

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(000s) (unaudited)</i>	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Accounts receivable	\$ 581,176	\$ 731,057
Prepaid expenses and deposits	94,509	87,903
Fair value of financial instruments <i>(note 3)</i>	378,485	476,446
Income tax receivable	39,652	–
Total current assets	1,093,822	1,295,406
Long-term asset	9,630	2,107
Fair value of financial instruments <i>(note 3)</i>	666,547	719,538
Exploration and evaluation assets <i>(note 4)</i>	214,524	231,904
Property, plant and equipment <i>(note 5)</i>	17,287,889	17,214,632
Right-of-use asset <i>(note 6)</i>	25,721	25,760
Investment in Topaz <i>(note 10)</i>	586,589	608,028
Total Assets	\$ 19,884,722	\$20,097,375
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 857,317	\$ 1,101,295
Fair value of financial instruments <i>(note 3)</i>	73,146	38,911
Lease liabilities <i>(note 6)</i>	6,357	5,796
Decommissioning obligations <i>(note 7)</i>	45,000	45,000
Income tax payable	–	402,684
Total current liabilities	981,820	1,593,686
Fair value of financial instruments <i>(note 3)</i>	48,739	27,506
Lease liabilities <i>(note 6)</i>	20,251	20,509
Decommissioning obligations <i>(note 7)</i>	856,892	922,041
Bank debt <i>(note 8)</i>	713,685	651,594
Senior unsecured notes <i>(note 9)</i>	698,177	448,643
Deferred taxes	2,524,797	2,417,645
Shareholders' equity:		
Share capital <i>(note 11)</i>	8,519,611	8,487,838
Contributed surplus	406,678	345,570
Retained earnings	5,114,072	5,182,343
Total shareholders' equity	14,040,361	14,015,751
Total Liabilities and Shareholders' Equity	\$ 19,884,722	\$20,097,375

Commitments (note 14).

Subsequent events (notes 3 and 11).

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(000s) except per-share amounts (unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Commodity sales from production (note 15)	\$ 1,104,940	\$ 1,158,766	\$ 2,579,319	\$ 2,674,046
Premium on risk management activities (note 15)	179,627	102,576	246,972	500,924
Marketing revenue (note 15)	22,132	5,874	34,146	49,341
Royalties	(127,466)	(127,140)	(277,937)	(348,352)
Other income	14,957	12,399	24,920	23,851
Realized gain on financial instruments	128,125	175,259	212,570	285,215
Unrealized (loss) on financial instruments (note 3)	(16,027)	85,774	(206,420)	(576,151)
	1,306,288	1,413,508	2,613,570	2,608,874
Expenses:				
Operating	246,243	209,093	505,476	428,095
Transportation	253,610	232,617	535,663	486,687
Marketing purchases (note 15)	13,672	3,214	23,872	16,351
General and administration	40,250	32,974	81,129	64,828
Share-based payments	16,811	13,761	32,306	27,250
Depletion, depreciation and amortization (notes 4, 5 and 6)	373,663	307,201	760,634	621,019
Realized foreign exchange (gain) loss	(14,345)	15,075	(33,718)	19,460
Unrealized foreign exchange (gain) loss	(1,345)	2,343	(4,445)	3,153
Income on investment in Topaz (note 10)	(5,522)	(3,500)	(7,455)	(5,970)
Gain on acquisitions and divestitures	–	–	(4,826)	–
Total expenses	923,037	812,778	1,888,636	1,660,873
Income from operations	383,251	600,730	724,934	948,001
Finance expenses	29,715	10,283	55,592	23,396
Income before taxes	353,536	590,447	669,342	924,605
Current tax expense	13,549	54,602	45,207	252,960
Deferred tax expense (recovery)	83,390	25,174	122,664	(89,346)
Net income and comprehensive income	\$ 256,597	\$ 510,671	\$ 501,471	\$ 760,991
Net income per share (note 12)				
Basic	\$ 0.73	\$ 1.51	\$ 1.43	\$ 2.24
Diluted	\$ 0.72	\$ 1.49	\$ 1.41	\$ 2.22

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(000s) (unaudited)</i>	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance at December 31, 2023	\$ 8,487,838	\$ 345,570	\$ 5,182,343	\$14,015,751
Share-based payments	–	32,306	–	32,306
Capitalized share-based payments (<i>note 5</i>)	–	20,587	–	20,587
Options exercised (<i>note 11</i>)	31,773	(6,931)	–	24,842
Restricted share units settled (<i>note 13</i>)	–	(366)	–	(366)
Share-based payments – other	–	15,512	–	15,512
Dividends paid (<i>note 11</i>)	–	–	(569,742)	(569,742)
Income attributable to common shareholders	–	–	501,471	501,471
Balance at June 30, 2024	\$ 8,519,611	\$ 406,678	\$ 5,114,072	\$14,040,361

<i>(000s)</i>	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance at December 31, 2022	\$ 7,725,189	\$ 288,334	\$ 5,673,330	\$13,686,853
Share-based payments	–	27,250	–	27,250
Capitalized share-based payments (<i>note 5</i>)	–	18,774	–	18,774
Share-based payments – other	–	(4,818)	–	(4,818)
Options exercised (<i>note 11</i>)	21,478	(4,644)	–	16,834
Restricted share units settled (<i>note 13</i>)	–	(7)	–	(7)
Dividends paid (<i>note 11</i>)	–	–	(1,359,228)	(1,359,228)
Income attributable to common shareholders	–	–	760,991	760,991
Balance at June 30, 2023	\$ 7,746,667	\$ 324,889	\$ 5,075,093	\$13,146,649

