



MANAGEMENT'S DISCUSSION AND ANALYSIS AND INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2017 and for the three and six months ended June 30, 2017 and 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") should be read in conjunction with Tourmaline's unaudited interim condensed consolidated financial statements and related notes as at and for the three and six months ended June 30, 2017 and the consolidated financial statements for the year ended December 31, 2016. The consolidated financial statements and the MD&A can be found at www.sedar.com. This MD&A is dated August 2, 2017.

The financial information contained herein has been prepared in accordance with International Financial Reporting Standards ("IFRS") and sometimes referred to in this MD&A as Generally Accepted Accounting Principles ("GAAP") as issued by the International Accounting Standards Board. All dollar amounts are expressed in Canadian currency, unless otherwise noted.

Certain financial measures referred to in this MD&A are not prescribed by IFRS. See "Non-GAAP Financial Measures" for information regarding the following non-GAAP financial measures used in this MD&A: "cash flow", "operating netback", "working capital (adjusted for the fair value of financial instruments)", "net debt", "adjusted EBITDA", "senior debt", "total debt", and "total capitalization".

Additional information relating to Tourmaline can be found at www.sedar.com or at www.tourmalineoil.com.

Forward-Looking Statements - Certain information regarding Tourmaline set forth in this document, including management's assessment of the Company's future plans and operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. Such statements represent Tourmaline's internal projections, forecasts, estimates or beliefs concerning, among other things, an outlook on the estimated amounts and timing of capital investment or expenditures, anticipated future debt, expenses, production, cash flow and revenues or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. These statements are only predictions and actual events or results may differ materially. Although Tourmaline believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social risks, uncertainties and contingencies.

In particular, forward-looking statements included in this MD&A include, but are not limited to, statements with respect to: the size of, and future net revenues and cash flow from, crude oil, NGL (natural gas liquids) and natural gas reserves; future prospects; the focus of and timing of capital expenditures; expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development; access to debt and equity markets; projections of market prices and costs; the performance characteristics of the Company's crude oil, NGL and natural gas properties; crude oil, NGL and natural gas production levels and product mix; Tourmaline's future operating and financial results; capital investment programs; supply and demand for crude oil, NGL and natural gas; future royalty rates; drilling, development and completion plans and the results therefrom; future land expiries; dispositions and joint venture arrangements; amount of operating, transportation and general and administrative expenses; treatment under governmental regulatory regimes and tax and

environmental laws and regulations; and estimated tax pool balances. In addition, statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

These forward-looking statements are subject to numerous risks and uncertainties, most of which are beyond the Company's control, including the impact of general economic conditions; volatility and uncertainty in market prices for crude oil, NGL and natural gas; industry conditions; currency fluctuation; imprecision of reserve estimates; liabilities inherent in crude oil, NGL and natural gas operations; environmental risks; incorrect assessments of the value of acquisitions and exploration and development programs; competition; the lack of availability of qualified personnel or management and skilled labour; changes in income tax and environmental laws and regulations and incentive programs relating to the oil and gas industry; hazards such as fire, explosion, blowouts, cratering, and spills, any of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; stock market volatility; ability to access sufficient capital from internal and external sources; the receipt of applicable regulatory or third-party approvals; and the other risks considered under "Risk Factors" in Tourmaline's most recent annual information form available at www.sedar.com.

With respect to forward-looking statements contained in this MD&A, Tourmaline has made assumptions regarding: future commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment and services; effects of regulation by governmental agencies; and future operating costs.

Management has included the above summary of assumptions and risks related to forward-looking statements provided in this MD&A in order to provide readers with a more complete perspective on Tourmaline's future operations and such information may not be appropriate for other purposes. Tourmaline's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that the Company will derive therefrom. Readers are cautioned that the foregoing lists of factors are not exhaustive.

These forward-looking statements are made as of the date of this MD&A and the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Boe Conversions - Per barrel of oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil equivalent (6:1). Barrel of oil equivalents (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, as the value ratio between natural gas and crude oil based on current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

PRODUCTION

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	Change	2017	2016	Change
Natural gas (<i>mcf/d</i>)	1,196,477	979,029	22%	1,195,435	1,006,411	19%
Oil (<i>bbl/d</i>)	17,529	12,564	40%	16,704	13,055	28%
NGL (<i>bbl/d</i>)	18,598	10,076	85%	18,472	10,030	84%
Oil equivalent (<i>boe/d</i>)	235,540	185,812	27%	234,415	190,820	23%
Natural gas %	85%	88%		85%	88%	

Production for the three months ended June 30, 2017 averaged 235,540 boe/d, a 27% increase over the average production for the same quarter of 2016 of 185,812 boe/d. For the six months ended June 30, 2017, production increased 23% to 234,415 boe/d from 190,820 boe/d for the same period of 2016.

The increase in production is related to the Company's successful exploration and production program as well as property acquisitions over the past year. Approximately 85% of the growth in production volumes over the past year can be attributed to wells brought on stream from the Company's exploration and production program, after taking decline rates into consideration. The remainder of the change relates to property acquisitions (net of dispositions), primarily the assets acquired from Shell Canada in the fourth quarter of 2016. The growth in oil and NGL production is the result of increased drilling in the Spirit River/Peace River High Charlie Lake oil plays, incremental liquids recovered in the Wild River area via deep-cut processing, and strong condensate recoveries from new wells commencing production as the liquids-rich Montney Turbidite is developed in Northeast British Columbia.

Full-year average production guidance for 2017 is between 240,000-260,000 boe/d which is unchanged from the initial Company guidance released March 7, 2017 in the Company's December 31, 2016 MD&A.

