends paid (<i>note 11</i>)	(58,395)	(36,666)
(Decrease) in bank debt	(724,435)	(48,636)
Increase in senior unsecured notes	248,802	–
Total cash flow used in financing activities	(528,344)	(88,751)
Investing:		
Exploration and evaluation (<i>note 4</i>)	–	(2,284)
Property, plant and equipment (<i>note 5</i>)	(396,408)	(312,545)
Property acquisitions (<i>note 5</i>)	(26,294)	(3,020)
Proceeds from divestitures (<i>note 5</i>)	596	235
Corporate acquisitions (<i>note 5</i>)	–	(11,970)
Changes in non-cash investing working capital	51,735	76,377
Total cash flow used in investing activities	(370,371)	(253,207)
Changes in cash	(148,586)	–
Cash, beginning of period	220,168	–
Cash, end of period	\$ 71,582	\$ –

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, 2021 AND FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(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 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 5, 2021.

The Company’s registered office is located at Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta, Canada T2P 1G1.

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, 2020.

These unaudited interim condensed consolidated financial statements are presented in Canadian dollars and include the accounts of Tourmaline Oil Corp., and Tourmaline Oil Corp.’s 51.6% owned subsidiary Topaz Energy Corp. (“Topaz”) (note 10), which have a functional currency of Canadian dollars. Tourmaline Oil Corp. also includes its 100% owned subsidiary Tourmaline Oil Marketing Corp., which has a functional currency of US dollars.

On January 1, 2021, the Company’s subsidiaries Polar Star Canadian Oil and Gas Inc. (“Polar Star”), Chinook Energy Inc. (“Chinook”), Modern Resources Inc. (“Modern”), and Jupiter Resources Inc. (“Jupiter”) were amalgamated into Tourmaline.

The accounting policies and significant accounting judgments, estimates, and assumptions used in these unaudited interim condensed consolidated financial statements are consistent with those described in Notes 1 and 2 of the Company’s consolidated financial statements for the year ended December 31, 2020.

OPERATING ENVIRONMENT AND THE COVID-19 PANDEMIC

The COVID-19 pandemic has had a negative impact on global economic conditions in 2020 and 2021. This included a large decrease in oil demand which combined with other macro-economic conditions resulted in significant volatility of commodity prices as well as increased economic uncertainty.

The Company has increased its monitoring of receivables due from oil and natural gas marketers and from joint asset partners to manage credit risk. The Company historically has not experienced any collection issues with oil and natural gas marketers as a significant portion of these receivables are with creditworthy purchasers. To protect against credit losses from joint-asset partners, the Company has the ability to withhold production in the event of non-payment and the ability to obtain the partners' share of capital expenditures in advance of a project. The Company believes that its receivables at March 31, 2021 are substantially collectible.

In response to the COVID-19 pandemic, the Company is following all applicable rules and regulations as set out by the relevant health authorities and has implemented many health and safety protocols into its operations.

Due to the uncertainty surrounding the magnitude, duration and potential outcomes of the COVID-19 pandemic, 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.

Capital management:

During this period of economic uncertainty, the Company is committed to maintaining its strong statement of financial position and financial liquidity. At March 31, 2021, the Company had \$71.6 million in cash held in one of its subsidiaries and \$1.9 billion in unutilized borrowing capacity on its credit facilities, all of which are covenant based and not directly tied to changes in the Company's oil and gas reserves, insulating the Company's borrowing capacity against large swings in commodity price forecasts used to calculate reserve values. At March 31, 2021, the Company was in compliance with all of its covenants under its credit facilities and has sufficient room under those covenants to allow for deterioration of commodity prices or an increase in future borrowings to navigate through these uncertain times, if required. The Company believes it has sufficient liquidity through cash flow to execute its 2021 capital budget and continues to monitor and adjust as necessary.

Since the economic impacts of the COVID-19 pandemic began, the Company has chosen to stop repurchasing shares through the Company's normal course issuer bid, while choosing to focus on liquidity through this volatile commodity price and macro economic environment.

2. DETERMINATION OF FAIR VALUE

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

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

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

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

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

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

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, 2020.

As at March 31, 2021, the Company has entered into certain financial derivative contracts in order to manage commodity price, foreign exchange and interest rate 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 and interest rate 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 (loss) and comprehensive income (loss).