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

	Three Months Ended June 30,		Six Months Ended June 30,	
(000s) (unaudited)	2024	2023	2024	2023
Cash provided by (used in):				
Operations:				
Net income	\$ 256,597	\$ 510,671	\$ 501,471	\$ 760,991
Items not involving cash:				
Depletion, depreciation, amortization and impairment	373,663	307,201	760,634	621,019
Accretion (note 7)	7,487	3,913	15,132	7,710
Lease interest expense (note 6)	403	125	806	221
Share-based payments (note 13)	16,811	13,761	32,306	27,250
Current tax expense	13,549	54,602	45,207	252,960
Deferred tax expense (recovery)	83,390	25,174	122,664	(89,346)
Unrealized (gain) loss on financial instruments (note 3)	16,027	(85,774)	206,420	576,151
Amortization on long-term asset	839	181	959	361
(Gain) on acquisitions and divestitures	–	–	(4,826)	–
Income from investment in Topaz (note 10)	(5,522)	(3,500)	(7,455)	(5,970)
Unrealized foreign exchange (gain) loss	(1,345)	2,343	(4,445)	3,153
Decommissioning expenditures (note 7)	(7,466)	(3,625)	(25,933)	(17,480)
Cash taxes paid	(38,368)	(4,207)	(487,543)	(29,236)
Cash paid on restricted share units settled	(213)	(7)	(366)	(7)
Dividends received from Topaz (note 10)	14,446	13,545	28,894	27,090
Changes in non-cash operating working capital	(34,287)	137,981	152,703	375,592
Total cash flow from operating activities	696,011	972,384	1,336,628	2,510,459
Financing:				
Issue of common shares	19,214	9,316	24,842	16,834
Lease payments (note 6)	(2,060)	(1,183)	(4,042)	(2,227)
Dividends paid (note 11)	(288,547)	(596,908)	(569,742)	(1,359,228)
Increased (decrease) in bank debt	(158,992)	138,568	62,091	(32,199)
Increase (decrease) in senior unsecured notes	249,456	438	249,534	150
Total cash flow used in financing activities	(180,929)	(449,769)	(237,317)	(1,376,670)
Investing:				
Property, plant and equipment (note 5)	(321,664)	(238,536)	(882,994)	(840,309)
Property acquisitions (note 5)	(23,169)	(39,279)	(23,581)	(39,294)
Proceeds from divestitures (note 5)	50,728	498	56,225	7,789
Changes in non-cash investing working capital	(220,977)	(308,320)	(248,961)	(215,421)
Total cash flow used in investing activities	(515,082)	(585,637)	(1,099,311)	(1,087,235)
Changes in cash	–	(63,022)	–	46,554
Cash, beginning of period	–	109,576	–	–
Cash, end of period	–	\$ 46,554	\$ –	\$ 46,554

Cash is defined as cash and cash equivalents.

See accompanying notes to the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT JUNE 30, 2024 AND FOR THE THREE MONTHS ENDED JUNE 30, 2024 AND 2023

(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 July 31, 2024.

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

OPERATING ENVIRONMENT

Numerous factors beyond the Company's control affect the marketability and price of crude oil, condensate, NGL and natural gas which may be volatile for a number of reasons including uncertainties over the supply and demand of these commodities due to government policies, the current state of the world economies, sanctions or import bans, reshuffling of global trade flows, global macro-economic concerns related to rising interest rates and inflation, actions of OPEC+, political and geopolitical uncertainties, legal and regulatory changes and uncertainties, ongoing wars and hostilities or other adverse economic or political development in the United States, Europe or Asia. Further, weakening global economic activity, inflation and interest rate uncertainty, and the potential for a recession remain a risk to the pace of demand growth. In addition, natural gas prices are expected to remain under pressure in the near-term due to strong supply and high storage levels. 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.

Regulatory Update

Emissions, carbon and other regulations impacting climate and climate-related matters are constantly evolving. With respect to environmental, social, governance ("ESG") and climate reporting, the International Sustainability Standards Board ("ISSB") has issued its first two IFRS Sustainability Disclosure Standards: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (together, the ISSB Standards). The ISSB Standards aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. Mandatory application of the ISSB Standards depends on each jurisdiction's endorsement or regulatory processes. In the Company's case, the Canadian Securities Administrators ("CSA") is responsible for developing climate-related disclosure requirements for reporting issuers in Canada. The CSA published Proposed National Instrument 51-107 – Disclosure of Climate Related Matters which is intended to introduce climate-related disclosure requirements for reporting issuers in Canada with limited exceptions. The Canadian Sustainability Standards Board ("CSSB") has been established to review the ISSB Standards for their suitability for adoption in Canada. In March 2024, the CSSB published two exposure drafts: CSDS 1 – *General Requirements for Disclosure of Sustainability-related Financial Information* and CSDS 2 – *Climate-related Disclosures*, for public comment. The public comment period for CSDS 1 and 2 closed in June 2024. Until such time as the CSA and CSSB make final decisions on sustainability standards for Canada, there is no requirement for public companies in Canada to adopt sustainability standards. The Company is awaiting further guidance from the CSA on their final rules.

