

Q3 2024

FINANCIAL STATEMENTS

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INTERNATIONALLY DIVERSIFIED | FREE CASH FLOW FOCUSED

VERMILION
ENERGY



Disclaimer

Certain statements included or incorporated by reference in this document may constitute forward-looking statements or information under applicable securities legislation. Such forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements or information in this document may include, but are not limited to: capital expenditures, including Vermilion's 2024 guidance, and Vermilion's ability to fund such expenditures; the flexibility of Vermilion's capital program and operations; business strategies and objectives; operational and financial performance; wells expected to be drilled and the timing thereof; exploration and development plans and the timing thereof; future drilling prospects; the ability of our asset base to deliver modest production growth; the evaluation of international acquisition opportunities; statements regarding the return of capital; our asset petroleum and natural gas sales; future production levels and the timing thereof, including Vermilion's 2024 guidance, and rates of average annual production growth; the effect of changes in crude oil and natural gas prices, changes in exchange and inflation rates; the payment and amount of future dividends; the effect of possible changes in critical accounting estimates; the Company's review of the impact of potential changes to financial reporting standards; the potential financial impact of climate-related risks; Vermilion's goals regarding its debt levels, including maintenance of a ratio of net debt to four quarter trailing funds flow from operations; statements regarding Vermilion's hedging program and the stability of our cash flows; operating and other expenses; royalty and income tax rates and Vermilion's expectations regarding future taxes and taxability; the timing of regulatory proceedings and approvals; and the release of our 2025 budget and the timing thereof.

Such forward-looking statements or information are based on a number of assumptions, all or any of which may prove to be incorrect. In addition to any other assumptions identified in this document, assumptions have been made regarding, among other things: the ability of Vermilion to obtain equipment, services and supplies in a timely manner to carry out its activities in Canada and internationally; the ability of Vermilion to market crude oil, natural gas liquids, and natural gas successfully to current and new customers; the timing and costs of pipeline and storage facility construction and expansion and the ability to secure adequate product transportation; the timely receipt of required regulatory approvals; the ability of Vermilion to obtain financing on acceptable terms; foreign currency exchange rates and interest rates; future crude oil, natural gas liquids, and natural gas prices; management's expectations relating to the timing and results of exploration and development activities; the impact of Vermilion's dividend policy on its future cash flows; credit ratings; hedging program; expected earnings/(loss) and adjusted earnings/(loss); expected earnings/(loss) or adjusted earnings/(loss) per share; expected future cash flows and free cash flow and expected future cash flow and free cash flow per share; estimated future dividends; financial strength and flexibility; debt and equity market conditions; general economic and competitive conditions; ability of management to execute key priorities; and the effectiveness of various actions resulting from the Vermilion's strategic priorities.

Although Vermilion believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Vermilion can give no assurance that such expectations will prove to be correct. Financial outlooks are provided for the purpose of understanding Vermilion's financial position and business objectives, and the information may not be appropriate for other purposes. Forward-looking statements or information are based on current expectations, estimates, and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Vermilion and described in the forward-looking statements or information. These risks and uncertainties include, but are not limited to: the ability of management to execute its business plan; the risks of the oil and gas industry, both domestically and internationally, such as operational risks in exploring for, developing and producing crude oil, natural gas liquids, and natural gas; risks and uncertainties involving geology of crude oil, natural gas liquids, and natural gas deposits; risks inherent in Vermilion's marketing operations, including credit risk; the uncertainty of reserves estimates and reserves life and estimates of resources and associated expenditures; the uncertainty of estimates and projections relating to production and associated expenditures; potential delays or changes in plans with respect to exploration or development projects; Vermilion's ability to enter into or renew leases on acceptable terms; fluctuations in crude oil, natural gas liquids, and natural gas prices, foreign currency exchange rates, interest rates and inflation; health, safety, and environmental risks; uncertainties as to the availability and cost of financing; the ability of Vermilion to add production and reserves through exploration and development activities; the possibility that government policies or laws may change or governmental approvals may be delayed or withheld; uncertainty in amounts and timing of royalty payments; risks associated with existing and potential future law suits and regulatory actions against or involving Vermilion; and other risks and uncertainties described elsewhere in this document or in Vermilion's other filings with Canadian securities regulatory authorities.

This document contains references to sustainability/ESG data and performance that reflect metrics and concepts that are commonly used in such frameworks as the Global Reporting Initiative, the Task Force on Climate-related Financial Disclosures, and the Sustainability Accounting Standards Board. Vermilion has used best efforts to align with the most commonly accepted methodologies for ESG reporting, including with respect to climate data and information on potential future risks and opportunities, in order to provide a fuller context for our current and future operations. However, these methodologies are not yet standardized, are frequently based on calculation factors that change over time, and continue to evolve rapidly. Readers are particularly cautioned to evaluate the underlying definitions and measures used by other companies, as these may not be comparable to Vermilion's. While Vermilion will continue to monitor and adapt its reporting accordingly, the Company is not under any duty to update or revise the related sustainability/ESG data or statements except as required by applicable securities laws.

The forward-looking statements or information contained in this document are made as of the date hereof and Vermilion undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events, or otherwise, unless required by applicable securities laws.

This document discloses certain oil and gas metrics, including DCET costs, which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included in this MD&A to provide readers with additional measures to evaluate the Company's performance; however, such measures are not reliable indicators of the Company's future performance and future performance may not compare to the Company's performance in previous periods and therefore such metrics should not be unduly relied upon. DCET costs includes all capital spent to drill, complete, equip and tie-in a well. Additional oil and gas metrics in this document may include, but are not limited to:

Boe Equivalency: 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 the 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.

