

Extractive Sector Transparency Measures Act - Annual Report



Reporting Entity Name	Tourmaline Oil Corp.					
Reporting Year	From	2019-01-01	To:	2019-12-31	Date submitted	2020-05-14

Reporting Entity ESTMA Identification Number	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 2020-05-14, 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.

Full Name of Director or Officer of Reporting Entity	Brian Robinson	Date	2020-05-14
Position Title	Vice President, Finance and Chief Financial Officer		

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Subsidiary Reporting Entities (if necessary)	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		43,280,000	10,130,000		2,890,000			56,300,000	Royalties paid in-kind totalled \$26,180,000 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	1,780,000	30,320,000	8,360,000		350,000			40,810,000	
Canada	Yellowhead County	10,030,000		1,640,000					11,670,000	
Canada	Saddle Hills County	4,400,000		880,000					5,280,000	
Canada	Municipal District of Greenview #16	3,630,000		390,000					4,020,000	
Canada	Government of Saskatchewan			100,000					100,000	
Canada	Clearwater County	810,000							810,000	
Canada	Blueberry River First Nation			900,000					900,000	These payments were made by Strait Projects to Blueberry River First Nation and not by Tourmaline. As Strait Project's is not an ESTMA filer Tourmaline is reporting these payments on Strait's behalf. Strait Projects works with Tourmaline on Blueberry River First Nation Traditional Territory.
Canada	O' Chiese First Nation			180,000					180,000	
Canada	Halfway River First Nation			100,000					100,000	
Canada	Horse Lake First Nation			100,000					100,000	

Additional Notes:

All payments are reported in CAD dollars.
All amounts have been rounded to the nearest \$10,000 per NRCan guidance

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Payments by Project

Country	Project Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes
Canada -Alberta	Deep Basin	14,470,000	16,690,000	11,840,000		2,890,000			45,890,000	
Canada -British Columbia	NE British Columbia	1,780,000	30,320,000	9,460,000		350,000			41,910,000	
Canada -Alberta	Peace River Arch	4,400,000	26,590,000	1,480,000					32,470,000	Royalties paid in-kind totalled \$26,180,000 and are valued at the fair market value of the volumes taken in-kind, based on Tourmaline's

Additional Notes:	All payments are reported in CAD dollars. All amounts have been rounded to the nearest \$10,000 per NRCan guidance
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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, 2019 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 at the fair market value of the volumes taken in-kind, based on Tourmaline's realized sales prices

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 \$120,270,000 and the Schedule of Payments by Project totaling \$120,270,000 of Tourmaline Oil Corp. (the "Entity") for the year ended December 31, 2019 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, 2019 of the Entity 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 Extractor 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 Entity 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 Entity 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 controls 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 Entity'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 Entity'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 14, 2020