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

Sustainability Reporting

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

The Sustainability Report was developed using the Sustainability Accounting Standards Board ("SASB") standards as a baseline for the sustainability factors relevant to Tourmaline stakeholders. The Company applied SASB Oil & Gas – Exploration & Production Standard ("SASB EM-EP") and the Global Reporting Initiative ("GRI") 305-2 Energy Indirect (Scope 2) GHG Emissions Standards. The Company has also included recommendations from the Task Force on Climate Related Disclosures and incorporated discussion points and metrics outlined by the ISSB.

1. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". These unaudited interim condensed consolidated financial statements do not include all of the information and disclosure required in the annual financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2023.

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

On January 1, 2024, the Company's subsidiary, Bonavista Energy Corporation ("Bonavista"), was amalgamated with Tourmaline.

The accounting policies and significant accounting judgments, estimates, and assumptions used in these unaudited interim condensed consolidated financial statements are consistent with those described in Notes 1 and 2 of the Company's consolidated financial statements for the year ended December 31, 2023.

2. DETERMINATION OF FAIR VALUE

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

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

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

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

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

The fair value of accounts receivable, deposits, income tax receivable 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, except for the JKM netback agreement which has been classified as Level 3. 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, 2023.

Market Risk:

As at June 30, 2024, the Company has entered into certain financial derivative contracts in order to manage commodity price and foreign exchange risk. These instruments are not used for trading or speculative purposes. The Company has not designated its financial derivative contracts as effective accounting hedges, even though the Company considers all commodity 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 and comprehensive income.

The Company has the following financial derivative contracts in place as at June 30, 2024 ⁽¹⁾:

		2024	2025	2026	2027	2028	Fair Value (000s)
Gas							
AECO swaps ⁽²⁾	<i>mmbtu/d</i>	11,848	–	–	–	–	\$ 3,946
	<i>CAD\$/mmbtu</i>	\$ 2.27					
NYMEX swaps	<i>mmbtu/d</i>	110,000	70,000	60,000	20,000	–	\$ 60,822
	<i>USD\$/mmbtu</i>	\$ 3.83	\$ 4.12	\$ 4.14	\$ 4.36		
International swaps ⁽³⁾	<i>mmbtu/d</i>	40,386	33,329	–	–	–	\$ 179,989
	<i>USD\$/mmbtu</i>	\$ 18.85	\$ 15.85				
Basis differentials – other	<i>mmbtu/d</i>	27,500	–	–	–	–	\$ (7,508)
	<i>USD\$/mmbtu</i>	\$ 0.28					
NYMEX call options ⁽⁴⁾	<i>mmbtu/d</i>	40,000	60,000	60,000	70,000	62,500	\$ (25,935)
	<i>USD\$/mmbtu</i>	\$ 6.50	\$ 6.17	\$ 8.50	\$ 8.43	\$ 8.56	
AECO call options ⁽⁵⁾	<i>mmbtu/d</i>	–	–	24,643	–	–	\$ (1,875)
	<i>CAD\$/mmbtu</i>			\$ 3.60			
Oil							
Financial swaps	<i>bbls/d</i>	21,000	7,732	–	–	–	\$ (8,182)
	<i>USD\$/bbl</i>	\$ 77.65	\$ 75.09				
Financial swaps	<i>bbls/d</i>	100	–	–	–	–	\$ (1,115)
	<i>CAD\$/bbl</i>	\$ 63.25					
NYMEX call options	<i>bbls/d</i>	9,000	3,479	–	–	–	\$ (14,202)
	<i>USD\$/bbl</i>	\$ 80.77	\$ 81.79				
Propane financial swaps ⁽⁶⁾	<i>bbls/d</i>	14,000	3,740	–	–	–	\$ (15,686)
	<i>USD\$/bbl</i>	\$ 36.44	\$ 30.94				
Total fair value							\$ 170,254

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

(2) These deals are 7A underlying.

(3) Includes international swaps and a JKM netback agreement. Tourmaline entered into a JKM netback agreement based on 62,500 mmbtu/d for a seven-year term beginning January 1, 2027. To determine the fair value of this agreement, Tourmaline used the same JKM pricing assumptions and discount rate as the JKM natural gas embedded derivative further discussed below.

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

(5) These are European calls whereby the counterparty can exercise the option to extend a gas swaption into the period subsequent to the calls date. These are one-time European swaptions.

(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 June 30, 2024:

Type of Contract	Quantity	Time Period	Contract Price
Financial swap - Oil	1,000 bbls/d	October 2024 - September 2025	\$77.12 USD/bbl

The Company has the following financial foreign currency derivative contracts in place at June 30, 2024:

		2024	2025	2026	Fair Value (000s)
Costless collar ⁽¹⁾	USD\$(000s) Monthly	\$ 55,000	\$ 15,000	–	\$ (5,972)
	CAD\$/USD\$	\$1.332 - \$1.405	\$1.323 - \$1.414		
Average rate forward	USD\$(000s) Monthly	\$ 5,000	–	–	\$ (418)
	CAD\$/USD\$	\$ 1.351			
Total fair value					\$ (6,390)

(1) 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 for the following year in the following amounts, USD\$40.0 million/month at CAD\$/USD\$ 1.407 for 2025, USD\$10.0 million/month at CAD\$/USD\$ 1.438 for 2026.

