

Q1 2024

FINANCIAL STATEMENTS

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INTERNATIONALLY DIVERSIFIED | FREE CASH FLOW FOCUSED

VERMILION
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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 and Vermilion's ability to fund such expenditures; Vermilion's additional debt capacity providing it with additional working capital; statements regarding the return of capital; the flexibility of Vermilion's capital program and operations; business strategies and objectives; operational and financial performance; estimated volumes of reserves and resources; 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; significant declines in production or sales volumes due to unforeseen circumstances; the effect of possible changes in critical accounting estimates; statements regarding the growth and size of Vermilion's future project inventory, wells expected to be drilled in 2024; exploration and development plans and the timing thereof; Vermilion's ability to reduce its debt; statements regarding Vermilion's hedging program, its plans to add to its hedging positions, and the anticipated impact of Vermilion's hedging program on project economics and free cash flows; the potential financial impact of climate-related risks; acquisition and disposition plans and the timing thereof; operating and other expenses, including the payment and amount of future dividends; royalty and income tax rates and Vermilion's expectations regarding future taxes and taxability; and the timing of regulatory proceedings and approvals.

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; and 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 contains metrics commonly used in the oil and gas industry. These oil and gas metrics do not have any standardized meaning or standard methods of calculation and therefore may not be comparable to similar measures presented by other companies where similar terminology is used and should therefore not be used to make comparisons. Natural gas volumes have been converted on the basis of six thousand cubic feet of natural gas to one barrel of oil equivalent. Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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	March 31, 2024	December 31, 2023
Assets			
Current			
Cash and cash equivalents	11	254,651	141,456
Accounts receivable		365,155	242,926
Crude oil inventory		32,409	57,333
Derivative instruments		160,248	313,792
Prepaid expenses		73,905	68,007
Total current assets		886,368	823,514
Derivative instruments		59,921	76,107
Investments	3	80,297	73,261
Deferred taxes		157,566	182,051
Exploration and evaluation assets	5	208,446	198,379
Capital assets	4	4,932,001	4,882,509
Total assets		6,324,599	6,235,821
Liabilities			
Current			
Accounts payable and accrued liabilities		406,319	380,370
Dividends payable	9	19,183	16,227
Derivative instruments		9,495	732
Income taxes payable		332,192	298,745
Total current liabilities		767,189	696,074
Derivative instruments		31,301	21,050
Long-term debt	8	933,506	914,015
Lease obligations		28,916	33,001
Asset retirement obligations	6	1,209,674	1,159,063
Deferred taxes		371,790	380,970
Total liabilities		3,342,376	3,204,173
Shareholders' Equity			
Shareholders' capital	9	4,080,272	4,142,566
Contributed surplus		48,866	43,348
Accumulated other comprehensive income		107,646	109,302
Deficit		(1,254,561)	(1,263,568)
Total shareholders' equity		2,982,223	3,031,648
Total liabilities and shareholders' equity		6,324,599	6,235,821

Approved by the Board

(Signed "Manjit Sharma")

Manjit Sharma, Director

(Signed "Dion Hatcher")

Dion Hatcher, Director

Consolidated Statements of Net Earnings and Comprehensive Income

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

	Note	Three Months Ended	
		Mar 31, 2024	Mar 31, 2023
Revenue			
Petroleum and natural gas sales		508,035	552,698
Royalties		(48,553)	(67,344)
Sales of purchased commodities		38,370	49,012
Petroleum and natural gas revenue		497,852	534,366
Expenses			
Purchased commodities		38,370	49,012
Operating		149,311	136,825
Transportation		22,962	23,050
Equity based compensation		5,518	23,525
Gain on derivative instruments		(31,871)	(107,028)
Interest expense		18,392	21,875
General and administration		23,703	19,889
Foreign exchange loss		19,770	20,249
Other income		(46)	(3,059)
Accretion	6	17,934	20,051
Depletion and depreciation	4, 5	178,434	148,131
Gain on business combination		—	(432,550)
Loss on disposition		—	226,828
		442,477	146,798
Earnings before income taxes		55,375	387,568
Income tax expense (recovery)			
Deferred		16,645	(36,466)
Current		36,425	22,262
Windfall taxes		—	21,440
		53,070	7,236
Net earnings		2,305	380,332
Other comprehensive income			
Currency translation adjustments		(1,085)	24,681
Hedge accounting reserve, net of tax		1,632	2,155
Fair value adjustment on investment in securities, net of tax	3	(2,203)	(5,733)
Comprehensive income		649	401,435
Net earnings per share			
Basic		0.01	2.34
Diluted		0.01	2.27
Weighted average shares outstanding ('000s)			
Basic		161,221	162,585
Diluted		163,648	167,857

