

# Extractive Sector Transparency Measures Act - Annual Report



<b>Reporting Entity Name</b>	Tourmaline Oil Corp.					
<b>Reporting Year</b>	<b>From</b>	2018-01-01	<b>To:</b>	2018-12-31	<b>Date submitted</b>	2019-05-16

<b>Reporting Entity ESTMA Identification Number</b>	E852430	<input checked="" type="radio"/> Original Submission <input type="radio"/> Amended Report
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**Other Subsidiaries Included**  
(optional field)

**For Consolidated Reports - Subsidiary Reporting Entities Included in Report:**

Exshaw Oil Corp. - E440755

**Not Substituted**

**Attestation Through Independent Audit**

*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.*

*The auditor expressed an unmodified opinion, dated 2019-05-15, 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.*

<b>Full Name of Director or Officer of Reporting Entity</b>	Brian Robinson	<b>Date</b>	2019-05-15
<b>Position Title</b>	Vice President, Finance and Chief Financial Officer		

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<b>Reporting Year</b>	<b>From:</b> 2018-01-01	<b>To:</b> 2018-12-31	<b>Currency of the Report</b> CAD
<b>Reporting Entity Name</b>	Tourmaline Oil Corp.		
<b>Reporting Entity ESTMA Identification Number</b>	E852430		
<b>Subsidiary Reporting Entities (if necessary)</b>	Exshaw 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		48,590,000	11,310,000		6,150,000			<b>66,050,000</b>	Royalties paid in-kind totalled \$30,390,000 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	1,700,000	27,060,000	6,280,000		970,000			<b>36,010,000</b>	
Canada	Yellowhead County	9,210,000		1,990,000					<b>11,200,000</b>	
Canada	Saddle Hills County	3,650,000		730,000				160,000	<b>4,540,000</b>	
Canada	Municipal District of Greenview #16	3,280,000		450,000					<b>3,730,000</b>	
Canada	Clearwater County	730,000		140,000					<b>870,000</b>	
Canada	O'Chiese First Nation			290,000					<b>290,000</b>	
Canada	Halfway River First Nation			100,000					<b>100,000</b>	
Canada	Paul First Nation			100,000					<b>100,000</b>	

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<b>Reporting Entity ESTMA Identification Number</b>	E852430		
<b>Subsidiary Reporting Entities (if necessary)</b>	Exshaw Oil Corp. - E440755		

### Payments by Project

Country	Project Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes
Canada	Deep Basin	13,220,000	17,390,000	13,460,000		3,880,000			<b>47,950,000</b>	
Canada	Peace River Arch	3,650,000	31,200,000	1,550,000		2,270,000		160,000	<b>38,830,000</b>	Royalties paid in-kind totalled \$30,390,000 and are valued at the fair market value of the volumes taken in-kind, based on Tourmaline's realized sales prices.
Canada	NE British Columbia	1,700,000	27,060,000	6,380,000		970,000			<b>36,110,000</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, 2018 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 Board of Directors of Tourmaline Oil Corp.

### ***Opinion***

We have audited the Schedule of Payments by Payee totaling \$122,890,000 and the Schedule of Payments by Project totaling \$122,890,000 of Tourmaline Oil Corp. (the Company) for the year ended December 31, 2018, and notes to each schedule, including a summary of significant accounting policies (Hereinafter referred to as the "schedules").

In our opinion, the accompanying schedules for the period ended December 31, 2018 of the Company are prepared, in all material respects, in accordance with the financial reporting provisions in Section 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.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Schedules" section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the schedules in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### ***Emphasis of Matter – Financial Reporting Framework***

We draw attention to Note 1 in the schedules, which describes the applicable financial reporting framework.

The schedules are prepared to assist the Company to meet the requirements of the Extractive Sector Transparency Measures Act.

As a result, the schedules may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.



## ***Responsibilities of Management and Those Charged with Governance for the Schedules***

Management is responsible for the preparation of the schedules in accordance with the financial reporting provisions in Section 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 Extractor Sector Transparency Measures Act – Guidance, and for such internal control as management determines is necessary to enable the preparation of schedules that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## ***Auditors' Responsibilities for the Audit of the Schedules***

Our objectives are to obtain reasonable assurance about whether the schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the schedules.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this auditors' report is Timothy Arthur Richards.

*KPMG LLP*

Chartered Professional Accountants

Calgary, Canada

May 15, 2019