The Company has a 15-year natural gas supply agreement, under which Tourmaline will deliver 140,000 mmbtu/d (approximately 140,000 mcf/d), which commenced in January 2023. Under the terms of the agreement, Tourmaline will deliver natural gas to its counterparty at a delivery point in Louisiana, USA and receive a Japan Korea Marker ("JKM") index price less deductions for transport and liquefaction. Due to the fact that the volumes are delivered to a counterparty in the United States but Tourmaline ultimately receives a JKM index price, it was determined that the agreement also contained an embedded derivative as a result of the pricing spread between JKM and NYMEX. The Company defined the host contract as a natural gas sales contract with an underlying natural gas price of NYMEX.

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

The Company will have unrealized gains (losses) on the natural gas embedded derivative based on the movements in the JKM and NYMEX price forecasts. For the three months ended June 30, 2024, the natural gas embedded derivative resulted in an unrealized gain of \$87.2 million, as a result of the strengthening of the forecast JKM price relative to the forecast NYMEX price. For the six months ended June 30, 2024, the natural gas embedded derivative resulted in an unrealized loss of \$66.0 million as a result of the weakening of the forecast JKM price relative to the forecast NYMEX price. At June 30, 2024, the total fair value of the natural gas embedded derivative was \$769.6 million.

The following table includes quantitative information for the unobservable inputs for the Level 3 natural gas embedded derivative as at June 30, 2024.

	Net fair value asset (millions)	Valuation Approach	Significant unobservable input	Range of significant unobservable inputs/weighted average (\$USD/mmbtu)
Natural gas embedded derivative	\$769.6	Market approach incorporating present value techniques	JKM index pricing spread relative to NYMEX	\$6.90 – \$10.80 / \$8.43

The Level 3 fair value measurements of the natural gas embedded derivative could be materially impacted by a change in the discount rate and significant price movements in natural gas, including international LNG prices. At June 30, 2024, a change in the discount rate or a change in the price of the JKM index over the remainder of the contract would have the following impact on the fair value of the embedded derivative:

(000s)	Discount rate		JKM Price	
	1% Increase	1% decrease	5% Increase	5% decrease
Fair value – increase (decrease)	\$ (20,703)	\$ 22,067	\$ 146,030	\$ (145,940)

The following table is a summary of the fair value of financial instruments as at June 30, 2024:

(000s)	Financial derivative contracts	Foreign currency derivative contracts	Natural gas embedded derivatives ⁽¹⁾	Total
Current asset	\$ 114,291	\$ 181	\$ 264,013	\$ 378,485
Long-term asset	149,640	–	516,907	666,547
Current liability	(62,059)	(4,171)	(6,916)	(73,146)
Long-term liability	(31,618)	(2,400)	(14,721)	(48,739)
Total fair value of financial instruments	\$ 170,254	\$ (6,390)	\$ 759,283	\$ 923,147

(1) Includes the JKM natural gas supply agreement embedded derivative, a natural gas to power supply agreement as well as an embedded derivative for a Dutch TTF index price netback agreement.

The following table provides a summary of the unrealized gains (losses) on financial instruments recorded in the interim condensed consolidated statements of income and comprehensive income for the three and six months ended June 30, 2024 and 2023:

(000s)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Unrealized gain (loss) on financial instruments – commodity contracts	\$ (116,497)	\$ 14,024	\$ (102,219)	\$ 344,897
Unrealized gain (loss) on financial instruments – foreign currency	(3,193)	106,243	(6,390)	145,217
Unrealized gain (loss) on financial instruments – natural gas embedded derivative ⁽¹⁾	103,663	(34,493)	(97,811)	(1,066,265)
Total unrealized gain (loss) on financial instruments	\$ (16,027)	\$ 85,774	\$ (206,420)	\$ (576,151)

(1) Includes the JKM natural gas supply agreement embedded derivative, a natural gas to power supply agreement as well as an embedded derivative for a Dutch TTF index price netback agreement.

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

The Company has the following physical commodity contracts in place at June 30, 2024 ⁽¹⁾⁽⁶⁾:

		2024	2025	2026	2027	2028
Gas						
Fixed price ⁽²⁾	<i>mmbtu/d</i>	867,083	776,921	135,384	37,913	18,956
	<i>CAD\$/mmbtu</i>	\$ 3.77	\$ 3.94	\$ 5.14	\$ 3.82	\$ 3.43
Basis differentials - AECO ⁽³⁾	<i>mmbtu/d</i>	190,136	86,658	103,452	70,000	62,500
	<i>USD\$/mmbtu</i>	\$ (0.75)	\$ (0.69)	\$ (0.64)	\$ (0.64)	\$ (0.64)
Basis differentials - Dawn	<i>mmbtu/d</i>	18,315	10,000	10,000	8,329	–
	<i>USD\$/mmbtu</i>	\$ (0.06)	\$ (0.04)	\$ (0.04)	\$ (0.04)	–
Basis differentials – Stn 2 ⁽⁴⁾	<i>mmbtu/d</i>	37,913	4,674	–	–	–
	<i>CAD\$/mmbtu</i>	\$ (0.41)	\$ (0.33)	–	–	–
Basis differentials – Other ⁽⁵⁾	<i>mmbtu/d</i>	62,500	35,000	–	–	–
	<i>USD\$/mmbtu</i>	\$ (0.09)	\$ (0.24)	–	–	–
Oil						
Basis differentials	<i>bbls/d</i>	1,026	–	–	–	–
	<i>USD\$/bbl</i>	\$ (2.50)	–	–	–	–

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

(2) These include AECO, Stn 2, Hunt, PGE, Malin, and Carlton.