The Company has the following financial derivative contracts in place as at March 31, 2021 ⁽¹⁾:

		2021	2022	2023	2024	Fair Value (000s)
Gas						
AECO swaps ⁽²⁾⁽⁴⁾	<i>mmbtu/d</i>	93,193	–	–	–	\$ (10,239)
	<i>CAD\$/mmbtu</i>	\$ 2.19	\$			
NYMEX swaps	<i>mmbtu/d</i>	191,713	60,833	–	–	\$ 7,336
	<i>USD\$/mmbtu</i>	\$ 2.80	\$ 2.72			
AECO Basis swap	<i>mmbtu/d</i>	778	–	–	–	\$ (232)
	<i>CAD\$/mmbtu</i>	\$ (1.50)				
Basis differentials – other	<i>mmbtu/d</i>	37,500	37,500	37,500	27,500	\$ (37,909)
	<i>USD\$/mmbtu</i>	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.28	
Call options (writer) ⁽³⁾	<i>mmbtu/d</i>	25,000	55,000	–	–	\$ (3,063)
	<i>USD\$/mmbtu</i>	\$ 3.50	\$ 3.50			
Oil						
Financial swaps	<i>bbls/d</i>	11,162	3,996	–	–	\$ (40,508)
	<i>USD\$/bbl</i>	\$ 47.59	\$ 55.93			
Financial swaps	<i>bbls/d</i>	1,500	100	–	–	\$ (6,122)
	<i>CAD\$/bbl</i>	\$ 60.09	\$ 66.90			
Financial collars	<i>bbls/d</i>	2,169	248	–	–	\$ (3,062)
	<i>USD\$/bbl</i>	\$ 46.32 - \$ 57.60	\$ 55.00 - \$ 65.70			
NYMEX call options ⁽⁵⁾	<i>bbls/d</i>	335	–	1,000	–	\$ (3,318)
	<i>USD\$/bbl</i>	\$ 51.60		\$ 60.00		
Propane Financial Swaps ⁽⁶⁾	<i>bbls/d</i>	2,665	–	–	–	\$ (1,324)
	<i>USD\$/bbl</i>	\$ 34.23				
Total fair value						\$ (98,441)

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

(2) A portion of these deals have been entered into by Topaz.

(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) These deals are a combination of 5A and 7A underlying.

(5) These are comprised of both European and Asian call options.

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

The Company has entered into the following financial commodity derivative contracts subsequent to March 31, 2021.

Type of Contract	Quantity	Time Period	Contract Price
NYMEX swap	10,000 mmbtu/d	January – December 2022	USD \$2.69/mmbtu average
NYMEX swap	5,000 mmbtu/d	January – December 2022	USD \$3.69/mmbtu average
NYMEX oil swap	2,000 bbls/d	January – December 2022	USD \$59.85/bbl average
NYMEX call option	1,000 bbls/d	January – December 2023	USD \$60.00/bbl

The Company has entered into multiple interest rate swaps over the next six years at an annual average interest rate as detailed below:

	2021	2022	2023	2024	2025	2026	2027	Fair Value
Effective interest rate ⁽¹⁾	1.81%	1.87%	1.99%	2.02%	1.42%	1.10%	1.10%	
Notional amount hedged (000s)	\$ 752,986	\$ 705,570	\$ 533,802	\$ 224,733	\$ 50,067	\$ 25,000	\$ 6,319	\$ (20,423)

(1) Canadian dealer offer rate, excluding stamping and stand-by fees.

The Company has not entered into any interest rate derivative contracts subsequent to March 31, 2021.

The Company has the following financial foreign currency derivative contracts in place at March 31, 2021:

		2021	2022	Fair Value (000s)
Costless collar ⁽¹⁾	\$USD(000s) Monthly	\$ 32,700	\$ 3,000	\$ 3,974
	\$CAD/\$USD	\$ 1.250 – \$ 1.317	\$ 1.250 – \$ 1.373	
Average rate forward	\$USD(000s) Monthly	\$ 3,000	–	\$ 545
	\$CAD/\$USD	\$ 1.269		
Total fair value				\$ 4,519

(1) A portion of these financial collars have a European call writer option at year end that if called would result in an average rate forward for the following year in the following amounts, \$12.0 million/month at \$1.333 for 2021 and \$3.0 million/month at \$1.373 for 2022.

The Company has not entered into any foreign currency derivative contracts subsequent to March 31, 2021.

The following table provides a summary of the unrealized gains (losses) on financial instruments recorded in the interim consolidated statements of income (loss) and comprehensive income (loss) for the three months ended March 31, 2021 and 2020:

(000s)	Three Months Ended March 31,	
	2021	2020
Unrealized gain (loss) on financial instruments – commodity contracts	\$ (44,482)	\$ 159,203
Unrealized gain (loss) on financial instruments – interest rate swaps	8,723	(31,006)
Unrealized gain on financial instruments – foreign currency	3,505	1,715
Total unrealized gain (loss) on financial instruments	\$ (32,254)	\$ 129,912

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 interim condensed consolidated financial statements.