REVENUE

<i>(000s)</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	Change	2017	2016	Change
Revenue from:						
Natural gas	\$ 333,486	\$ 132,793	151%	\$ 654,241	\$ 307,043	113%
Oil and NGL	129,866	73,202	77%	258,183	132,495	92%
Realized gain from:						
Natural gas	14,238	34,108	(58)%	31,613	67,028	(53)%
Oil and NGL	1,679	7,020	(76)%	1,877	19,665	(90)%
Total revenue from natural gas, oil and NGL sales	\$ 479,269	\$ 247,123	94%	\$ 945,914	\$ 526,231	80%

Revenue for the three months ended June 30, 2017 increased 94% to \$479.3 million from \$247.1 million for the same quarter of 2016. Revenue for the six-month period ended June 30, 2017 increased 80% from \$526.2 million in 2016 to \$945.9 million in 2017. Higher revenue for the period is consistent with the significant increase

in commodity prices as well as higher production volumes. Revenue includes all petroleum, natural gas and NGL sales and the realized gain on financial instruments.

Revenue for the second quarter of 2017 included a gain on commodity contracts of \$15.9 million (for the six months ended June 30, 2017 - \$33.5 million) compared to a gain of \$41.1 million for the same period of the prior year (for the six months ended June 30, 2016 - \$86.7 million). Realized gains on commodity contracts in 2017 have decreased compared to the same periods of the prior year primarily due to a lower premium received on commodity contracts relative to the benchmark commodity prices in 2017. Realized prices exclude the effect of unrealized gains or losses on commodity contracts. Once these gains and losses are realized they are included in the per-unit amounts.

TOURMALINE REALIZED PRICES:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	Change	2017	2016	Change
Natural gas (\$/mcf)	\$ 3.19	\$ 1.87	71%	\$ 3.17	\$ 2.04	55%
Oil (\$/bbl)	\$ 60.32	\$ 59.51	1%	\$ 61.76	\$ 54.42	13%
NGL (\$/bbl)	\$ 20.88	\$ 13.29	57%	\$ 21.94	\$ 12.52	75%
Oil equivalent (\$/boe)	\$ 22.36	\$ 14.61	53%	\$ 22.29	\$ 15.15	47%

BENCHMARK OIL AND GAS PRICES:

	Three Months Ended June 30,		
	2017	2016	Change
Natural gas			
NYMEX Henry Hub (USD\$/mcf)	\$ 3.14	\$ 2.25	40%
AECO (CAD\$/mcf)	\$ 2.78	\$ 1.40	99%
West Coast Station 2 (CAD\$/mcf)	\$ 2.21	\$ 1.14	94%
ATP 5A Day Ahead (CAD\$/GJ)	\$ 2.74	\$ 1.68	63%
PG&E Malin (USD\$/mmbtu)	\$ 2.75	\$ 1.96	40%
PG&E City Gate (USD\$/mmbtu)	\$ 3.27	\$ 2.17	51%
Oil			
NYMEX (USD\$/bbl)	\$ 48.15	\$ 45.64	5%
Edmonton Par (CAD\$/bbl)	\$ 61.51	\$ 55.10	12%

RECONCILIATION OF WEIGHTED AVERAGE INDEX PRICE TO TOURMALINE'S REALIZED GAS PRICES:

(\$/mcf)	Three Months Ended June 30,		
	2017	2016	Change
Weighted average index natural gas prices	\$ 2.84	\$ 1.39	104%
Heat/quality differential	0.22	0.10	120%
Realized gain	0.13	0.38	(66)%
Tourmaline realized natural gas price	\$ 3.19	\$ 1.87	71%
Premium to benchmark pricing due to higher heat content	8%	7%	

CURRENCY – EXCHANGE RATES:

	Three Months Ended June 30,		
	2017	2016	Change
CAD\$/USD\$ ⁽¹⁾	\$ 0.7439	\$ 0.7761	(4)%

(1) Average rates for the period.

The realized average natural gas price for the three and six months ended June 30, 2017 was \$3.19/mcf and \$3.17/mcf, respectively, which is 71% and 55% higher than the same periods of the prior year. The increase reflects higher natural gas benchmark prices in the quarter which were partially offset by lower realized gains on commodity contracts.

Realized oil prices increased by 1% and 13% for the three and six months ended June 30, 2017 compared to the same periods of the prior year. The increase in price reflects the higher benchmark price for oil, partially offset by the lower gains on commodity contracts.

NGL prices for the second quarter of 2017 increased 57% from \$13.29/bbl to \$20.88/bbl, when compared to the same quarter of 2016. The increase in NGL prices is consistent with the increase in benchmark commodity prices over the same period. Additionally, in the second quarter of 2016, the price of propane was significantly discounted due to oversupply in the market, which has since recovered.

ROYALTIES

	Three Months Ended June 30		Six Months Ended June 30,	
(000s)	2017	2016	2017	2016
Natural gas	\$ 9,550	\$ 1,567	\$ 22,762	\$ 2,980
Oil and NGL	9,859	6,984	24,498	12,140
Total royalties	19,409	\$ 8,551	\$ 47,260	\$ 15,120
Royalties as a percentage of revenue	4.2%	4.2%	5.2%	3.4%

For the quarter ended June 30, 2017, the average effective royalty rate was 4.2%, consistent with the same quarter of 2016. For the six-month period ended June 30, 2017, the average effective royalty rate increased from 3.4% in 2016 to 5.2% in 2017. The increase in the average effective royalty rate for 2017 can primarily be attributed to significantly higher commodity prices received during the period as well as the adoption of the Modernized Royalty Framework (“MRF”).