(3) A portion of these basis deals have a cap on NYMEX, 33.4 mmcf/d at USD\$4.56/mcf for 2024.

(4) These volumes are priced at a basis to 7A.

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

(6) Tourmaline has third-party netback arrangements in the following markets: Chicago, Ventura, Emerson, Dawn, and Henry Hub. The average for 2024 - 2029 is 124.0 mmcf/d, and the exit for 2026 is 142.4 mmcf/d.

The Company has entered into the following physical contracts subsequent to June 30, 2024:

Type of Contract	Quantity	Time Period	Contract Price
Fixed price - Gas	15,000 GJ/d	November 2024	\$2.37 CAD/GJ

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, bank debt, senior unsecured notes and working capital. In order to maintain or adjust the capital structure, the Company may from time-to-time issue or buyback shares, issue debt, adjust its dividend policy and adjust its capital spending to manage current and projected debt levels. The annual and updated budgets are approved by the Board of Directors.

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

As shown below, as at June 30, 2024, the Company's ratio of net debt to annualized cash flow was 0.52 to 1.00 (December 31, 2023 – 0.48 to 1.00).

<i>(000s)</i>	As at June 30, 2024	As at December 31, 2023
Net debt:		
Working capital (deficit)	\$ 112,002	\$ (298,280)
Fair value of financial instruments – short-term (asset)	(305,339)	(437,535)
Lease liabilities – short-term	6,357	5,796
Decommissioning obligations – short-term	45,000	45,000
Unrealized foreign exchange in working capital – (asset) liability	(4,445)	5,524
Adjusted working capital (deficit)	\$ (146,425)	\$ (679,495)
Bank debt	(713,685)	(651,594)
Senior unsecured notes	(698,177)	(448,643)
Net debt	\$(1,558,287)	\$(1,779,732)
Annualized cash flow:		
Cash flow from operating activities for the quarter	\$ 696,011	\$ 1,012,819
Current income tax	(13,549)	(75,669)
Current taxes paid	38,368	6,051
Change in non-cash working capital	34,287	(25,193)
Cash flow	\$ 755,117	\$ 918,008
Annualized cash flow (based on most recent quarter annualized)	\$ 3,020,468	\$ 3,672,032
Net debt to annualized cash flow	0.52	0.48

For the six months ended June 30, 2024, the Company increased its quarterly dividend from \$0.28 to \$0.32 per share and paid special dividends of \$1.00 per share. The issuance of the unsecured notes in May 2024 (note 9), resulted in a \$250.0 million increase to the Company's aggregate borrowing capacity up to \$3.35 billion at June 30, 2024, including the bank debt and senior unsecured notes.

4. EXPLORATION AND EVALUATION ASSETS

(000s)

As at January 1, 2023	\$ 289,050
Transfers to property, plant and equipment (<i>note 5</i>)	(38,341)
Divestitures	(955)
Expired mineral leases	(17,850)
As at December 31, 2023	\$ 231,904
Transfers to property, plant and equipment (<i>note 5</i>)	(11,728)
Divestitures	(2,204)
Expired mineral leases	(3,448)
As at June 30, 2024	\$ 214,524

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

Impairment Assessment

In accordance with IFRS, an impairment test is performed if the Company identifies an indicator of impairment. At June 30, 2024 and December 31, 2023, 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, 2023	\$ 21,572,150
Capital expenditures	2,057,390
Transfers from exploration and evaluation (<i>note 4</i>)	38,341
Change in decommissioning liabilities (<i>note 7</i>)	162,989
Corporate acquisitions	1,678,357
Property acquisitions	60,701
Divestitures	(7,789)
As at December 31, 2023	\$ 25,562,139
Capital expenditures	903,581
Transfers from exploration and evaluation (<i>note 4</i>)	11,728
Change in decommissioning liabilities (<i>note 7</i>)	(53,585)
Property acquisitions	27,377
Divestitures	(62,236)
As at June 30, 2024	\$ 26,389,004

Accumulated Depletion, Depreciation, Amortization and Impairment

(000s)

As at January 1, 2023	\$ 7,066,968
Depletion, depreciation and amortization	1,280,539
As at December 31, 2023	\$ 8,347,507
Depletion, depreciation and amortization	753,608
As at June 30, 2024	\$ 9,101,115

Net Book Value

(000s)

As at December 31, 2023	\$ 17,214,632
As at June 30, 2024	\$ 17,287,889

Future development costs of \$16.7 billion were included in the depletion calculation at June 30, 2024 (December 31, 2023 – \$16.9 billion).