The Company has the following physical commodity contracts in place at March 31, 2021 ⁽¹⁾⁽⁵⁾:

		2021	2022	2023	2024	2025
Gas						
Fixed price ⁽²⁾	<i>mcf/d</i>	342,727	53,928	2,068	1,243	–
	<i>CAD\$/mcf</i>	\$ 2.63	\$ 3.02	\$ 3.14	\$ 3.14	
Basis differentials - AECO ⁽³⁾	<i>mmbtu/d</i>	257,482	217,500	138,315	70,833	–
	<i>USD\$/mmbtu</i>	\$ (0.70)	\$ (0.70)	\$ (0.76)	\$ (0.72)	
Basis differentials - Dawn	<i>mmbtu/d</i>	6,091	20,000	10,000	–	–
	<i>USD\$/mmbtu</i>	\$ (0.07)	\$ (0.10)	\$ (0.09)		
Basis differentials – Stn 2	<i>mcf/d</i>	31,581	22,337	16,658	–	–
	<i>CAD\$/mcf</i>	\$ (0.02)	\$ 0.07	\$ 0.35		
Basis differentials – Other ⁽⁴⁾	<i>mcf/d</i>	45,000	45,000	47,514	62,500	–
	<i>USD\$/mcf</i>	\$ 0.22	\$ 0.22	\$ 0.16	\$ (0.09)	
Oil						
Basis differentials ⁽⁶⁾	<i>bbls/d</i>	3,089	1,034	–	–	–
	<i>USD\$/bbl</i>	\$ (5.14)	\$ (4.75)			
Condensate differentials ⁽⁷⁾	<i>bbls/d</i>	5,320	2,069	–	–	–
	<i>USD\$/bbl</i>	\$ (1.48)	\$ (2.13)			

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

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

(3) A portion of these basis deals have a cap on NYMEX, 52.5 mmcf/d at USD\$4.47/mcf from 2021-2022 and 43.3 mmcf/d at USD\$4.49/mcf from 2023-2024.

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

(5) Tourmaline also has entered into deals to sell 20,000 mmbtu/d priced off Chicago GDD that extend into 2030; 5,000 mmbtu/d priced off Chicago GDD that extends to 2023; and 30,000 mmbtu/d priced off Chicago GDD that extends into 2027. Tourmaline reserves the right to periodically fix the price or lock in the basis in each market.

(6) Tourmaline sells physical crude at a fixed differential to NYMEX.

(7) Tourmaline sells physical condensate at a fixed differential to NYMEX.

The Company has entered into the following physical contracts subsequent to March 31, 2021:

Type of Contract	Quantity	Time Period	Contract Price
Gas Fixed Price	50,000 GJ/d	May 2021	CAD \$2.63/GJ average
Gas Fixed Price	6,000 GJ/d	June 2021	CAD \$2.70/GJ average
Gas Fixed Price	3,000 GJ/d	July 2021	CAD \$2.68/GJ average
Basis differentials – NYMEX	25,000 mmbtu/d	May 2021	USD \$(0.24)/mmbtu
Basis differentials – NYMEX	10,000 mmbtu/d	June 2021	USD \$(0.51)/mmbtu
Basis differentials – NYMEX	5,000 mmbtu/d	January – December 2022	USD \$1.01/mmbtu
Basis differentials – NYMEX	10,000 mmbtu/d	January 2022 – December 2023	USD \$(0.667)/mmbtu
Basis differentials – NYMEX	5,000 GJ/d	January 2023 – December 2024	USD \$(0.065)/mmbtu
Basis differentials – NYMEX	10,000 GJ/d	January – December 2024	USD \$(0.69)/mmbtu

4. EXPLORATION AND EVALUATION ASSETS

(000s)

As at December 31, 2019	\$ 621,656
Capital expenditures	6,633
Transfers to property, plant and equipment (note 6)	(90,912)
Acquisitions	20,949
Divestitures	(6,240)
Expired mineral leases	(42,553)
As at December 31, 2020	\$ 509,533
Capital expenditures	–
Transfers to property, plant and equipment (note 5)	(15,403)
Acquisitions	–
Divestitures	(476)
Expired mineral leases	(4,205)
As at March 31, 2021	\$ 489,449

Exploration and evaluation (“E&E”) assets consist of the Company’s exploration projects which are pending the determination of proven and/or probable reserves. Additions represent the Company’s share of costs on E&E assets during the year. Expired mineral lease expenses have been included in the “Depletion, Depreciation, Amortization and Impairment” line item on the interim statements of income (loss) and comprehensive income (loss).