The Company continues to benefit from the New Well Royalty Reduction Program and the Natural Gas Deep Drilling Program in Alberta, as well as the Deep Royalty Credit Program in British Columbia. The Company also receives gas cost allowance from the Crown, which further reduces royalties to account for expenses incurred to process and transport the Crown’s portion of natural gas production.

On January 1, 2017, the Company adopted the MRF introduced by the Alberta Government in 2016. This new royalty regime is applicable to all new wells drilled beginning January 1, 2017, and all other wells drilled prior to January 1, 2017 will follow the old framework for a further 10 years. The Company believes that the MRF is generally consistent with the initial goal of incentivizing the use of technology to improve productivity and rewards

producers deploying the most competitive operating practices. Under the MRF, the Company anticipates an increase in the corporate royalty rate but based on the Company's current development plans and operational practices, the increase is not expected to be significant.

The Company expects its royalty rate for 2017 to be approximately 6.5% which has been revised downward from the previous Company guidance of 8% contained in the Company's December 31, 2016 MD&A. The royalty rate is sensitive to commodity prices, and as such, the lower than forecasted commodity prices are expected to impact the rate for the remainder of 2017.

COMMODITY MARKETING

(000s)	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	Change	2017	2016	Change
Marketing revenue	\$ 418	\$ -	100%	\$ 418	\$ -	100%
Marketing purchases	(458)	-	(100)%	(458)	-	(100)%
Net marketing (loss)	\$ (40)	\$ -	(100)%	\$ (40)	\$ -	(100)%

During the second quarter of 2017, the Company commissioned the Mulligan marketing terminal in the Gordondale area of Alberta. The throughput from the marketing terminal is comprised of Tourmaline produced oil and NGL volumes as well as oil and NGL volumes purchased from third parties. The revenue and purchases from third parties are recorded gross for financial statement presentation purposes. Any gains or losses on the sale of third-party product related to the price differential are recorded in marketing revenue.

OTHER INCOME

(000s)	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	Change	2017	2016	Change
Other income	\$ 6,337	\$ 7,169	(12)%	\$ 13,516	\$ 13,650	(1)%

Other income decreased from \$7.2 million in the second quarter of 2016 to \$6.3 million for the same quarter of 2017. For the six-month period ended June 30, 2017, other income was \$13.5 million consistent with the prior year. The decrease in other income in the second quarter of 2017 is due to the Company processing less third party volumes at its owned and operated gas processing facilities. As the Company's production increases, third party volumes processed at those facilities is reduced.

OPERATING EXPENSES

(000s) except per unit amounts	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	Change	2017	2016	Change
Operating expenses	\$ 69,005	\$ 57,630	20%	\$ 142,438	\$ 123,520	15%
Per boe	\$ 3.22	\$ 3.41	(6)%	\$ 3.36	\$ 3.56	(6)%

Operating expenses include all periodic lease and field-level expenses and exclude income recoveries from processing third-party volumes. For the second quarter of 2017, total operating expenses were \$69.0 million

compared to \$57.6 million in 2016, an increase of 20% over a production base increase of 27% for the same period. Operating costs for the six months ended June 30, 2017 were \$142.4 million, compared to \$123.5 million for the same period of 2016, reflecting a 15% increase in total costs over a 23% increase in production.

On a per-boe basis, the costs decreased from \$3.41/boe for the second quarter of 2016 to \$3.22/boe in the second quarter of 2017. For the six months ended June 30, 2017, operating costs were \$3.36/boe, down from \$3.56/boe in the prior year. Along with a commitment to continue to drive down the overall cost structure, the Company continues to realize increased operational efficiencies in all three core areas along with fixed costs being distributed over a significantly higher production base.

The Company now expects full year 2017 operating expenses per boe to average approximately \$3.50/boe in 2017 which has been revised downward from \$3.60 originally disclosed March 7, 2017. Actual operating costs per boe can change, however, depending on a number of factors, including the Company's actual production levels.

TRANSPORTATION

<i>(000s) except per unit amounts</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	Change	2017	2016	Change
Natural gas transportation	\$ 45,922	\$ 25,946	77%	\$ 91,900	\$ 51,529	78%
Oil and NGL transportation	15,704	8,840	78%	28,825	16,882	71%
Total transportation	\$ 61,626	\$ 34,786	77%	\$ 120,725	\$ 68,411	76%
Per boe	\$ 2.88	\$ 2.06	40%	\$ 2.85	\$ 1.97	45%

For the second quarter of 2017, total transportation expenses were \$61.6 million compared to \$34.8 million in 2016. For the six months ended June 30, 2017 transportation expenses were \$120.7 million, compared to \$68.4 million for the same period of 2016. Both periods reflect increased costs related to higher production volumes.

On a per-boe basis, the transportation increased from \$2.06/boe for the second quarter of 2016 to \$2.88/boe in the second quarter of 2017. For the six months ended June 30, 2017, transportation costs were \$2.85/boe, up from \$1.97/boe for the same period of 2016. The increase in per-unit costs in 2017 reflects an increased focus on diversifying markets where Tourmaline sells its natural gas. In the second half of 2016, Tourmaline began selling natural gas at Malin, Oregon and City Gate, California, where the Company received a higher price for its natural gas. The increased distance resulted in higher per-boe fuel and transportation costs. Additionally, pipeline tolls for natural gas transportation have increased in 2017 compared to 2016.