Capitalization of G&A and Share-Based Payments

A total of \$23.7 million in G&A expenditures have been capitalized and included in PP&E for the six months ended June 30, 2024 (December 31, 2023 – \$43.2 million). Also included in PP&E are non-cash share-based payments of \$20.6 million (December 31, 2023 - \$34.9 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 June 30, 2024 and December 31, 2023, the Company did not identify indicators of impairment on any of its CGUs and therefore, impairment tests were not performed.

Disposition of Oil and Natural Gas Properties

On May 1, 2024, the Company sold certain assets, which were acquired pursuant to the Corporate acquisition of Bonavista, completed in November 2023, for cash consideration of \$53.1 million, before customary closing adjustments.

Total Acquisitions and Dispositions of Oil and Natural Gas Properties

In total, for the six months ended June 30, 2024, the Company completed property acquisitions for cash consideration of \$23.6 million (December 31, 2023 - \$58.5 million) and \$3.1 million in acquisitions for non-cash consideration (December 31, 2023 - \$1.0 million). The Company assumed \$0.7 million in decommissioning liabilities as a result of these acquisitions (December 31, 2023 - \$1.2 million).

For the six months ended June 30, 2024, the Company also completed property dispositions, for total cash consideration of \$56.2 million (December 31, 2023 - \$7.8 million) and non-cash consideration of \$3.1 million (December 31, 2023 – \$1.0 million). The Company disposed of \$1.5 million in decommissioning liabilities as a result of these dispositions (December 31, 2023 – nil).

6. LEASES

Right-of-Use Assets

<i>(000s)</i>	As at June 30, 2024	As at December 31, 2023
Balance, beginning of period	\$ 25,760	\$ 9,762
Additions	3,924	10,138
Modifications	(385)	9,283
Right-of-use assets acquired from corporate acquisitions	–	1,632
Depreciation	(3,578)	(5,055)
Balance, end of period	\$ 25,721	\$ 25,760

Lease Liabilities

<i>(000s)</i>	As at June 30, 2024	As at December 31, 2023
Balance, beginning of period	\$ 26,305	\$ 10,155
Additions	3,924	10,138
Modifications	(385)	9,283
Lease liabilities acquired from corporate acquisitions	–	1,632
Lease interest expense	806	840
Lease payments	(4,042)	(5,743)
Balance, end of period	\$ 26,608	\$ 26,305
Current lease liabilities	\$ 6,357	\$ 5,796
Long-term lease liabilities	\$ 20,251	\$ 20,509

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

7. DECOMMISSIONING OBLIGATIONS

The Company's decommissioning obligations result from net ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. The Company estimates the total inflated but undiscounted amount of cash flow required to settle its decommissioning obligations is approximately \$2.5 billion (December 31, 2023 – \$2.4 billion). A risk-free rate of 3.39% (December 31, 2023 – 3.02%) and an inflation rate of 1.80% (December 31, 2023 – 1.62%) were used to calculate the decommissioning obligations. The decommissioning obligations at June 30, 2024 have been reduced by approximately \$62.6 million predominantly related to an increase in the risk-free rate.

<i>(000s)</i>	As at June 30, 2024	As at December 31, 2023
Balance, beginning of period	\$ 967,041	\$ 567,053
Obligation incurred	9,060	21,979
Obligation incurred on corporate acquisitions	–	247,477
Obligation incurred on property acquisitions (<i>note 5</i>)	729	1,210
Obligation divested (<i>note 5</i>)	(1,492)	
Obligation settled	(25,933)	(31,050)
Accretion expense	15,132	19,362
Change in future estimated cash outlays	(62,645)	141,010
Balance, end of period	\$ 901,892	\$ 967,041
Current decommissioning obligations	\$ 45,000	\$ 45,000
Long-term decommissioning obligation	\$ 856,892	\$ 922,041

8. BANK DEBT

<i>(000s)</i>	As at June 30, 2024	As at December 31, 2023
Revolving credit facility	\$ 715,761	\$ 652,310
Debt issue costs	(2,076)	(716)
Bank debt	\$ 713,685	\$ 651,594

The Company has a covenant-based, unsecured, five-year extendible revolving credit facility in place with a syndicate of banks in the amount of \$2.55 billion. In June 2024, the Company extended the maturity date of the revolving credit facility to June 2029. With the exception of the change in maturity date and benchmark interest rate, 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, 2023. 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, CORRA or SOFR (for U.S. borrowings), plus applicable margins. At June 30, 2024, \$713.7 million was drawn on the revolving credit facility.

The Canadian Dollar Offered Rate ("CDOR") benchmark was discontinued on June 28, 2024 and replaced with the Canadian Overnight Repo Rate Average ("CORRA"), an alternative that will apply to our Canadian dollar borrowings. 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 June 2024, the Company extended the maturity date of the operating credit facility to June 2026. With the exception of the change in 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, 2023. The maturity date may, at the request of the Company and with consent of the lender, be extended on an annual basis. The covenants are the same as the revolving credit facility. At June 30, 2024, and December 31, 2023, the operating credit facility was undrawn.

Additionally, the Company has an unsecured credit facility payable on demand in the amount of \$50.0 million with a Canadian bank. At June 30, 2024 and December 31, 2023, the demand credit facility was undrawn.

Tourmaline has outstanding letters of credit in the amount of \$58.5 million at June 30, 2024 (December 31, 2023 - \$74.8 million) which are secured by the operating credit facility and the demand facility.

