

# Extractive Sector Transparency Measures Act - Annual Report

<b>Reporting Entity Name</b>	Tourmaline Oil Corp.					
<b>Reporting Year</b>	<b>From</b>	2017-01-01	<b>To:</b>	2017-12-31	<b>Date submitted</b>	2018-05-29
<b>Reporting Entity ESTMA Identification Number</b>	E852430		<input checked="" type="radio"/> Original Submission <input type="radio"/> Amended Report			
<b>Other Subsidiaries Included</b> (optional field)						
<b>For Consolidated Reports - Subsidiary Reporting Entities Included in Report:</b>	Exshaw Oil Corp - E440755					
<b>Not Substituted</b>						
<b>Attestation Through Independent Audit</b>						
<p><i>In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest that I engaged an independent auditor to undertake an audit of the ESTMA report for the entity(ies) and reporting year listed above. Such an audit was conducted in accordance with the Technical Reporting Specifications issued by Natural Resources Canada for independent attestation of ESTMA reports.</i></p> <p><i>The auditor expressed an unmodified opinion, dated 2018-05-28, on the ESTMA Report for the entity(ies) and period listed above. The independent auditor's report can be found at the end of the report.</i></p>						
<b>Full Name of Director or Officer of Reporting Entity</b>	<b>Brian G. Robinson</b>			<b>Date</b>	2018-05-28	
<b>Position Title</b>	<b>Vice President, Finance and Chief Financial Officer</b>					

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Reporting Year	From: 2017-01-01	To: 2017-12-31	Currency of the Report	CAD
Reporting Entity Name	Tourmaline Oil Corp.			
Reporting Entity ESTMA Identification Number	E852430			
Subsidiary Reporting Entities (if necessary)	Esshaw Oil Corp - E440755			

**Payments by Payee**

Country	Payee Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes
Canada	Government of Alberta		55,540,000	10,670,000					<b>66,210,000</b>	Royalties paid in-kind totalled \$20,020,000 and are valued at the fair market value of the volumes taken in-kind, based on Tourmaline's realized sales prices.
Canada	Government of British Columbia	1,260,000	27,110,000	5,090,000					<b>33,460,000</b>	
Canada	Yellowhead County	8,540,000		1,840,000					<b>10,380,000</b>	
Canada	Saddle Hills County	3,240,000		710,000				570,000	<b>4,520,000</b>	
Canada	Municipal District Greenview #16	3,210,000		560,000					<b>3,770,000</b>	
Canada	Clearwater County	620,000		160,000					<b>780,000</b>	
Canada	Horse Lake First Nation			110,000					<b>110,000</b>	
Canada	Halfway River First Nation			100,000					<b>100,000</b>	
Canada	O'Chiese First Nation			310,000					<b>310,000</b>	

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<b>Reporting Entity ESTMA Identification Number</b>	E852430									
<b>Subsidiary Reporting Entities (if necessary)</b>	Exshaw Oil Corp - E440755									
<b>Payments by Project</b>										
Country	Project Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes
Canada -Alberta	Deep Basin	12,410,000	34,540,000	12,980,000					<b>59,930,000</b>	
Canada -Alberta	Peace River Arch	3,240,000	21,000,000	1,390,000				570,000	<b>26,200,000</b>	Royalties paid in-kind totalled \$20,020,000 and are valued at the fair market value of the volumes taken in-kind, based on Tourmaline's realized sales prices.
Canada -British Columbia	NE British Columbia	1,220,000	27,110,000	5,180,000					<b>33,510,000</b>	



## **BASIS OF PREPARATION**

The Schedule of Payments by Payee and the Schedule of Payments by Project (collectively, the “Schedules”) prepared by Tourmaline Oil Corp. (the “Company”) for the year ended December 31, 2017 have been prepared in accordance with the financial reporting provisions in Section 9 of the Extractive Sector Transparency Measures Act, Section 2.3 of the Extractive Sector Transparency Measures Act – Technical Reporting Specifications, and Sections 3.1 to 3.6 of the Extractive Sector Transparency Measures Act – Guidance (collectively the “financial reporting framework”).

The Schedules are prepared to provide information to the Directors of the Company and the Minister of Natural Resources Canada to assist in meeting the requirements of the Extractive Sector Transparency Measures Act. As a result, the Schedules may not be suitable for another purpose.

## **SIGNIFICANT ACCOUNTING POLICIES**

### **Cash basis**

The Schedules have been prepared using the cash basis of accounting, as required by the financial reporting framework, and therefore exclude any accruals related to payments due to governments.

The Schedules include all cash payments made, excluding cash inflows from a government. Where the Company makes a payment to a government that is net of credits from that government, the net payment amount has been presented.

### **Projects**

The Company has aligned its projects with its cash generating units as determined for financial statement reporting purposes.

### **Operator**

The Company has reported all payments made by it, on its own behalf and in its role as operator, directly to the government on a ‘gross’ basis. Amounts paid by third party operators, who are subject to the financial reporting framework, have not been included in the Schedules.

### **Take in-kind payments**

The Company has valued in-kind payments based on the cost to the Company, consistent with calculations made by the Company for financial reporting purposes.

### **Excluded payments**

Certain payments related to the operation of the Company’s head office, payments made to governments for commercial services, or payments made to governments which are not related to the commercial extraction of oil and natural gas resources have been excluded from the Schedules, as described in the financial reporting framework.



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## INDEPENDENT AUDITORS REPORT

To the Audit Committee of Tourmaline Oil Corp. and the Minister of Natural Resources Canada

We have audited the accompanying Schedule of Payments by Payee totaling \$119,640,000 and the Schedule of Payments by Project totaling \$119,640,000 of Tourmaline Oil Corp. for the year ended December 31, 2017 and notes, comprising a summary of significant accounting policies (together “the schedules”). The schedules have been prepared by management in accordance with the financial reporting provisions in Sections 2, 3, 4 and 9 of the Extractive Sector Transparency Measures Act, Section 2.3 of the Extractive Sector Transparency Measures Act – Technical Reporting Specifications and Sections 3.1 to 3.6 of the Extractive Sector Transparency Measures Act – Guidance (collectively, the “financial reporting framework”).

### *Management’s Responsibility for the Schedules*

Management is responsible for the preparation of the schedules in accordance with the financial reporting framework referred to above, and for such internal control as management determines is necessary to enable the preparation of the schedules that are free from material misstatement, whether due to fraud or error.

### *Auditors’ Responsibility*

Our responsibility is to express an opinion on these schedules based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation of the schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the Schedule of Payments by Payee amounting to \$119,640,000 and the Schedule of Payments by Project amounting to \$119,640,000 of Tourmaline Oil Corp. for the year ended December 31, 2017 are prepared, in all material respects, in accordance with the financial reporting framework referred to above.

*Basis of Accounting*

Without modifying our opinion, we draw attention to Note 1 to the schedules, which describes the basis of accounting. The schedules are prepared to provide information to the Audit Committee of Tourmaline Oil Corp. and the Minister of Natural Resources Canada to assist in meeting the requirements of the Extractive Sector Transparency Measures Act. As a result, the schedules may not be suitable for another purpose.

Our report is intended solely for the Audit Committee of Tourmaline Oil Corp. and the Minister of Natural Resources Canada and should not be used by parties other than the Audit Committee of Tourmaline Oil Corp. and the Minister of Natural Resources Canada.

*KPMG LLP*

Chartered Professional Accountants

May 28, 2018  
Calgary, Canada