GENERAL & ADMINISTRATIVE EXPENSES (“G&A”)

<i>(000s) except per unit amounts</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	Change	2017	2016	Change
G&A expenses	\$ 18,305	\$ 14,858	23%	\$ 35,180	\$ 29,663	19%
Administrative and capital recovery	(2,057)	(819)	151%	(3,625)	(1,962)	85%
Capitalized G&A	(6,310)	(6,034)	5%	(11,553)	(12,155)	(5)%
Total G&A expenses	\$ 9,938	\$ 8,005	24%	\$ 20,002	\$ 15,546	29%
Per boe	\$ 0.46	\$ 0.47	(2)%	\$ 0.47	\$ 0.45	4%

Total G&A expenses in the second quarter of 2017 were \$9.9 million compared to \$8.0 million for the same quarter of 2016. For the six-month period ended June 30, 2017, G&A expenses were \$20.0 million compared to \$15.5 million for the same period in 2016. The increase is primarily due to staff and office space additions needed to manage the larger production, reserve and land base.

On a per-boe basis, G&A expenses for the three and six months ended June 30, 2017 have remained consistent throughout the periods.

As production continues to increase in 2017, the G&A costs per boe are expected to decrease and average approximately \$0.45/boe which is unchanged from the initial guidance released March 7, 2017. Actual G&A costs per boe can change, however, depending on a number of factors including the Company's actual production levels.

SHARE-BASED PAYMENTS

<i>(000s) except per unit amounts</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Share-based payments	\$ 10,254	\$ 12,196	\$ 20,528	\$ 24,614
Capitalized share-based payments	(5,127)	(6,098)	(10,264)	(12,307)
Total share-based payments	\$ 5,127	\$ 6,098	\$ 10,264	\$ 12,307
Per boe	\$ 0.24	\$ 0.36	\$ 0.24	\$ 0.35

The Company uses the fair-value method for the determination of non-cash related share-based payments expense. During the second quarter of 2017, 314,500 stock options were granted at a weighted-average exercise price of \$28.27 and 615,001 options were exercised, resulting in \$14.3 million of cash proceeds.

The Company recognized \$5.1 million of share-based payments expense in the second quarter of 2017 compared to \$6.1 million in the second quarter of 2016. Capitalized share-based payments for the second quarter of 2017 were \$5.1 million compared to \$6.1 million for the same period of the prior year.

For the six months ended June 30, 2017, share-based payment expense totalled \$10.3 million and a further \$10.3 million in share-based payments were capitalized (six months ended June 30, 2016 - \$12.3 million and \$12.3 million, respectively).

Share-based payments are lower in 2017 compared to the same period of 2016, which reflects options with a lower fair value being expensed in 2017 compared to 2016.

DEPLETION, DEPRECIATION AND AMORTIZATION (“DD&A”)

<i>(000s) except per unit amounts</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Total depletion, depreciation and amortization	\$ 189,493	\$ 168,386	\$ 378,167	\$ 349,325
Less mineral lease expiries	(5,684)	(959)	(12,185)	(6,880)
Depletion, depreciation and amortization	\$ 183,809	\$ 167,427	\$ 365,982	\$ 342,445
Per boe	\$ 8.58	\$ 9.90	\$ 8.63	\$ 9.86

DD&A expense, excluding mineral lease expiries, was \$183.8 million for the second quarter of 2017 compared to \$167.4 million for the same period of 2016. For the six-month period ended June 30, 2017, DD&A expense (excluding mineral lease expiries) was \$366.0 million compared to \$342.4 million in the same period of 2016. The increase in DD&A expense in 2017 over 2016 is due to higher production volumes.

The per-unit DD&A rate (excluding the impact of mineral lease expiries) was \$8.58/boe for the second quarter of 2017 compared to the rate of \$9.90/boe for the same quarter of 2016. The per-unit DD&A rate (excluding the impact of mineral lease expiries) was \$8.63/boe for the six-month period ended June 30, 2017 compared to the rate of \$9.86/boe in the same period of the prior year. The decrease in per-boe depletion in 2017 compared to 2016 can be attributed to lower future development costs as drilling and completion costs have decreased over the past year thereby adding a higher proportion of reserves with lower associated future development costs, resulting in a lower depletion rate.

Mineral lease expiries for the three months ended June 30, 2017 were \$5.7 million, compared to expiries in the same quarter of the prior year of \$1.0 million. For the six months ended June 30, 2017, expiries were \$12.2 million compared to \$6.9 million for the same period of 2016. The Company prioritizes drilling on what it believes to be the most cost-efficient and productive acreage, and with such a large land base, the Company has chosen not to continue some of the expiring sections of land. The Company explores all alternatives (including swaps, farm-outs, joint ventures and dispositions) to realize the value from these sections before they expire.

FINANCE EXPENSES

(000s)	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	Change	2017	2016	Change
Interest expense	\$ 10,512	\$ 9,890	6%	\$ 20,587	\$ 20,749	(1)%
Accretion expense	1,262	713	77%	2,460	1,503	64%
Foreign exchange (gain) on U.S. denominated debt	(41,641)	(10,483)	297%	(42,147)	(83,242)	(49)%
Realized loss on cross-currency swaps	41,641	10,483	297%	42,147	83,242	(49)%
Realized loss on interest rate swaps	1,042	843	24%	1,792	1,743	3%
Transaction costs on corporate and property acquisitions	49	36	36%	101	214	(53)%
Total finance expenses	\$ 12,865	\$ 11,482	12%	\$ 24,940	\$ 24,209	3%

Finance expenses for the three months ended June 30, 2017 totaled \$12.9 million compared to \$11.5 million for the same period of 2016. The average bank debt outstanding and the average effective interest rate on the debt was \$1,520.8 and 2.41% for the three months ended June 30, 2017 compared to \$1,428.7 and 2.46% for the same period of 2016. The higher average bank debt outstanding resulted in an increase interest expense in the current period.