Estimates of Drilling Locations: Unbooked drilling locations are the internal estimates of Vermilion based on Vermilion's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources (including contingent and prospective). Unbooked locations have been identified by Vermilion's management as an estimation of Vermilion's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Vermilion will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and natural gas reserves, resources or production. The drilling locations on which Vermilion will actually drill wells, including the number and timing thereof is ultimately dependent upon the availability of funding, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While a certain number of the unbooked drilling locations have been de-risked by Vermilion drilling existing wells in relative close proximity to such unbooked drilling locations, the majority of other unbooked drilling locations are farther away from existing wells where management of Vermilion has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Initial Production Rates and Short-Term Test Rates: This document discloses test rates of production for certain wells over short periods of time (i.e. 24 hours, IP30, IP60, IP90, etc.), which are preliminary and not determinative of the rates at which those or any other wells will commence production and thereafter decline. Short-term test rates are not necessarily indicative of long-term well or reservoir performance or of ultimate recovery. Although such rates are useful in confirming the presence of hydrocarbons, they are preliminary in nature, are subject to a high degree of predictive uncertainty as a result of limited data availability and may not be representative of stabilized on-stream production rates. A pressure transient analysis or well-test interpretation has not been carried out in respect of all wells. Production over a longer period will also experience natural decline rates, which can be high in certain plays in which the Company operates, and may not be consistent over the longer term with the decline experienced over an initial production period. Initial production or test rates may also include recovered "load" fluids used in well completion stimulation operations. Actual results will differ from those realized during an initial production period or short-term test period, and the difference may be material.

Financial data contained within this document are reported in Canadian dollars, unless otherwise stated.

Consolidated Interim Financial Statements

Consolidated Balance Sheet

thousands of Canadian dollars, unaudited

	Note	September 30, 2024	December 31, 2023
Assets			
Current			
Cash and cash equivalents	11	190,946	141,456
Accounts receivable		274,317	242,926
Crude oil inventory		29,146	57,333
Derivative instruments		92,537	313,792
Prepaid expenses		64,251	68,007
Total current assets		651,197	823,514
Derivative instruments		27,200	76,107
Investments	3	79,327	73,261
Deferred taxes		127,603	182,051
Exploration and evaluation assets	5	215,569	198,379
Capital assets	4	4,983,258	4,882,509
Total assets		6,084,154	6,235,821
Liabilities			
Current			
Accounts payable and accrued liabilities		344,516	380,370
Dividends payable	9	18,642	16,227
Derivative instruments		9,487	732
Income taxes payable		149,024	298,745
Total current liabilities		521,669	696,074
Derivative instruments		57,718	21,050
Long-term debt	8	903,354	914,015
Lease obligations		121,807	33,001
Asset retirement obligations	6	1,221,312	1,159,063
Deferred taxes		379,688	380,970
Total liabilities		3,205,548	3,204,173
Shareholders' Equity			
Shareholders' capital	9	3,947,667	4,142,566
Contributed surplus		41,420	43,348
Accumulated other comprehensive income		156,489	109,302
Deficit		(1,266,970)	(1,263,568)
Total shareholders' equity		2,878,606	3,031,648
Total liabilities and shareholders' equity		6,084,154	6,235,821

Approved by the Board

(Signed "Manjit Sharma")

Manjit Sharma, Director

(Signed "Dion Hatcher")

Dion Hatcher, Director

Consolidated Statements of Net Earnings (Loss) and Comprehensive Income

thousands of Canadian dollars, except share and per share amounts, unaudited

	Note	Three Months Ended		Nine Months Ended	
		Sep 30, 2024	Sep 30, 2023	Sep 30, 2024	Sep 30, 2023
Revenue					
Petroleum and natural gas sales		490,095	475,532	1,477,055	1,499,586
Royalties		(42,738)	(32,209)	(137,901)	(146,546)
Sales of purchased commodities		14,458	51,252	81,479	138,542
Petroleum and natural gas revenue		461,815	494,575	1,420,633	1,491,582
Expenses					
Purchased commodities		14,458	51,252	81,479	138,542
Operating		138,806	122,870	428,347	396,444
Transportation		26,693	21,460	74,972	66,415
Equity based compensation		6,412	6,362	22,431	34,885
Gain on derivative instruments		(48,839)	(8,331)	(938)	(194,209)
Interest expense		21,187	20,218	60,641	62,303
General and administration		21,803	20,959	72,043	60,906
Foreign exchange loss (gain)		10,227	9,953	24,661	(8,601)
Other expense		2,154	10,536	2,971	3,989
Accretion	6	19,126	20,068	55,269	58,718
Depletion and depreciation	4, 5	180,164	151,087	519,782	453,607
Gain on business combination		—	—	—	(445,094)
Loss on disposition		—	—	—	226,828
		392,191	426,434	1,341,658	854,733
Earnings before income taxes		69,624	68,141	78,975	636,849
Income tax expense (recovery)					
Deferred		4,713	(42,489)	42,025	(79,435)
Current		13,214	31,368	65,373	72,558
Windfall taxes		—	21,953	—	78,177
		17,927	10,832	107,398	71,300
Net earnings (loss)		51,697	57,309	(28,423)	565,549
Other comprehensive income					
Currency translation adjustments		46,985	(15,584)	44,494	(47,196)
Hedge accounting reserve, net of tax		1,633	1,631	4,896	5,420
Fair value adjustment on investment in securities, net of tax	3	—	7,614	(2,203)	7,765
Comprehensive income		100,315	50,970	18,764	531,538
Net earnings (loss) per share					
Basic		0.33	0.35	(0.18)	3.45
Diluted		0.33	0.34	(0.18)	3.38
Weighted average shares outstanding ('000s)					
Basic		156,624	163,946	159,114	163,848
Diluted		157,502	166,392	160,743	167,167