Impairment Assessment

In accordance with IFRS, an impairment test is performed if the Company identifies an indicator of impairment. At March 31, 2021 and December 31, 2020, the Company determined that no internal or external indicators of impairment existed on its E&E assets; therefore, an impairment test was not performed.

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

Cost

(000s)

As at January 1, 2020	\$ 15,085,743
Capital expenditures	912,551
Transfers from exploration and evaluation (note 4)	90,912
Change in decommissioning liabilities (note 7)	208,134
Corporate acquisitions	1,085,062
Acquisitions	173,013
Divestitures	(230)
As at December 31, 2020	17,555,185
Capital expenditures	398,174
Transfers from exploration and evaluation (note 4)	15,403
Change in decommissioning liabilities (note 7)	(79,807)
Property acquisitions	28,281
Divestitures	(153)
As at March 31, 2021	\$ 17,917,083

Accumulated Depletion, Depreciation, Amortization and Impairment

(000s)

As at January 1, 2020	\$ 4,830,553
Depletion, depreciation and amortization	842,599
Impairment expense	250,000
As at December 31, 2020	5,923,152
Depletion, depreciation and amortization	259,397
As at March 31, 2021	\$ 6,182,549

Net Book Value

(000s)

As at December 31, 2020	\$ 11,632,033
As at March 31, 2021	\$ 11,734,534

Future development costs of \$8,923.3 million were included in the depletion calculation at March 31, 2021 (December 31, 2020 – \$8,787.2 million).

Capitalization of G&A and Share-Based Payments

A total of \$9.0 million in G&A expenditures have been capitalized and included in PP&E for the three months ended March 31, 2021 (December 31, 2020 – \$32.5 million). Also included in PP&E are non-cash share-based payments of \$1.8 million (December 31, 2020 - \$7.2 million).

Impairment Assessment

In accordance with IFRS, an impairment test is performed on a CGU if the Company identifies an indicator of impairment or reversal of impairment. At March 31, 2021, the Company did not identify indicators of impairment or reversal of impairment on any of its CGUs and therefore, an impairment or reversal of impairment test was not performed.

The Company recorded an aggregate impairment charge of \$250.0 million related to the Spirit River CGU for the year ended December 31, 2020 as a result of an impairment test performed at March 31, 2020. The impairment was reaffirmed at December 31, 2020. The impairment was a result of the material decrease in the forecasted oil and gas commodity prices. The decrease in the forecasted oil and gas commodity prices resulted in a significant drop in the discounted cash flows from proved and probable oil and gas reserves in the Spirit River CGU. There were no impairments recorded in the Company's other CGUs.

At December 31, 2020, the Company identified indicators of impairment on all of its CGUs due to a decrease in the expected future cash flows due to a decrease in natural gas sales point diversification premiums since December 31, 2019 along with the significant commodity price volatility throughout 2020 and the continuing economic uncertainty surrounding the impact of COVID-19. The Company performed impairment tests and determined that there was no impairment or reversal of impairment to PP&E at December 31, 2020.

The estimated recoverable amount and resulting impairment expense, if any, of the Company's CGUs is sensitive to changes in discount rates and forward price curves over the life of the reserves. The external reserve evaluators also assess many other financial assumptions regarding royalty rates, operating costs and future development costs along with several other non-financial assumptions that affect reserve volumes. Management considered these assumptions for the impairment test at March 31, 2020 and December 31, 2020; however, it should be noted that all estimates are subject to uncertainty.

Acquisitions and Dispositions of Oil and Natural Gas Properties

On January 24, 2021, Topaz acquired a 49.5% working interest in certain water infrastructure assets for cash consideration of \$12.0 million, before customary closing adjustments. The acquisition resulted in an increase in PP&E of approximately \$14.0 million and the assumption of \$2.0 million in decommissioning liabilities. Topaz applied the optional IFRS 3 concentration test to this acquisition which resulted in the acquired assets being accounted for as an asset acquisition.

On March 5, 2021, Topaz acquired a royalty interest on developed and undeveloped lands in the Clearwater area of Alberta for cash consideration of \$13.7 million, before customary closing adjustments. The acquisition resulted in an increase in PP&E of approximately \$13.7 million. Topaz applied the optional IFRS 3 concentration test to this acquisition which resulted in the acquired assets being accounted for as an asset acquisition.

In total, for the three months ended March 31, 2021, the Company completed property acquisitions for cash consideration of \$26.3 million, including the acquisitions discussed above (December 31, 2020 - \$171.9 million) and nil in acquisitions involving non-cash consideration (December 31, 2020 - \$6.2 million). The Company assumed \$2.0 million in decommissioning liabilities as a result of these acquisitions (December 31, 2020 - \$15.9 million).