For the six months ended June 30, 2017 finance expenses totaled \$24.9 million compared to \$24.2 million for the same period of 2016. The average bank debt outstanding and the average effective interest rate on the debt for the six months ended June 30, 2017 was \$1,478.5 million and 2.45% compared to \$1,493.0 million and 2.45% for the same period of 2016, respectively. The increase in finance expenses is mainly due to higher accretion expense during the period resulting from a higher decommissioning liability balance and risk-free rate.

For the three and six month periods ended June 30, 2017, the Company drew from the credit facility in U.S. dollars, as permitted under the credit facility, which when repaid created a foreign exchange gain. Concurrent with the draw of U.S. dollar denominated borrowings, the Company entered into cross-currency swaps to manage the foreign currency risk resulting from holding U.S. dollar denominated borrowings. This transaction allows the Company to take advantage of the interest rate spread between CDOR and LIBOR without taking on foreign exchange risk.

DEFERRED INCOME TAXES (RECOVERY)

For the three and six months ended June 30, 2017, the provision for deferred income tax expense was \$45.3 million and \$86.7 million compared to deferred income tax recovery of \$23.8 million and \$36.8 million for the same period in 2016. The deferred income tax expense is primarily due to the pre-tax income of \$153.6 million and \$294.7 million recorded for the three and six months ended June 30, 2017 compared to a pre-tax loss of \$102.1 million and \$154.2 million for the same periods of 2016.

CASH FLOW FROM OPERATING ACTIVITIES, CASH FLOW AND NET EARNINGS (LOSS)

(000s) except per unit amounts	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	Change	2017	2016	Change
Cash flow from operating activities	\$ 278,577	\$ 143,392	94%	\$ 616,582	\$ 319,700	93%
Per share ⁽¹⁾	\$ 1.03	\$ 0.62	66%	\$ 2.29	\$ 1.41	62%
Cash flow ⁽²⁾	\$ 313,271	\$ 134,298	133%	\$ 606,204	\$ 293,728	106%
Per share ⁽¹⁾⁽²⁾	\$ 1.16	\$ 0.58	100%	\$ 2.25	\$ 1.29	74%
Net earnings (loss)	\$ 108,580	\$ (77,940)	239%	\$ 208,114	\$ (116,330)	279%
Per share ⁽¹⁾	\$ 0.40	\$ (0.34)	218%	\$ 0.77	\$ (0.51)	251%
Operating netback per boe ⁽²⁾	\$ 15.36	\$ 8.63	78%	\$ 14.98	\$ 9.18	63%

(1) Per share amounts have been calculated using the weighted average number of diluted common shares except the net earnings (loss) per share amounts in periods which Tourmaline has reported a net loss. In these periods, the weighted average number of basic common shares has been used as there is an anti-dilutive impact on per-share calculations.

(2) See "Non-GAAP Financial Measures".

Cash flow for the three months ended June 30, 2017 was \$313.3 million or \$1.16 per diluted share compared to \$134.3 million or \$0.58 per diluted share for the same period of 2016. Cash flow for the six months ended June 30, 2017 was \$606.2 million or \$2.25 per diluted share compared to \$293.7 million or \$1.29 per diluted share for the same period of 2016.

The Company had after-tax net income for the three months ended June 30, 2017 of \$108.6 million or \$0.40 per diluted share compared to an after-tax net loss of \$77.9 million or \$0.34 per share for the same period of 2016. For the six-month period ended June 30, 2017, after-tax net income was \$208.1 million or \$0.77 per share compared to an after-tax net loss of \$116.3 million or \$0.51 per share for the first half of 2016. The increase in both cash flow and after-tax net earnings in 2017 reflects significantly higher realized oil, natural gas and NGL prices and an increase in production over 2016.

CAPITAL EXPENDITURES

(000s)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Land and seismic	\$ 8,731	\$ 5,904	\$ 25,604	\$ 8,256
Drilling and completions	121,755	13,802	363,045	164,445
Facilities	56,506	18,017	191,305	108,856
Property acquisitions	30	5,107	825	187,815
Property dispositions	(4,000)	–	(4,000)	(18,000)
Other	6,510	6,180	12,138	12,495
Total cash capital expenditures	\$ 189,532	\$ 49,010	\$ 588,917	\$ 463,867

During the second quarter of 2017, the Company invested \$189.5 million of cash consideration, net of dispositions, compared to \$49.0 million for the same period of 2016. Expenditures on exploration and production were \$187.0 million compared to \$37.7 million for the same quarter of 2016. During the six-month period ended

June 30, 2017, the Company invested \$588.9 million of cash consideration, net of dispositions, compared to \$463.9 million for the same period of 2016.

The drilling and completion costs of \$363.0 million in the first half of 2017 include 211.55 net wells drilled and completed compared to \$164.4 million spent on 92.11 net wells drilled and completed for the same period of 2016. The lower costs per well reflect the Company's continuously improving operating practices, combined with reduced drilling and completion service costs.

Facilities expenditures in the quarter include costs associated with the new Doe Gas Plant, which was commissioned in the second quarter of 2017, the Wildhay compressor expansion, which will be commissioned in the second half of 2017, as well as the Edson Gas Plant expansion scheduled to come on-line in 2018 and the preliminary costs for the Gundy Deep Cut Gas Plant, expected to be commissioned in 2019.