Consolidated Statements of Cash Flows

thousands of Canadian dollars, unaudited

	Note	Three Months Ended		Nine Months Ended	
		Sep 30, 2024	Sep 30, 2023	Sep 30, 2024	Sep 30, 2023
Operating					
Net earnings (loss)		51,697	57,309	(28,423)	565,549
Adjustments:					
Accretion	6	19,126	20,068	55,269	58,718
Depletion and depreciation	4, 5	180,164	151,087	519,782	453,607
Gain on business combination		—	—	—	(445,094)
Loss on disposition		—	—	—	226,828
Unrealized loss (gain) on derivative instruments		1,052	65,294	315,585	(38,581)
Equity based compensation		6,412	6,362	8,070	34,885
Unrealized foreign exchange loss (gain)		11,382	12,042	29,954	(7,604)
Unrealized other expense		478	545	823	1,621
Deferred tax expense (recovery)		4,713	(42,489)	42,025	(79,435)
Asset retirement obligations settled	6	(15,332)	(13,582)	(32,052)	(28,029)
Changes in non-cash operating working capital		(125,145)	(138,200)	(155,869)	(61,768)
Cash flows from operating activities		134,547	118,436	755,164	680,697
Investing					
Drilling and development	4	(118,809)	(119,404)	(410,457)	(436,802)
Exploration and evaluation	5	(2,460)	(6,235)	(11,864)	(10,502)
Acquisitions, net of cash acquired	4	(1,642)	(3,191)	(7,471)	(139,612)
Acquisition of securities	3	—	(2,047)	(9,373)	(4,155)
Dispositions	4	—	—	—	182,152
Changes in non-cash investing working capital		(22,917)	(39,527)	(41,031)	(34,584)
Cash flows used in investing activities		(145,828)	(170,404)	(480,196)	(443,503)
Financing					
Net repayments (borrowings) on the revolving credit facility	8	—	32,858	—	(113,733)
Repurchases of senior unsecured notes	8	—	—	(31,561)	—
Payments on lease obligations		(7,547)	(4,053)	(19,479)	(13,117)
Repurchase of shares	9	(40,106)	(11,645)	(123,070)	(66,102)
Cash dividends	9	(18,981)	(16,429)	(54,391)	(45,713)
Changes in non-cash financing working capital		785	—	2,412	—
Cash flows (used in) from financing activities		(65,849)	731	(226,089)	(238,665)
Foreign exchange gain (loss) on cash held in foreign currencies		404	537	611	(12,365)
Net change in cash and cash equivalents		(76,726)	(50,700)	49,490	(13,836)
Cash and cash equivalents, beginning of period		267,672	50,700	141,456	13,836
Cash and cash equivalents, end of period		190,946	—	190,946	—
Supplementary information for cash flows from operating activities					
Interest paid		14,600	13,742	56,582	56,387
Income taxes paid		147,261	149,721	215,088	302,497

Consolidated Statements of Changes in Shareholders' Equity

thousands of Canadian dollars, unaudited

	Note	Nine Months Ended	
		September 30, 2024	September 30, 2023
Shareholders' capital	9		
Balance, beginning of period		4,142,566	4,243,794
Vesting of equity based awards		9,998	21,175
Equity based compensation		—	10,280
Share-settled dividends on vested equity based awards		1,257	1,051
Repurchase of shares		(206,154)	(94,190)
Balance, end of period		3,947,667	4,182,110
Contributed surplus	9		
Balance, beginning of period		43,348	35,409
Equity based compensation		8,070	24,605
Vesting of equity based awards		(9,998)	(21,175)
Balance, end of period		41,420	38,839
Accumulated other comprehensive income			
Balance, beginning of period		109,302	123,505
Currency translation adjustments		44,494	(47,196)
Hedge accounting reserve		4,896	5,420
Fair value adjustment on investment in securities, net of tax	3	(2,203)	7,765
Balance, end of period		156,489	89,494
Deficit			
Balance, beginning of period		(1,263,568)	(1,001,650)
Net (loss) earnings		(28,423)	565,549
Dividends declared		(56,806)	(49,023)
Share-settled dividends on vested equity based awards		(1,257)	(1,051)
Repurchase of shares	9	83,084	28,088
Balance, end of period		(1,266,970)	(458,087)
Total shareholders' equity		2,878,606	3,852,356

Description of equity reserves

Shareholders' capital

Represents the recognized amount for common shares issued (net of equity issuance costs and deferred taxes) less the weighted-average carrying value of shares repurchased. The price paid to repurchase common shares is compared to the carrying value of the shares and the difference is recorded against deficit.

Contributed surplus

Represents the recognized value of unvested equity based awards that will be settled in shares. Once vested, the value of the awards are transferred to shareholders' capital.

Accumulated other comprehensive income

Represents currency translation adjustments, hedge accounting reserve and fair value adjustments on investments.