The Company's aggregate borrowing capacity is \$3.35 billion at June 30, 2024 including the bank debt and senior unsecured notes (note 9). As at, and for the quarter ending June 30, 2024, the Company is in compliance with all debt covenants.

As at June 30, 2024, the Company had \$713.7 million drawn against the revolving credit facility and \$698.2 million of senior unsecured notes for total bank debt and senior unsecured notes of \$1.4 billion (net of debt issue costs) (December 31, 2023 - \$1.1 billion). The effective interest rate for the six months ended June 30, 2024 was 5.10% (six months ended June 30, 2023 – 3.62%).

9. SENIOR UNSECURED NOTES

<i>(000s)</i>	As at June 30, 2024	As at December 31, 2023
Senior unsecured notes	\$ 700,000	\$ 450,000
Debt issue costs	(1,823)	(1,357)
Senior unsecured notes	\$ 698,177	\$ 448,643

On January 25, 2021, the Company issued \$250.0 million of senior unsecured notes. The notes bear interest at a fixed rate of 2.077%, payable semi-annually, with a maturity date of January 25, 2028, and rank equally with all other present unsecured and subordinated debt of the Company. There are no financial covenants on these senior unsecured notes.

On August 9, 2021, the Company issued \$200.0 million of senior unsecured notes. The notes bear interest at a fixed rate of 2.529%, payable semi-annually commencing on February 12, 2022, with a maturity date of February 12, 2029, and rank equally with all other present unsecured and subordinated debt of the Company. There are no financial covenants on these senior unsecured notes.

On May 28, 2024, the Company issued \$250.0 million of unsecured notes. The notes bear interest at a fixed rate of 4.856%, payable semi-annually, commencing November 30, 2024, with a maturity date of May 30, 2027, and rank equally with all other present unsecured and subordinated debt of the Company. There are no financial covenants on these senior unsecured notes.

10. INVESTMENT IN TOPAZ

At June 30, 2024, the Company owned 31.2% of the outstanding common shares of its associate, Topaz Energy Corp. ("Topaz"). A reconciliation of the investment in Topaz is provided below:

<i>(000s)</i>	As at June 30, 2024	As at December 31, 2023
Balance, beginning of period	\$ 608,028	\$ 648,229
Income from investment in Topaz	7,455	14,881
Dividends received from Topaz	(28,894)	(55,082)
Balance, end of period	\$ 586,589	\$ 608,028

For the six months ended June 30, 2024, Topaz paid cash dividends totalling \$0.64 per common share and Tourmaline received \$28.9 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

<i>(000s) except share amounts</i>	As at June 30, 2024		As at December 31, 2023	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period	351,350,749	\$ 8,487,838	338,684,709	\$ 7,725,189
Issued on corporate acquisitions	–	–	10,341,778	689,176
For cash on exercise of stock options	1,024,296	24,842	2,324,262	57,374
Contributed surplus on exercise of stock options	–	6,931	–	16,099
Balance, end of period	352,375,045	\$ 8,519,611	351,350,749	\$ 8,487,838

Normal course issuer bid

The Company has a normal course issuer bid ("NCIB") in place. On July 31, 2024, the Company renewed its NCIB allowing up to 17,621,578 common shares, representing 5% of its common shares outstanding at July 25, 2024, to be purchased over a period of twelve months commencing on August 8, 2024. Under the NCIB, common shares may be repurchased at prevailing market prices and any common shares that are purchased under the NCIB will be cancelled upon their purchase by the Company. For the three and six months ended June 30, 2024, the Company did not purchase any common shares for cancellation.

Dividends

During the three and six months ended June 30, 2024, the Company paid its quarterly cash dividend of \$0.32 and \$0.62 per common share totalling \$112.7 million and \$218.1 million, respectively, compared to \$0.26 and \$0.51 per common share totalling \$88.2 million and \$172.9 million, respectively, for the same period of the prior year.

On March 21, 2024, the Company paid a special dividend of \$0.50 per common share totalling \$175.7 million.

On May 16, 2024, the Company paid a special dividend of \$0.50 per common share totalling \$175.9 million.

On July 31, 2024, the Company declared a special dividend of \$0.50 per common share to be paid on August 21, 2024, to shareholders of record on August 9, 2024.

12. EARNINGS PER SHARE

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income and comprehensive income for the period (000s)	\$ 256,597	\$ 510,671	\$ 501,471	\$ 760,991
Weighted average number of common shares – basic	351,861,309	339,168,194	351,650,334	339,030,143
Earnings per share – basic	\$ 0.73	\$ 1.51	\$ 1.43	\$ 2.24

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income and comprehensive income for the period (000s)	\$ 256,597	\$ 510,671	\$ 501,471	\$ 760,991
Weighted average number of common shares – diluted	355,375,798	343,608,046	355,164,206	343,559,982
Earnings per share – diluted	\$ 0.72	\$ 1.49	\$ 1.41	\$ 2.22

There were 8,285,687 and 8,208,473 options excluded from the weighted-average share calculations for the three and six months ended June 30, 2024 because they were anti-dilutive (three and six months ended June 30, 2023 – 4,323,675 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 26,428,128 shares of common stock, which represents 7.5% of the current outstanding common shares. The exercise price of each option equals the volume-weighted average market price for the five days preceding the issue date of the Company's stock on the date of grant and the option's maximum term is seven years. Options are granted throughout the year and vest 1/3 on each of the first, second and third anniversaries from the date of grant.