The Company also completed property dispositions, for the three months ended March 31, 2021, for total cash consideration of \$0.6 million (December 31, 2020 - \$0.2 million) and non-cash consideration of nil (December 31, 2020 - \$6.2 million).

6. LEASES

Right-of-Use Assets

<i>(000s)</i>	As at March 31, 2021	As at December 31, 2020
Balance, beginning of period	\$ 12,018	\$ 10,831
Additions	301	2,704
Modifications	(334)	–
Right-of-use assets acquired from corporate acquisitions	–	1,701
Depreciation	(931)	(3,218)
Balance, end of period	\$ 11,054	\$ 12,018

Lease Liabilities

<i>(000s)</i>	As at March 31, 2021	As at December 31, 2020
Balance, beginning of period	\$ 12,175	\$ 10,879
Additions	301	2,704
Modifications	(334)	–
Lease liabilities acquired from corporate acquisitions	–	1,701
Lease interest expense	90	289
Lease payments	(984)	(3,398)
Balance, end of period	\$ 11,248	\$ 12,175
Current lease liabilities	\$ 2,409	\$ 3,412
Long-term lease liabilities	\$ 8,839	\$ 8,763

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

7. DECOMMISSIONING OBLIGATIONS

The Company's decommissioning obligations result from net ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. The Company estimates the total inflated but undiscounted amount of cash flow required to settle its decommissioning obligations is approximately \$831.2 million (December 31, 2020 – \$783.4 million). A risk-free rate of 1.97% (December 31, 2020 – 1.21%) and an inflation rate of 1.69% (December 31, 2020 – 1.49%) were used to calculate the decommissioning obligations. The decommissioning obligations at March 31, 2021 have been adjusted by approximately \$86.6 million reflecting the change in the risk-free rate and the inflation rate.

(000s)	As at March 31, 2021	As at December 31, 2020
Balance, beginning of period	\$ 595,432	\$ 321,863
Obligation incurred	6,776	16,160
Obligation incurred on corporate acquisitions (note 5)	–	50,731
Obligation incurred on property acquisitions (note 5)	1,954	15,850
Obligation settled	(5,363)	(6,569)
Accretion expense	2,805	5,423
Change in future estimated cash outlays	(86,583)	191,974
Balance, end of period	\$ 515,021	\$ 595,432
Current decommissioning obligations	\$ 6,679	\$ 4,618
Long-term decommissioning obligation	\$ 508,342	\$ 590,814

8. BANK DEBT

(000s)	As at March 31, 2021	As at December 31, 2020
Revolving credit facility	\$ 274,687	\$ 994,948
Term debt	950,000	949,495
Debt issue costs	(6,863)	(2,184)
Bank debt	\$ 1,217,824	\$ 1,942,259

The Company has a covenant-based, unsecured, five-year extendible revolving credit facility in place with a syndicate of banks, in the amount of \$1.8 billion. In March 2021, the Company extended the maturity date of the revolving credit facility to June 2026. With the exception of the change in maturity date, the revolving credit facility was renewed under the same terms and conditions as those described in note 9 of the Company's consolidated financial statements for the year ended December 31, 2020. The maturity date may, at the request of the Company and with consent of the lenders, be extended on an annual basis. The revolving credit facility includes an expansion feature ("accordion") which allows the Company, upon approval from the lenders, to increase the facility amount by up to \$500.0 million by adding a new financial institution or by increasing the commitment of its existing lenders. The revolving credit facility can be drawn in either Canadian or U.S. funds and bears interest at the agent bank's prime lending rate, banker's acceptance rates or LIBOR (for U.S. borrowings), plus applicable margins.

Under the terms of the revolving credit facility, Tourmaline is subject to the following covenants, on a rolling four-quarter basis: (i) the ratio of adjusted EBITDA to interest expense must exceed 3:1, and (ii) the ratio of total debt to total capitalization must not exceed 0.6:1. At March 31, 2021, adjusted EBITDA for the purposes of the above-noted covenant calculations was \$1,586.7 million (December 31, 2020 - \$1,240.3 million), on a rolling four-quarter basis. At March 31, 2021, the ratio of adjusted EBITDA to interest expense was 36:1 and the ratio of total debt to total capitalization was 0.1:1. As at, and for the quarter ending, March 31, 2021, the Company is in compliance with all debt covenants.