Currency translation adjustments result from translating the balance sheets of subsidiaries with a foreign functional currency to Canadian dollars at period-end rates. These amounts may be reclassified to net earnings (loss) if there is a disposal or partial disposal of a subsidiary.

The hedge accounting reserve represents the effective portion of the change in fair value related to cash flow and net investment hedges recognized in other comprehensive income, net of tax and reclassified to the consolidated statement of net earnings (loss) in the same period in which the transaction associated with the hedged item occurs.

Fair value adjustment on investment in securities, net of tax, are a result of changes in the fair value of investments that have been elected to be subsequently measured at fair value through other comprehensive income.

Deficit

Represents the cumulative net earnings (loss) less distributed earnings and surplus of the price paid to repurchase common shares of Vermilion Energy Inc. over the weighted-average carrying value of the shares repurchased.

Notes to the Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2024 and 2023

tabular amounts in thousands of Canadian dollars, except share and per share amounts, unaudited

1. Basis of presentation

Vermilion Energy Inc. (the “Company” or “Vermilion”) is a corporation governed by the laws of the Province of Alberta and is actively engaged in the business of crude oil and natural gas exploration, development, acquisition, and production.

These condensed consolidated interim financial statements are in compliance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as Vermilion’s consolidated financial statements for the year ended December 31, 2023.

These condensed consolidated interim financial statements should be read in conjunction with Vermilion’s consolidated financial statements for the year ended December 31, 2023, which are contained within Vermilion’s Annual Report for the year ended December 31, 2023 and are available on SEDAR+ at www.sedarplus.ca or on Vermilion’s website at www.vermilionenergy.com.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors of Vermilion on November 6, 2024.

2. Segmented information

	Three Months Ended September 30, 2024									
	Canada	USA	France	Netherlands	Germany	Ireland	Australia	CEE	Corporate	Total
Drilling and development	76,799	1,372	11,366	5,237	14,162	345	8,661	867	—	118,809
Exploration and evaluation	—	—	—	—	1,310	—	—	1,150	—	2,460
Crude oil and condensate sales	142,448	26,699	67,888	383	16,198	—	47,661	—	—	301,277
NGL sales	15,565	3,519	—	—	—	—	—	—	—	19,084
Natural gas sales	12,767	806	—	33,821	26,865	79,333	—	16,142	—	169,734
Sales of purchased commodities	—	—	—	—	—	—	—	—	14,458	14,458
Royalties	(22,214)	(8,278)	(8,538)	—	(1,348)	—	—	(2,360)	—	(42,738)
Revenue from external customers	148,566	22,746	59,350	34,204	41,715	79,333	47,661	13,782	14,458	461,815
Purchased commodities	—	—	—	—	—	—	—	—	(14,458)	(14,458)
Transportation	(15,079)	(395)	(5,712)	—	(3,210)	(2,297)	—	—	—	(26,693)
Operating	(52,837)	(6,100)	(14,733)	(7,887)	(14,394)	(13,632)	(28,521)	(702)	—	(138,806)
General and administration	(1,233)	(3,138)	(4,573)	(2,033)	(3,020)	(2,704)	(2,067)	(1,974)	(1,061)	(21,803)
PRRT	—	—	—	—	—	—	(507)	—	—	(507)
Corporate income taxes	(2)	—	(2,314)	(4,997)	(2,407)	(174)	(1,139)	—	(1,674)	(12,707)
Interest expense	—	—	—	—	—	—	—	—	(21,187)	(21,187)
Realized gain on derivative instruments	—	—	—	—	—	—	—	—	49,891	49,891
Realized foreign exchange gain	—	—	—	—	—	—	—	—	1,155	1,155
Realized other expense	—	—	—	—	—	—	—	—	(1,676)	(1,676)
Fund flows from operations	79,415	13,113	32,018	19,287	18,684	60,526	15,427	11,106	25,448	275,024

	Three Months Ended September 30, 2023									
	Canada	USA	France	Netherlands	Germany	Ireland	Australia	CEE	Corporate	Total
Drilling and development	59,111	10,592	14,069	17,162	5,509	6,994	6,072	(105)	—	119,404
Exploration and evaluation	—	—	—	—	5,139	—	—	1,096	—	6,235
Crude oil and condensate sales	155,251	43,510	88,970	351	15,275	—	—	—	—	303,357
NGL sales	15,711	3,048	—	—	—	—	—	—	—	18,759
Natural gas sales	38,441	1,287	—	27,505	22,331	63,798	—	54	—	153,416
Sales of purchased commodities	—	—	—	—	—	—	—	—	51,252	51,252
Royalties	(26,856)	(13,633)	(12,351)	20,607	142	—	—	(118)	—	(32,209)
Revenue from external customers	182,547	34,212	76,619	48,463	37,748	63,798	—	(64)	51,252	494,575
Purchased commodities	—	—	—	—	—	—	—	—	(51,252)	(51,252)
Transportation	(10,709)	(169)	(4,351)	—	(3,674)	(2,557)	—	—	—	(21,460)
Operating	(59,191)	(3,947)	(21,810)	(3,411)	(14,008)	(10,372)	(9,937)	(194)	—	(122,870)
General and administration	(25,575)	(3,239)	(1,716)	(6,624)	(1,721)	(3,929)	(1,356)	(1,865)	25,066	(20,959)
Corporate income taxes	—	—	(5,410)	(17,079)	(8,284)	(163)	(397)	—	(35)	(31,368)
Windfall tax	—	—	—	—	—	—	—	—	(21,953)	(21,953)
Interest expense	—	—	—	—	—	—	—	—	(20,218)	(20,218)
Realized gain on derivative instruments	—	—	—	—	—	—	—	—	73,625	73,625
Realized foreign exchange gain	—	—	—	—	—	—	—	—	2,089	2,089
Realized other expense	—	—	—	—	—	—	—	—	(9,991)	(9,991)
Fund flows from operations	87,072	26,857	43,332	21,349	10,061	46,777	(11,690)	(2,123)	48,583	270,218