	Six Months Ended June 30,			
	2024		2023	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Stock options outstanding, beginning of period	14,224,264	\$ 50.69	12,541,699	\$ 41.22
Granted	1,209,350	63.32	625,000	60.42
Exercised	(1,024,296)	24.25	(725,231)	23.21
Forfeited	(89,981)	67.76	(67,000)	67.28
Stock options outstanding, end of period	14,319,337	\$ 53.54	12,374,468	\$ 43.10

The average trading price of the Company's common shares was \$62.53 during the six months ended June 30, 2024 (six months ended June 30, 2023 – \$59.89).

The following table summarizes stock options outstanding and exercisable at June 30, 2024:

Range of Exercise Price	Number Outstanding at Period End	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at Period End	Weighted Average Exercise Price
\$12.57 – 31.90	2,253,628	2.61	\$ 17.62	2,253,628	\$ 17.62
\$31.91 – 46.18	3,026,612	3.95	33.35	2,761,604	32.76
\$46.19 – 65.95	1,749,372	6.01	59.99	303,613	57.84
\$65.96 – 68.20	3,688,200	6.36	66.21	4,500	66.13
\$68.21 – 80.06	3,601,525	5.12	76.88	1,212,239	76.87
	14,319,337	4.90	\$ 53.54	6,535,584	\$ 36.91

The fair value of options granted during the six-month period ended June 30, 2024 was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions and resulting values:

	June 30,	
	2024	2023
Fair value of options granted (weighted average)	\$ 21.10	\$ 21.19
Risk-free interest rate	3.73%	3.37%
Estimated hold period prior to exercise	4.1 Years	4.1 Years
Expected volatility	38.9%	43.1%
Forfeiture rate	1.8%	1.8%
Dividend per share	\$ 1.28	\$ 1.04

RESTRICTED SHARE UNIT ("RSU") PLAN

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

The following table summarizes the RSUs outstanding at June 30, 2024:

	Six months ended June 30,	
	2024	2023
RSUs outstanding, beginning of period	502,548	237,328
Granted	3,490	4,160
Settled	(4,609)	(125)
Forfeited	(16,360)	(250)
Dividends reinvested	12,769	17,075
RSUs outstanding, end of period	497,838	258,188

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⁾	\$ 4,894	\$ 8,437	\$ 8,207	\$ 19,110	\$ 40,648
Firm transportation agreements	1,140,561	1,949,221	1,472,930	5,437,799	10,000,511
Processing commitments ⁽²⁾	163,877	272,023	204,326	318,730	958,956
Capital commitments ⁽³⁾	17,309	6,250	750	–	24,309
Revolving credit facility ⁽⁴⁾	–	–	1,047,299	–	1,047,299
Senior unsecured notes ⁽⁵⁾	22,518	294,025	461,342	–	777,885
	\$1,349,159	\$ 2,529,956	\$ 3,194,854	\$5,775,639	\$12,849,608

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

(2) Includes processing and power commitments.

(3) Includes drilling commitments.

(4) Includes interest expense at 6.27% being the rate applicable to outstanding debt on the credit facility at June 30, 2024 and interest paid at the maturity of the facility.

(5) Includes interest expense at 3.22% being the average rate applicable on the senior unsecured notes at June 30, 2024 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 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Natural gas				
Sales from production	394,592	\$ 629,596	\$ 1,163,256	\$ 1,496,578
Premium on risk management activities	168,841	100,357	233,452	494,443
	563,433	729,953	1,396,708	1,991,021
Oil				
Sales from production	121,477	92,916	230,141	191,413
Premium on risk management activities	3,865	3,406	8,166	8,144
	125,342	96,322	238,307	199,557
Condensate				
Sales from production	307,832	274,092	622,671	587,158
(Loss) on risk management activities	(222)	(629)	(623)	(1,105)
	307,610	273,463	622,048	586,053
NGL				
Sales from production	281,039	162,162	563,251	398,897
Premium (loss) on risk management activities	7,143	(558)	5,977	(558)
	288,182	161,604	569,228	398,339
Marketing revenue ⁽¹⁾				
	22,132	5,874	34,146	49,341
Total				
Commodity sales from production	1,104,940	1,158,766	2,579,319	2,674,046
Premium on risk management activities	179,627	102,576	246,972	500,924
Marketing revenue	22,132	5,874	34,146	49,341
Revenue from contracts with customers	1,306,699	\$ 1,267,216	\$ 2,860,437	\$ 3,224,311

(1) Marketing revenue represents the sale of commodities purchased from third parties. For the three and six months ended June 30, 2024, the Company had marketing purchases from third parties of \$13.7 million and \$23.9 million, respectively (three and six months ended June 30, 2023 - \$3.2 million and \$16.4 million, respectively).

16. RELATED PARTY

The Company has entered into a number of agreements with Topaz, relating to both royalty and infrastructure assets. From January 1, 2024, to June 30, 2024, gross overriding royalties of \$45.8 million and processing fees of \$19.3 million were payable to Topaz and are included in the Company's consolidated statement of income and comprehensive income as royalties and operating expenses. At June 30, 2024, \$17.6 million of the Company's accounts payable balance was due to Topaz.