The following table summarizes the drill, complete and tie-in activities for the periods:

	Six Months Ended June 30, 2017		Six Months Ended June 30, 2016	
	Gross	Net	Gross	Net
Drilled	125	109.51	34	32.28
Completed	117	102.04	64	59.83
Tied-in	112	99.16	62	56.36

Exploration and production capital expenditures in 2017 are forecast to be \$1.3 billion which is unchanged from the initial guidance disclosed in the February 22, 2017 press release. The Company expects drilling and completions costs of approximately \$855.0 million, facilities expenditures (including equipment, pipelines and tie-ins) of \$425.0 million as well as land and seismic expenditures of \$50.0 million. The capital budget is closely monitored and will continue to be adjusted as required depending on cash flow available.

Acquisitions and Dispositions

2016

On January 29, 2016, the Company acquired assets in the Minehead-Edson-Ansell area of the Alberta Deep Basin for cash consideration of \$183.0 million, before customary adjustments. The acquisition resulted in an increase in Property, Plant and Equipment ("PP&E") of approximately \$179.2 million, an increase in Exploration and Evaluation ("E&E") assets of \$4.8 million, and the assumption of \$1.0 million in decommissioning liabilities. The assets acquired included land interests, production, reserves and facilities in the area.

On March 1, 2016, the Company sold non-core assets for cash consideration of \$18.0 million, before customary adjustments.

On November 30, 2016, the Company acquired assets from Shell Canada located in the Alberta Deep Basin and the northeast B.C. Gundy area for total consideration of \$1,367.8 million, including cash consideration of \$1,000.1 million and 10,017,938 Tourmaline common shares at a deemed price of \$36.70, before customary adjustments. The acquisition resulted in an increase in PP&E of approximately \$1,333.4 million, an increase in E&E assets of \$38.5 million, and the assumption of \$4.1 million in decommissioning liabilities. Total transaction costs incurred

by the Company of \$1.6 million were associated with this acquisition and expensed in the consolidated statement of income (loss) and comprehensive income (loss). The assets acquired include land interests, production, reserves and facilities.

On December 23, 2016, the Company sold 50% of its interest in the planned Mulligan marketing terminal in the Gordondale area of Alberta for \$30.0 million, before customary adjustments.

LIQUIDITY AND CAPITAL RESOURCES

The Company has a covenant-based, unsecured, credit facility in place with a syndicate of banks, the details of which are described in note 9 of the Company's consolidated financial statements for the year ended December 31, 2016 and in note 7 of the Company's unaudited interim condensed financial statements for the three and six months ended June 30, 2017. This is an extendible revolving facility in the amount of \$1,800.0 million with an initial maturity date of June 2022. The maturity date may, at the request of the Company and with consent of the lenders, be extended on an annual basis. The 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 Company also has a \$50.0 million operating revolver, resulting in total bank credit facility capacity of \$1,850.0 million. The facility can be drawn in either Canadian or U.S. funds and bears interest at the bank's prime lending rate, banker's acceptance rates or LIBOR (for U.S. borrowings), plus applicable margins, which range from 0.50% to 3.90% depending on the type of borrowing and the Company's senior debt to adjusted EBITDA ratio.

The Company also has a term loan with a syndicate of banks. On February 3, 2017, the Company increased the term loan from \$250.0 million to \$650.0 million and extended its maturity date to February 2022. The term loan can be drawn in either Canadian or U.S. funds and bears interest at the bank's prime lending rate, banker's acceptance rates or LIBOR (for U.S. borrowings), plus 200 basis points. With the exception of the increase in amount and maturity date extension, the term debt was renewed under the same terms and conditions as those outlined in note 9 of the Company's consolidated financial statements for the year ended December 31, 2016. 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 current credit facility and the term loan will rank equally with the obligation under the Company's credit facility.

The Company's aggregate borrowing capacity is now \$2.5 billion.

As at June 30, 2017, the Company had negative working capital of \$134.2 million, after adjusting for the fair value of financial instruments (the unadjusted working capital deficiency was \$130.3 million) (December 31, 2016 – \$184.3 million and \$223.8 million, respectively). As at June 30, 2017, the Company had \$648.0 million in long-term debt outstanding and \$776.0 million drawn against the revolving credit facility for total bank debt of \$1,424.0 million (net of prepaid interest and debt issue costs) (December 31, 2016 - \$1,406.6 million). Net debt at June 30, 2017 was \$1,558.2 million (December 31, 2016 - \$1,590.9 million).

For 2017, management intends to continue matching the capital budget to the expected annual cash flow and as such management believes the Company has sufficient resources to fund its 2017 exploration and development program. As at June 30, 2017, the Company also has \$1,061.6 million in unutilized borrowing capacity. The

2017 exploration and development program will continue to be diligently monitored and adjusted as necessary depending on commodity prices in order to remain consistent with cash flow. Management is dedicated to keeping a strong balance sheet, which has proven to be very important, especially in the current commodity price environment.

SHARES AND STOCK OPTIONS OUTSTANDING

As at August 2, 2017, the Company has 269,783,946 common shares and 20,040,030 stock options outstanding.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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 leases	\$ 5,692	\$ 9,486	\$ –	\$ –	\$ 15,178
Firm transportation and processing agreements	290,479	665,870	619,752	1,738,361	3,314,462
Capital commitments ⁽¹⁾	310,921	607,795	141,174	35,367	1,095,257
Flow-through share commitments	34,436	–	–	–	34,436
Credit facility ⁽²⁾	–	–	891,705	–	891,705
Term debt ⁽³⁾	17,481	34,961	677,342	–	729,784
	\$ 659,009	\$ 1,318,112	\$ 2,329,973	\$ 1,773,728	\$ 6,080,822

(1) Includes drilling commitments, and capital spending commitments under the joint arrangement in the Spirit River complex of \$300.0 million per year until 2019. The capital spending commitment can be deferred to future periods in the event of an economic downturn, and as agreed upon by both parties. At June 30, 2017, an economic downturn event, as defined in the joint arrangement in the Spirit River complex had occurred and as a result \$75.0 million of the 2017 originally planned capital will be deferred to future periods. To date, the total deferred capital to be spent in future periods is \$291.0 million.