	Nine Months Ended September 30, 2024									
	Canada	USA	France	Netherlands	Germany	Ireland	Australia	CEE	Corporate	Total
Total assets	2,772,473	243,898	609,100	212,531	490,405	933,883	271,271	95,829	454,764	6,084,154
Drilling and development	260,288	15,912	33,770	13,868	55,209	3,794	23,641	3,975	—	410,457
Exploration and evaluation	—	—	—	—	6,188	—	—	5,676	—	11,864
Crude oil and condensate sales	425,497	95,704	240,540	2,138	34,629	—	155,274	34	—	953,816
NGL sales	49,329	12,358	—	—	—	—	—	—	—	61,687
Natural gas sales	60,634	3,588	—	97,573	68,775	213,590	—	17,392	—	461,552
Sales of purchased commodities	—	—	—	—	—	—	—	—	81,479	81,479
Royalties	(66,935)	(32,090)	(31,873)	(217)	(4,138)	—	—	(2,648)	—	(137,901)
Revenue from external customers	468,525	79,560	208,667	99,494	99,266	213,590	155,274	14,778	81,479	1,420,633
Purchased commodities	—	—	—	—	—	—	—	—	(81,479)	(81,479)
Transportation	(39,606)	(1,325)	(17,476)	—	(8,788)	(7,777)	—	—	—	(74,972)
Operating	(176,435)	(20,660)	(50,779)	(29,206)	(39,585)	(40,689)	(69,481)	(1,512)	—	(428,347)
General and administration	(19,681)	(9,678)	(13,569)	(5,746)	(8,654)	(6,336)	(5,810)	(5,605)	3,036	(72,043)
PRRT	—	—	—	—	—	—	(14,928)	—	—	(14,928)
Corporate income taxes	(4)	—	(14,095)	(23,866)	(8,483)	(943)	(2,329)	—	(725)	(50,445)
Interest expense	—	—	—	—	—	—	—	—	(60,641)	(60,641)
Equity based compensation	—	—	—	—	—	—	—	—	(14,361)	(14,361)
Realized gain on derivative instruments	—	—	—	—	—	—	—	—	316,523	316,523
Realized foreign exchange gain	—	—	—	—	—	—	—	—	5,293	5,293
Realized other expense	—	—	—	—	—	—	—	—	(2,148)	(2,148)
Fund flows from operations	232,799	47,897	112,748	40,676	33,756	157,845	62,726	7,661	246,977	943,085
	Nine Months Ended September 30, 2023									
	Canada	USA	France	Netherlands	Germany	Ireland	Australia	CEE	Corporate	Total
Total assets	3,127,777	689,903	850,651	216,308	391,394	1,163,499	279,216	71,048	371,365	7,161,161
Drilling and development	234,432	87,064	37,080	33,359	18,445	8,433	16,674	1,315	—	436,802
Exploration and evaluation	—	—	—	1	8,220	—	—	2,281	—	10,502
Crude oil and condensate sales	479,061	98,883	233,154	1,233	42,436	32	—	—	—	854,799
NGL sales	50,557	10,673	—	—	—	—	—	—	—	61,230
Natural gas sales	131,671	4,735	—	133,960	108,895	201,942	—	2,354	—	583,557
Sales of purchased commodities	—	—	—	—	—	—	—	—	138,542	138,542
Royalties	(77,752)	(31,060)	(30,275)	(875)	(5,257)	—	—	(1,327)	—	(146,546)
Revenue from external customers	583,537	83,231	202,879	134,318	146,074	201,974	—	1,027	138,542	1,491,582
Purchased commodities	—	—	—	—	—	—	—	—	(138,542)	(138,542)
Transportation	(31,462)	(301)	(18,766)	—	(9,847)	(6,039)	—	—	—	(66,415)
Operating	(182,288)	(17,185)	(63,113)	(30,014)	(35,624)	(25,516)	(41,683)	(1,021)	—	(396,444)
General and administration	(71,037)	(7,028)	(14,397)	(7,739)	(9,105)	(9,969)	(5,674)	(5,417)	69,460	(60,906)
Corporate income taxes	—	—	(8,425)	(29,591)	(31,056)	(390)	(1,912)	—	(1,184)	(72,558)
Windfall tax	—	—	—	—	—	—	—	—	(78,177)	(78,177)
Interest expense	—	—	—	—	—	—	—	—	(62,303)	(62,303)
Realized gain on derivative instruments	—	—	—	—	—	—	—	—	155,628	155,628
Realized foreign exchange gain	—	—	—	—	—	—	—	—	997	997
Realized other expense	—	—	—	—	—	—	—	—	(2,368)	(2,368)
Fund flows from operations	298,750	58,717	98,178	66,974	60,442	160,060	(49,269)	(5,411)	82,053	770,494

Reconciliation of fund flows from operations to net earnings (loss):