The Company has a \$950.0 million term loan with a syndicate of banks. In March 2021, the Company extended the maturity date of the term loan to June 2026. With the exception of the change in maturity date, the term loan was renewed under the same terms and conditions as those described in note 9 of the Company's consolidated financial statements for the year ended December 31, 2020. The term loan can be drawn in either Canadian or U.S. funds and bears interest at the agent bank's prime lending rate, banker's acceptance rates or LIBOR (for U.S. borrowings), plus 150 basis points. The maturity date may, at the request of the Company and with consent of the lenders, be extended on an annual basis. The covenants for the term loan are the same as those under the Company's revolving credit facility and the term loan ranks equally with the revolving credit facility.

U.S. dollar LIBOR benchmarks will begin phasing out on December 31, 2021. The Company expects the U.S. LIBOR benchmarks to be replaced with an alternative that will apply to our U.S. dollar borrowings to be used at our option. We do not expect this change to have a material impact to the Company.

The Company also has a covenant-based, unsecured, operating credit facility with a Canadian bank in the amount of \$50.0 million. In March 2021, the Company extended the maturity date of the operating credit facility to June 2023. With the exception of the change in maturity date, the term loan was renewed under the same terms and conditions as those described in note 9 of the Company's consolidated financial statements for the year ended December 31, 2020. The maturity date may, at the request of the Company and with consent of the lender, be extended on an annual basis. The covenants are the same as the revolving credit facility. At March 31, 2021, the operating credit facility was not drawn.

Additionally, the Company has a letter of credit facility payable on demand in the amount of \$50.0 million with a Canadian bank. Tourmaline has outstanding letters of credit in the amount of \$21.1 million at March 31, 2021 (December 31, 2020 - \$19.5 million), which reduces the credit available on this facility.

Topaz, a subsidiary of Tourmaline, has a covenant-based, secured, operating credit facility with a syndicate of Canadian banks. In February 2021, Topaz increased the operating credit facility to \$300.0 million and extended the maturity date to February 2024. With the exception of the changes in amount and maturity date, the operating credit facility was renewed under the same terms and conditions as those described in note 9 of the Company's consolidated financial statements for the year ended December 31, 2020. The maturity date may, at the request of the Company and with consent of the lender, be extended on an annual basis.

The Company's aggregate borrowing capacity is \$3.4 billion at March 31, 2021 including the senior unsecured notes (note 9). As at, and for the quarter ending March 31, 2021, the Company is in compliance with all debt covenants.

As at March 31, 2021, the Company had \$948.4 million in long-term debt outstanding and \$269.4 million drawn against the revolving credit facility for total bank debt of \$1,217.8 million (net of debt issue costs) (December 31, 2020 - \$1,942.3 million). The effective interest rate for the three months ended March 31, 2021 was 1.65% (three months ended March 31, 2020 - 3.15%).

9. SENIOR UNSECURED NOTES

(000s)	As at March 31, 2021
Senior unsecured notes	\$ 250,000
Debt issue costs	(1,198)
Senior unsecured notes	\$ 248,802

On January 25, 2021, the Company issued \$250.0 million of senior unsecured notes (the “notes”). The notes bear interest at a fixed rate of 2.077%, payable semi-annually, with a due date of January 25, 2028 and rank equally with all other present unsecured and subordinated debt of the Company.

10. NON-CONTROLLING INTEREST

At December 31, 2019, the Company owned 73.9% of Topaz, a royalty and infrastructure energy company.

On June 29, 2020, Topaz closed a private placement financing for net consideration of \$125.8 million (net of share issue costs of \$3.6 million) which resulted in the issuance of 11.7 million common shares representing 12.8% of the total common shares outstanding. The private placement resulted in Tourmaline reducing its ownership interest from 73.9% to 64.5% and increasing the non-controlling interest to 35.5%.

(000s)	
Carrying amount of NCI disposed	\$ 100,411
Consideration paid by NCI on issuance of Topaz common shares	125,825
Increase in equity attributable to shareholders of Tourmaline	\$ 25,414

On July 6, 2020, Topaz closed a private placement financing for net consideration of \$16.3 million (net of share issue costs of \$0.5 million) which resulted in the issuance of 1.5 million common shares representing 1.6% of the total common shares outstanding. The private placement resulted in Tourmaline reducing its ownership interest from 64.5% to 63.5% and increasing the non-controlling interest to 36.5%.

(000s)	
Carrying amount of NCI disposed	\$ 13,092
Consideration paid by NCI on issuance of Topaz common shares	16,278
Increase in equity attributable to shareholders of Tourmaline	\$ 3,186

On September 1, 2020, Topaz acquired from Tourmaline a 25% working interest in a natural gas processing plant owned and operated by Tourmaline. Prior to, and immediately subsequent to closing the acquisition, Topaz was a subsidiary controlled by the Company and consequently was under common control at the time of the acquisition. The Company applied the optional IFRS 3 concentration test to this acquisition which resulted in the acquired assets being accounted for by Topaz as an asset acquisition resulting in an increase to Topaz PP&E of \$52.8 million and the assumption of \$0.3 million in decommissioning liabilities in exchange for cash to Tourmaline of \$52.5 million.