(2) Includes interest expense at an annual rate of 2.70% being the rate applicable to outstanding debt on the credit facility at June 30, 2017.

(3) Includes interest expense at an annual rate of 2.99% being the fixed rate on the term debt at June 30, 2017.

OFF BALANCE SHEET ARRANGEMENTS

The Company has certain lease arrangements, all of which are reflected in the commitments and contractual obligations table above, which were entered into in the normal course of operations. All leases have been treated as operating leases whereby the lease payments are included in operating expenses or general and administrative expenses depending on the nature of the lease.

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 discussed in note 5 of the Company's audited consolidated financial statements for the year ended December 31, 2016.

As at June 30, 2017, the Company has entered into certain financial derivative contracts in order to manage commodity price 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 contracts to be effective economic hedges. Such financial derivative contracts are recorded on the consolidated statement of financial position at fair value, with changes in the fair value being recognized as an unrealized gain (loss) on the consolidated statement of income (loss) and comprehensive income (loss). The contracts that the Company has in place at June 30, 2017 are summarized and disclosed in note 3 of the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2017 and 2016.

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 consolidated financial statements. Physical contracts in place at June 30, 2017 have been summarized and disclosed in note 3 of the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2017 and 2016.

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimates that differ materially from current estimates. The Company's use of estimates and judgments in preparing the interim condensed consolidated financial statements is discussed in note 1 of the consolidated financial statements for the year ended December 31, 2016.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P"), as defined by National Instrument 52-109. The Company's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting ("ICFR"), as defined by National Instrument 52-109, to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There were no changes in the Company's DC&P or ICFR during the period beginning on April 1, 2017 and ending on June 30, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived can provide only reasonable, but not absolute assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

The Company uses the guidelines as set in the Committee of Sponsoring Organizations of the Treadway Commission 2013 Internal Control-Integrated Framework.

BUSINESS RISKS AND UNCERTAINTIES

Tourmaline monitors and complies with current government regulations that affect its activities, although operations may be adversely affected by changes in government policy, regulations or taxation. In addition, Tourmaline maintains a level of liability, property and business interruption insurance which is believed to be adequate for Tourmaline's size and activities, but is unable to obtain insurance to cover all risks within the business or in amounts to cover all possible claims.

See "Forward-Looking Statements" in this MD&A and "Risk Factors" in Tourmaline's most recent annual information form for additional information regarding the risks to which Tourmaline and its business and operations are subject.

IMPACT OF ENVIRONMENTAL REGULATIONS

The oil and gas industry is currently subject to regulation pursuant to a variety of provincial and federal environmental legislation, all of which is subject to governmental review and revision from time to time. Such legislation provides for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced in association with certain oil and gas industry operations, such as sulphur dioxide and nitrous oxide. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability and the imposition of material fines and penalties.

The use of fracture stimulations has been ongoing safely in an environmentally responsible manner in western Canada for decades. With the increase in the use of fracture stimulations in horizontal wells there is increased communication between the oil and natural gas industry and a wider variety of stakeholders regarding the responsible use of this technology. This increased attention to fracture stimulations may result in increased regulation or changes of law which may make the conduct of the Company's business more expensive or prevent the Company from conducting its business as currently conducted. Tourmaline focuses on conducting transparent, safe and responsible operations in the communities in which its people live and work.

NON-GAAP FINANCIAL MEASURES

This MD&A or documents referred to in this MD&A make reference to the terms "cash flow", "operating netback", "working capital (adjusted for the fair value of financial instruments)", "net debt", "adjusted EBITDA", "senior debt", "total debt", and "total capitalization" which are not recognized measures under GAAP, and do not have a standardized meaning prescribed by GAAP. Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Management uses the terms "cash flow", "operating netback", "working capital (adjusted for the fair value of financial instruments)" and "net debt", for

its own performance measures and to provide shareholders and potential investors with a measurement of the Company's efficiency and its ability to generate the cash necessary to fund a portion of its future growth expenditures or to repay debt. Investors are cautioned that the non-GAAP measures should not be construed as an alternative to net income determined in accordance with GAAP as an indication of the Company's performance. The terms "adjusted EBITDA", "senior debt", "total debt", and "total capitalization" are not used by management in measuring performance but are used in the financial covenants under the Company's credit facility. Under the Company's credit facility "adjusted EBITDA" means generally net income or loss, excluding extraordinary items, plus interest expense and income taxes and adjusted for non-cash items and gains or losses on dispositions, "senior debt" means the sum of drawn amounts on the credit facility, the term loan and outstanding letters of credit less cash and cash equivalents and excluding debt issue costs ("bank debt"), "total debt" means generally the sum of "senior debt" plus subordinated debt (Tourmaline currently does not have any subordinated debt), and "total capitalization" means generally the sum of the Company's shareholders' equity and all other indebtedness of the Company including bank debt, all determined on a consolidated basis in accordance with GAAP.