	Three Months Ended		Nine Months Ended	
	Sep 30, 2024	Sep 30, 2023	Sep 30, 2024	Sep 30, 2023
Fund flows from operations	275,024	270,218	943,085	770,494
Equity based compensation	(6,412)	(6,362)	(8,070)	(34,885)
Unrealized (loss) gain on derivative instruments	(1,052)	(65,294)	(315,585)	38,581
Unrealized foreign exchange (loss) gain	(11,382)	(12,042)	(29,954)	7,604
Accretion	(19,126)	(20,068)	(55,269)	(58,718)
Depletion and depreciation	(180,164)	(151,087)	(519,782)	(453,607)
Deferred tax (expense) recovery	(4,713)	42,489	(42,025)	79,435
Gain on business combination	—	—	—	445,094
Loss on disposition	—	—	—	(226,828)
Unrealized other expense	(478)	(545)	(823)	(1,621)
Net earnings (loss)	51,697	57,309	(28,423)	565,549

3. Investments

Adoption of accounting policy - Investment in associate

Associates are entities for which the company has significant influence, but not control or joint control over the financial and operational decisions. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost and adjusted thereafter for the change in the company's share of the associate's net income and comprehensive income less distributions received until the date that significant influence ceases, within other income on the consolidated statements of net earnings and comprehensive income.

Subsequent to February 29, 2024, Vermilion owns approximately 21% of the issued and outstanding common shares of Coelacanth Energy Inc. ("CEI"), an oil and natural gas company, actively engaged in the acquisition, development, exploration, and production of oil and natural gas reserves in northeastern British Columbia, Canada. As such, Vermilion has concluded that it has significant influence over the entity and should be accounted for using the equity method of accounting. Prior to February 29, 2024, this investment was accounted for under IFRS 9 as an investment in securities using the fair value method of accounting. The transaction was treated as a disposal of the original investment at fair value and an acquisition of an investment in associate, with no resulting gain or loss recognized in the consolidated statement of net earnings.

The following table reconciles the change in Vermilion's investments:

	2024
Balance at January 1	73,261
Acquisition of securities	9,373
Fair value adjustment ⁽¹⁾	(2,203)
Investment in securities prior to reclassification to Investment in associate	80,431
Investment loss ⁽²⁾	(1,104)
Balance at September 30	79,327

(1) The investment was classified as a level 1 instrument on the fair value hierarchy and used observable inputs when making fair value adjustments and was recorded until the date of significant influence, on February 29, 2024.

(2) Investment losses are recognized within other income on the consolidated statements of net earnings and comprehensive income.

The following tables summarize financial information of CEI and Vermilion's share based on their most recently available publicly available documents as at and for the six months ended June 30, 2024:

Current assets	60,515
Non-current assets	123,375
Current liabilities	(5,098)
Non-current liabilities	(7,360)
Net assets	171,432
Vermilion's share of net assets	35,630

	Seven Months Ended September 30, 2024
Total Revenue	7,229
Net loss	(5,313)
Vermilion's share of net loss	(1,104)

At September 30, 2024, the fair value of Vermilion's investment in CEI is \$84.8 million or \$0.77/share (December 31, 2023 - \$73.3 million or \$0.75/share).

4. Capital assets

The following table reconciles the change in Vermilion's capital assets:

	2024
Balance at January 1	4,882,509
Acquisitions	7,471
Additions	410,457
Increase in right-of-use assets	109,606
Depletion and depreciation	(508,636)
Changes in asset retirement obligations	8,578
Foreign exchange	73,273
Balance at September 30	4,983,258

Right-of-use assets

The following table discloses the carrying balance and depreciation charge relating to right-of-use assets by class of underlying asset as at and for the nine months ended September 30, 2024:

(\$M)	As at Sep 30, 2024		As at Dec 31, 2023	
	Depreciation	Balance	Depreciation	Balance
Office space	6,160	55,230	8,115	25,893
Processing facilities	12,540	76,025	7,691	6,326
Oil storage facilities	1,966	4,629	2,667	7,037
Vehicles and equipment	1,239	4,929	5,433	9,760
Total	21,905	140,813	23,906	49,016

In May 2024, Vermilion recognized a seven-year lease for a processing facility in the Canadian Business Unit adding \$76.4 million of right-of-use assets offset with lease liabilities (\$4.3 million current; \$72.1 million non-current). The rate implicit in the lease is 11.7%.

In July 2024, Vermilion signed an extension of our existing head office lease from 2027 to 2035. The lease increased right-of-use assets by \$30.9 million offset with changes to lease liabilities (current reduced by \$3.4 million; non-current increased by \$34.4 million). Vermilion's incremental borrowing rate at the time of signing the lease was 7.0%.

5. Exploration and evaluation assets

The following table reconciles the change in Vermilion's exploration and evaluation assets:

	2024
Balance at January 1	198,379
Additions	11,864
Depreciation	(230)
Foreign exchange	5,556
Balance at September 30	215,569

6. Asset retirement obligations

The following table reconciles the change in Vermilion's asset retirement obligations:

	2024
Balance at January 1	1,159,063
Additional obligations recognized	658
Obligations settled	(32,052)
Accretion	55,269
Changes in rates	7,920
Foreign exchange	30,454
Balance at September 30	1,221,312

Vermilion calculated the present value of the obligations using a credit-adjusted risk-free rate, calculated using a credit spread of 3.3% as at September 30, 2024 (December 31, 2023 - 3.6%) added to risk-free rates based on long-term, risk-free government bonds. Vermilion's credit spread is determined using the Company's expected cost of borrowing at the end of the reporting period.