On October 26, 2020, Topaz completed its initial public offering for net consideration of \$202.1 million (net of share issue costs of \$15.4 million) which resulted in the issuance of 16.7 million common shares at \$13.00 per common share representing 15.2% of the common shares outstanding. In addition to the initial public offering Tourmaline completed a secondary offering by selling 1.0 million Topaz common shares at \$13.00 per common share for net consideration of \$12.4 million (net of the broker’s commission of \$0.6 million).

On November 9, 2020, Topaz announced that in addition to the initial public offering, the over-allotment option granted to the underwriters had been exercised in full resulting in an additional 2.5 million common shares issued at \$13.00 per common share for net consideration of \$31.0 million (net of share issue costs of \$1.6 million).

The initial public offering, secondary offering and over-allotment option resulted in Tourmaline reducing its ownership interest from 63.5% to 51.7% and increasing the non-controlling interest to 48.3% at November 9, 2020.

(000s)	
Carrying amount of NCI disposed	\$ 198,115
Consideration paid by NCI on issuance and sale of Topaz common shares	250,039
Increase in equity attributable to shareholders of Tourmaline	\$ 51,924

On January 1, 2021, Tourmaline completed a gross overriding royalty disposition to Topaz on both the Modern and Jupiter lands for cash consideration of \$130.0 million. Prior to, and immediately subsequent to closing the acquisition, Topaz was a subsidiary controlled by the Company and consequently was under common control at the time of the acquisition. The Company applied the optional IFRS 3 concentration test to this acquisition which resulted in the acquired assets being accounted for by Topaz as an asset acquisition resulting in an increase to Topaz PP&E of \$130.0 million in exchange for cash to Tourmaline of \$130.0 million.

On February 24, 2021, 158,334 stock options were exercised for Topaz common shares for cash consideration of \$1.6 million resulting in Tourmaline's ownership interest being reduced from 51.7% to 51.6% at March 31, 2021.

A reconciliation of the non-controlling interest is provided below:

(000s)	As at March 31, 2021	As at December 31, 2020
Balance, beginning of period	\$ 467,443	\$ 181,571
Share of subsidiary's net income for the period	2,586	242
Topaz dividends paid to NCI	(10,892)	(25,988)
Carrying amount of NCI disposed	1,501	311,618
Balance, end of period	\$ 460,638	\$ 467,443

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

<i>(000s) except share amounts</i>	As at March 31, 2021		As at December 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period	296,571,516	\$ 6,328,115	270,997,159	\$ 5,886,977
Issued on corporate acquisitions <i>(note 5)</i>	–	–	25,700,000	444,402
Purchase of common shares under NCIB	–	–	(221,600)	(4,814)
For cash on exercise of stock options	342,645	5,085	95,957	1,261
Contributed surplus on exercise of stock options	–	1,235	–	289
Balance, end of period	296,914,161	\$ 6,334,435	296,571,516	\$ 6,328,115

Normal course issuer bid

On July 15, 2020, the Company renewed its normal course issuer bid (“NCIB”) with the Toronto Stock Exchange (“TSX”). The NCIB allows the Company to purchase up to 13,538,778 common shares, representing 5% of its common shares outstanding at June 30, 2020, over a period of twelve months commencing on July 20, 2020. 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, 2021, the Company did not purchase any common shares for cancellation.

Dividends

During the three months ended March 31, 2021, the Company paid cash dividends of \$0.16 per common share totalling \$47.5 million, compared to \$0.12 per common share totalling \$32.5 million for the same period of the prior year. Additionally, during the three months ended March 31, 2021, Topaz paid a cash dividend of \$0.20 per common share totalling \$22.5 million, compared to \$0.20 per common share totalling \$16.0 million for the same period of the prior year. The Topaz dividends paid include \$11.6 million which was paid to Tourmaline and the remainder was paid to outside investors compared to \$11.8 million in the prior year.

12. EARNINGS (LOSS) PER SHARE

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

	Three Months Ended	
	March 31,	
	2021	2020
Net income (loss) and comprehensive income (loss) attributable to shareholders of the Company for the period <i>(000s)</i>	\$ 247,837	\$ (35,812)
Weighted average number of common shares – basic	296,782,462	270,940,484
Earnings (loss) per share – basic	\$ 0.84	\$ (0.13)

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

	Three Months Ended March 31,	
	2021	2020
Net income (loss) and comprehensive income (loss) attributable to shareholders of the Company for the period (000s)	\$ 247,837	\$ (35,812)
Weighted average number of common shares – diluted	298,394,813	270,940,484
Earnings (loss) per share – fully diluted	\$ 0.83	\$ (0.13)

There were 10,390,232 options excluded from the weighted-average share calculations for the three-month period ended March 31, 2021 because they were anti-dilutive (three months ended March 31, 2020 – 18,978,734 options were anti-dilutive).