Cash Flow

A summary of the reconciliation of cash flow from operating activities (per the statements of cash flow), to cash flow, is set forth below:

(000s)	Three Months Ended, June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Cash flow from operating activities (per GAAP)	\$ 278,577	\$ 143,392	\$ 616,582	\$ 319,700
Change in non-cash working capital	34,694	(9,094)	(10,378)	(25,972)
Cash flow	\$ 313,271	\$ 134,298	\$ 606,204	\$ 293,728

Operating Netback

Operating netback is calculated on a per-boe basis and is defined as revenue (excluding processing income) less royalties, transportation costs and operating expenses, as shown below:

(\$/boe)	Three Months Ended, June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue, excluding processing income	\$ 22.36	\$ 14.61	\$ 22.29	\$ 15.15
Royalties	(0.91)	(0.51)	(1.11)	(0.44)
Transportation costs	(2.88)	(2.06)	(2.85)	(1.97)
Operating expenses	(3.22)	(3.41)	(3.36)	(3.56)
Operating netback ⁽¹⁾	\$ 15.36	\$ 8.63	\$ 14.98	\$ 9.18

(1) May not add due to rounding.

Working Capital (Adjusted for the Fair Value of Financial Instruments)

A summary of the reconciliation of working capital to working capital (adjusted for the fair value of financial instruments) is set forth below:

<i>(000s)</i>	As at June 30, 2017	As at December 31, 2016
Working capital (deficit)	\$ (130,337)	\$ (223,781)
Fair value of financial instruments – short-term (net)	(3,875)	39,517
Working capital (deficit) (adjusted for the fair value of financial instruments)	\$ (134,212)	\$ (184,264)

Net Debt

A summary of the reconciliation of net debt is set forth below:

<i>(000s)</i>	As at June 30, 2017	As at December 31, 2016
Bank debt	\$(1,423,991)	\$(1,406,586)
Working capital (deficit)	(130,337)	(223,781)
Fair value of financial instruments – short-term (net)	(3,875)	39,517
Net debt	\$(1,558,203)	\$(1,590,850)

SELECTED QUARTERLY INFORMATION

(\$000s, unless otherwise noted)	2017				2016		2015	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
PRODUCTION								
Natural gas (mcf)	108,879,426	107,494,272	90,409,566	82,363,542	89,091,644	94,075,078	85,328,135	72,395,759
Oil and NGL(bbls)	3,287,567	3,079,321	2,578,571	1,852,618	2,060,260	2,141,099	2,302,708	1,761,403
Oil equivalent (boe)	21,434,138	20,995,033	17,646,832	15,579,875	16,908,867	17,820,279	16,524,064	13,827,363
Natural gas (mcf/d)	1,196,477	1,194,380	982,713	895,256	979,029	1,033,792	927,480	786,910
Oil and NGL (bbls/d)	36,127	34,215	28,028	20,138	22,640	23,529	25,030	19,146
Oil equivalent (boe/d)	235,540	233,278	191,814	169,347	185,812	195,828	179,610	150,297
FINANCIAL								
Total revenue from natural gas, oil and NGL sales, net of royalties	459,860	438,794	366,697	292,495	238,572	272,539	353,478	297,889
Cash flow from operating activities	278,577	338,005	192,134	185,067	143,392	176,308	228,959	261,398
Cash flow ⁽¹⁾	313,271	292,933	252,542	185,531	134,298	159,430	242,351	197,100
Per diluted share	1.16	1.09	1.02	0.79	0.58	0.72	1.10	0.90
Net earnings (loss)	108,580	99,534	59,621	24,738	(77,940)	(38,390)	34,636	28,489
Per basic share	0.40	0.37	0.24	0.11	(0.34)	(0.17)	0.16	0.13
Per diluted share	0.40	0.37	0.24	0.10	(0.34)	(0.17)	0.16	0.13
Total assets	9,630,468	9,612,395	9,357,523	7,790,816	7,694,141	7,844,728	7,640,671	7,471,042
Working capital (deficit)	(130,337)	(355,097)	(223,781)	(162,280)	(60,567)	(201,588)	(247,391)	(297,698)
Working capital (deficit)(adjusted for the fair value of financial instruments) ⁽¹⁾	(134,212)	(337,191)	(184,264)	(148,431)	(43,755)	(227,133)	(283,783)	(339,177)
Cash capital expenditures	189,532	399,385	1,244,974	224,448	49,010	414,857	325,499	422,629
Total outstanding shares (000s)	269,784	269,169	268,596	234,966	234,161	221,484	221,336	220,813
PER UNIT								
Natural gas (\$/mcf)	3.19	3.15	3.20	2.80	1.87	2.20	2.99	3.20
Oil and NGL (\$/bbl)	40.01	41.73	38.42	39.98	38.94	33.60	47.65	45.91
Revenue (\$/boe)	22.36	22.23	22.01	19.54	14.61	15.66	22.08	22.61
Operating netback (\$/boe) ⁽¹⁾	15.36	14.59	15.00	12.69	8.63	9.71	15.22	15.06

(1) See Non-GAAP Financial Measures.

The oil and gas exploration and production industry is cyclical. The Company's financial position, results of operations and cash flows are principally impacted by production levels and commodity prices, particularly natural gas prices.

On an annual basis, the Company has had continued production growth over the last two years. The Company's average annual production has increased from 154,403 boe per day in 2015 to 185,672 boe per day in 2016 and 234,415 boe per day in the first six months of 2017. The production growth can be attributed primarily to the Company's exploration and development activities, and from acquisitions of producing properties.

The Company's cash flow was \$850.2 million in 2015, \$731.8 million in 2016 and forecast 2017 forecast cash flow is \$1,340.7 million. The increase in forecast cash flow in 2017 reflects the increase in commodity prices for 2017 compared to 2016 as well as the significant increase in production. Commodity price fluctuations can indirectly impact expected production by changing the amount of funds available to reinvest in exploration, development and acquisition activities in the future. Changes in commodity prices impact revenue and cash flow available for exploration, and also the economics of potential capital projects as low commodity prices can potentially reduce the quantities of reserves that are commercially recoverable. The Company's capital program is dependent on cash flow generated from operations and access to capital markets.