The country-specific risk-free rates used as inputs to discount the obligations were as follows:

	Sep 30, 2024	Dec 31, 2023
Canada	3.1 %	3.0 %
United States	4.1 %	4.2 %
France	3.5 %	3.0 %
Netherlands	2.6 %	2.1 %
Germany	2.5 %	2.3 %
Ireland	2.7 %	2.7 %
Australia	4.2 %	4.0 %
Central and Eastern Europe	4.5 %	4.4 %

7. Capital disclosures

Vermilion defines capital as net debt and shareholders' capital. Net debt consists of long-term debt (excluding unrealized foreign exchange on swapped USD borrowings) plus adjusted working capital (defined as current assets less current liabilities, excluding current derivatives and current lease liabilities). In managing capital, Vermilion reviews whether fund flows from operations is sufficient to fund capital expenditures, dividends, share buybacks, and asset retirement obligations.

The following table calculates Vermilion's ratio of net debt to four quarter trailing fund flows from operations:

	Sep 30, 2024	Dec 31, 2023
Long-term debt	903,354	914,015
Adjusted working capital ⁽¹⁾	(70,023)	164,552
Net debt	833,331	1,078,567
Ratio of net debt to four quarter trailing fund flows from operations	0.6	0.9

(1) Adjusted working capital is defined as current assets (excluding current derivatives), less current liabilities (excluding current derivatives and current lease liabilities).

8. Long-term debt

The following table summarizes Vermilion's outstanding long-term debt:

	As at	
	Sep 30, 2024	Dec 31, 2023
2025 senior unsecured notes	373,469	395,839
2030 senior unsecured notes	529,885	518,176
Long-term debt	903,354	914,015

The fair value of the revolving credit facility is equal to its carrying value due to the use of short-term borrowing instruments at market rates of interest. The fair value of the 2025 senior unsecured notes as at September 30, 2024 was \$373.4 million (December 31, 2023 - \$392.7 million). The fair value of the 2030 senior unsecured notes as at September 30, 2024 was \$540.5 million (December 31, 2023 - \$511.7 million).

The following table reconciles the change in Vermilion's long-term debt:

	2024
Balance at January 1	914,015
Repurchases of senior unsecured notes	(31,561)
Amortization of transaction costs	1,688
Foreign exchange	19,212
Balance at September 30	903,354

Revolving credit facility

As at September 30, 2024, Vermilion had in place a bank revolving credit facility maturing May 26, 2028 with the following terms:

	As at	
	Sep 30, 2024	Dec 31, 2023
Total facility amount	1,350,000	1,600,000
Letters of credit outstanding	(21,886)	(18,116)
Unutilized capacity	1,328,114	1,581,884

The facility can be extended from time to time at the option of the lenders and upon notice from Vermilion. If no extension is granted by the lenders, the amounts owing pursuant to the facility are due at the maturity date. The facility is secured by various fixed and floating charges against the subsidiaries of Vermilion.

On May 17, 2024, the maturity date of the facility was extended to May 26, 2028 (previously May 28, 2027) and the total facility amount of \$1.6 billion was reduced to \$1.35 billion, with an accordion feature to increase the aggregate amount available under the facility to \$1.6 billion. As at September 30, 2024, the revolving credit facility was undrawn.

The facility bears interest at a rate applicable to demand loans plus applicable margins.

As at September 30, 2024, the revolving credit facility was subject to the following financial covenants:

Financial covenant	Limit	As at	
		Sep 30, 2024	Dec 31, 2023
Consolidated total debt to consolidated EBITDA	Less than 4.0	0.68	0.65
Consolidated total senior debt to consolidated EBITDA	Less than 3.5	0.05	—
Consolidated EBITDA to consolidated interest expense	Greater than 2.5	17.81	17.33

The financial covenants include financial measures defined within the revolving credit facility agreement that are not defined under IFRS. These financial measures are defined by the revolving credit facility agreement as follows:

- Consolidated total debt: Includes all amounts classified as "Long-term debt" and "Lease obligations" (including the current portion included within "Accounts payable and accrued liabilities" but excluding operating leases as defined under IAS 17) on the consolidated balance sheet.
- Consolidated total senior debt: Consolidated total debt excluding unsecured and subordinated debt.

- Consolidated EBITDA: Consolidated net earnings (loss) before interest, income taxes, depreciation, accretion and certain other non-cash items, adjusted for the impact of the acquisition of a material subsidiary.
- Consolidated total interest expense: Includes all amounts classified as "Interest expense", but excludes interest on operating leases as defined under IAS 17.

In addition, our revolving credit facility has provisions relating to our liability management ratings in Alberta and Saskatchewan whereby if our security adjusted liability management ratings fall below specified limits in a province, a portion of the asset retirement obligations are included in the definitions of consolidated total debt and consolidated total senior debt. An event of default occurs if our security adjusted liability management ratings breach additional lower limits for a period greater than 90 days. As of September 30, 2024, Vermilion's liability management ratings were higher than the specified levels, and as such, no amounts relating to asset retirement obligations were included in the calculation of consolidated total debt and consolidated total senior debt.

As at September 30, 2024 and December 31, 2023, Vermilion was in compliance with the above covenants.

2025 senior unsecured notes

On March 13, 2017, Vermilion issued US \$300.0 million of senior unsecured notes at par. The notes bear interest at a rate of 5.625% per annum, to be paid semi-annually on March 15 and September 15. The notes mature on March 15, 2025. As direct senior unsecured obligations of Vermilion, the notes rank equally with existing and future senior unsecured indebtedness of the Company.