13. SHARE-BASED PAYMENTS

The Company has a rolling stock option plan. Under the employee stock option plan, the Company may grant options to its employees up to 25,237,703 shares of common stock, which represents 8.5% 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,			
	2021		2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Stock options outstanding, beginning of period	18,324,711	\$ 22.11	19,148,068	\$ 24.94
Granted	322,000	20.94	104,000	11.70
Exercised	(342,644)	14.84	–	–
Expired	(120,500)	28.39	(86,000)	37.53
Forfeited	(107,750)	28.85	(187,334)	27.92
Stock options outstanding, end of period	18,075,817	\$ 22.14	18,978,734	\$ 24.78

The average trading price of the Company's common shares was \$22.00 during the three months ended March 31, 2021 (three months ended March 31, 2020 – \$12.06).

The following table summarizes stock options outstanding and exercisable at March 31, 2021:

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
\$9.39 - \$17.38	3,627,353	5.48	\$ 12.83	873,335	\$ 12.79
\$17.39 - \$18.77	3,615,732	6.27	17.61	152,338	18.28
\$18.78 - \$22.27	3,795,782	4.49	21.71	2,449,742	21.81
\$22.28 - \$26.63	3,653,250	3.76	25.66	3,336,554	25.89
\$26.64 - \$36.99	3,383,700	2.35	33.63	3,383,700	33.63
	18,075,817	4.49	\$ 22.14	10,195,669	\$ 26.24

The fair value of options granted during the three-month period ended March 31, 2021 was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions and resulting values:

	March 31,	
	2021	2020
Fair value of options granted (weighted average)	\$ 5.67	\$ 2.54
Risk-free interest rate	0.47%	1.2%
Estimated hold period prior to exercise	5 years	5 years
Expected volatility	39%	37%
Forfeiture rate	1.9%	1.9%
Dividend per share	\$ 0.53	\$ 0.48

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⁾	\$ 2,999	\$ 4,483	\$ 4,317	\$ 2,156	\$ 13,955
Firm transportation agreements	616,359	1,204,151	1,022,708	3,030,392	5,873,610
Processing commitments ⁽²⁾	63,944	104,666	102,026	324,247	594,883
Capital commitments ⁽³⁾	2,250	–	–	–	2,250
Credit facility ⁽⁴⁾	–	–	–	302,958	302,958
Term debt ⁽⁵⁾	18,369	36,739	36,739	953,573	1,045,420
Senior unsecured notes ⁽⁶⁾	5,193	10,385	10,385	259,443	285,406
	\$ 709,114	\$ 1,360,424	\$ 1,176,175	\$ 4,872,769	\$ 8,118,482

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

(2) Includes processing commitments and power commitments.

(3) Includes drilling commitments.

(4) Includes interest expense at an annual rate of 1.89% being the rate applicable to outstanding debt on the credit facility at March 31, 2021.

(5) Includes interest expense at an annual rate of 1.93% being the fixed rate on the term debt at March 31, 2021.

(6) Includes interest expense at an annual rate of 2.08% being the fixed rate on the notes.

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 nine years. Revenues are typically collected on the 25th day of the month following production.

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

(000s)	Three Months Ended March 31,	
	2021	2020
Natural gas		
Sales from production	\$ 634,553	\$ 346,474
Premium (loss) on risk management activities	36,308	(20,288)
	670,861	326,186
Oil		
Sales from production	61,637	36,696
Premium (loss) on risk management activities	1,927	(265)
	63,564	36,431
Condensate		
Sales from production	157,144	106,478
Premium (loss) on risk management activities	(1,174)	(3,289)
	155,970	103,189
NGL		
Sales from production	142,701	36,001
Marketing revenue ⁽¹⁾	17,383	23,127
Total		
Commodity sales from production	996,035	525,649
Premium (loss) on risk management activities	37,061	(23,842)
Marketing revenue	17,383	23,127
Revenue from contracts with customers	\$ 1,050,479	\$ 524,934

(1) Marketing revenue represents the sale of commodities purchased from third parties. For the three months ended March 31, 2021, the Company had marketing purchases from third parties of \$17.1 million, (three months ended March 31, 2020 - \$21.5 million).