The senior unsecured notes were recognized at amortized cost and include the transaction costs directly related to the issuance.

Subsequent to March 15, 2023, Vermilion may redeem some or all of the senior unsecured notes at a 100.00% redemption price plus any accrued and unpaid interest.

During the nine months ended September 30, 2024, Vermilion purchased \$31.6 million of senior unsecured notes on the open market which were subsequently cancelled.

The Company has the right to roll over the senior unsecured notes under the existing revolving credit facility which matures May 26, 2028 thus has continued to classify the senior unsecured notes as non-current.

2030 senior unsecured notes

On April 26, 2022, Vermilion closed a private offering of US \$400.0 million 8-year senior unsecured notes. The notes were priced at 99.241% of par, mature on May 1, 2030, and bear interest at a rate of 6.875% per annum. Interest is paid semi-annually on May 1 and November 1, commencing on November 1, 2022. The notes are senior unsecured obligations of Vermilion and rank equally with existing and future senior unsecured indebtedness.

The senior unsecured notes were recognized at amortized cost and include the transaction costs directly related to the issuance.

Vermilion may, at its option, redeem the notes prior to maturity as follows:

- Prior to May 1, 2025, Vermilion may redeem up to 35% of the original principal amount of the notes with an amount of cash not greater than the net cash proceeds of certain equity offerings at a redemption price of 106.875% of the principal amount of the notes, together with accrued and unpaid interest.
- Prior to May 1, 2025, Vermilion may also redeem some or all of the notes at a price equal to 100% of the principal amount of the notes, plus a "make-whole premium," together with applicable premium, accrued and unpaid interest.
- On or after May 1, 2025, Vermilion may redeem some or all of the senior unsecured notes at the redemption prices set forth below, together with accrued and unpaid interest.

Year	Redemption price
2025	103.438 %
2026	102.292 %
2027	101.146 %
2028 and thereafter	100.000 %

9. Shareholders' capital

The following table reconciles the change in Vermilion's shareholders' capital:

Shareholders' Capital	2024	
	Shares ('000s)	Amount
Balance at January 1	162,271	4,142,566
Vesting of equity based awards	996	9,998
Share-settled dividends on vested equity based awards	78	1,257
Repurchase of shares	(7,997)	(206,154)
Balance at September 30	155,348	3,947,667

Dividends are approved by the Board of Directors and are paid quarterly. Dividends declared to shareholders for the nine months ended September 30, 2024 were \$56.8 million or \$0.36 per common share (2023 - \$49.0 million or \$0.30 per common share).

On July 8, 2024, the Toronto Stock Exchange approved our notice of intention to renew our normal course issuer bid ("the NCIB"). The NCIB renewal allows Vermilion to purchase up to 15,689,839 common shares (representing approximately 10% of outstanding common shares) beginning July 12, 2024 and ending July 11, 2025. Common shares purchased under the NCIB will be cancelled.

In the third quarter of 2024, Vermilion purchased 2.8 million common shares under the NCIB for total consideration of \$40.1 million. Year-to-date, Vermilion purchased 8.0 million common shares under the NCIB for total consideration of \$123.1 million. The common shares purchased under the NCIB were cancelled.

Subsequent to September 30, 2024, Vermilion purchased and cancelled 0.4 million shares under the NCIB for total consideration of \$5.9 million.

10. Financial instruments

The following table summarizes the increase (positive values) or decrease (negative values) to net earnings (loss) before tax due to a change in the value of Vermilion's financial instruments as a result of a change in the relevant market risk variable. This analysis does not attempt to reflect any interdependencies between the relevant risk variables.

	Sep 30, 2024
Currency risk - Euro to Canadian dollar	
\$0.01 increase in strength of the Canadian dollar against the Euro	5,050
\$0.01 decrease in strength of the Canadian dollar against the Euro	(5,050)
Currency risk - US dollar to Canadian dollar	
\$0.01 increase in strength of the Canadian dollar against the US \$	4,225
\$0.01 decrease in strength of the Canadian dollar against the US \$	(4,225)
Commodity price risk - Crude oil	
US \$5.00/bbl increase in crude oil price used to determine the fair value of derivatives	(8,949)
US \$5.00/bbl decrease in crude oil price used to determine the fair value of derivatives	8,949
Commodity price risk - European natural gas	
€5.0/GJ increase in European natural gas price used to determine the fair value of derivatives	(256,888)
€5.0/GJ decrease in European natural gas price used to determine the fair value of derivatives	286,247

11. Cash and cash equivalents

The following table summarizes Vermilion's cash and cash equivalents:

	As at	
	Sep 30, 2024	Dec 31, 2023
Cash on deposit with financial institutions	190,946	140,795
Guaranteed investment certificates	—	661
Cash and cash equivalents	190,946	141,456

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² Audit Committee Chair (Independent)

³ Audit Committee Member (Independent)

⁴ Governance and Human Resources Committee Chair (Independent)

⁵ Governance and Human Resources Committee Member (Independent)

⁶ Health, Safety and Environment Committee Chair (Independent)

⁷ Health, Safety and Environment Committee Member (Independent)

⁸ Technical Committee Chair (Independent)

⁹ Technical Committee Member (Independent)

¹⁰ Sustainability Committee Chair (Independent)

¹¹ Sustainability Committee Member (Independent)

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Lars Glemser *
Vice President & Chief Financial Officer

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Terry Hergott
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National Bank of Canada

Royal Bank of Canada

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