Consolidated Statements of Cash Flows

thousands of Canadian dollars, unaudited

	Note	Three Months Ended	
		Mar 31, 2024	Mar 31, 2023
Operating			
Net earnings		2,305	380,332
Adjustments:			
Accretion	6	17,934	20,051
Depletion and depreciation	4, 5	178,434	148,131
Gain on business combination		—	(432,550)
Loss on disposition		—	226,828
Unrealized loss (gain) on derivative instruments		188,744	(92,698)
Equity based compensation		5,518	23,525
Unrealized foreign exchange loss		21,641	15,478
Unrealized other expense		137	536
Deferred tax expense (recovery)		16,645	(36,466)
Asset retirement obligations settled	6	(4,975)	(2,554)
Changes in non-cash operating working capital		(72,088)	138,016
Cash flows from operating activities		354,295	388,629
Investing			
Drilling and development	4	(182,298)	(153,328)
Exploration and evaluation	5	(8,144)	(1,492)
Acquisitions, net of cash acquired	4	(379)	(134,225)
Acquisition of securities	3	(9,373)	(1,476)
Dispositions	4	—	182,152
Changes in non-cash investing working capital		18,851	(326)
Cash flows used in investing activities		(181,343)	(108,695)
Financing			
Net repayments on the revolving credit facility	8	—	(146,591)
Repurchases of senior unsecured notes	8	(3,969)	—
Payments on lease obligations		(4,102)	(4,399)
Repurchase of shares	9	(36,409)	(30,141)
Cash dividends	9	(16,227)	(13,058)
Cash flows used in financing activities		(60,707)	(194,189)
Foreign exchange gain on cash held in foreign currencies		950	263
Net change in cash and cash equivalents		113,195	86,008
Cash and cash equivalents, beginning of period		141,456	13,836
Cash and cash equivalents, end of period		254,651	99,844
Supplementary information for cash flows from operating activities			
Interest paid		13,652	17,271
Income taxes paid		2,978	14,307

Consolidated Statements of Changes in Shareholders' Equity

thousands of Canadian dollars, unaudited

	Note	Three Months Ended	
		March 31, 2024	March 31, 2023
Shareholders' capital	9		
Balance, beginning of period		4,142,566	4,243,794
Equity based compensation		—	10,280
Repurchase of shares		(62,294)	(40,960)
Balance, end of period		4,080,272	4,213,114
Contributed surplus	9		
Balance, beginning of period		43,348	35,409
Equity based compensation		5,518	13,245
Balance, end of period		48,866	48,654
Accumulated other comprehensive income			
Balance, beginning of period		109,302	123,505
Currency translation adjustments		(1,085)	24,681
Hedge accounting reserve		1,632	2,155
Fair value adjustment on investment in securities, net of tax	3	(2,203)	(5,733)
Balance, end of period		107,646	144,608
Deficit			
Balance, beginning of period		(1,263,568)	(1,001,650)
Net earnings		2,305	380,332
Dividends declared		(19,183)	(16,226)
Repurchase of shares	9	25,885	10,819
Balance, end of period		(1,254,561)	(626,725)
Total shareholders' equity		2,982,223	3,779,651

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 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 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 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 months ended March 31, 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 May 1, 2024.

2. Segmented information

	Three Months Ended March 31, 2024								
	Canada	USA	France	Netherlands	Germany	Ireland	Australia	Corporate	Total
Drilling and development	124,282	12,227	11,015	4,598	20,410	3,093	6,171	502	182,298
Exploration and evaluation	—	—	—	—	3,618	—	—	4,526	8,144
Crude oil and condensate sales	128,488	31,666	88,996	1,274	8,477	—	74,826	—	333,727
NGL sales	17,333	4,570	—	—	—	—	—	—	21,903
Natural gas sales	29,224	1,975	—	33,692	22,707	64,464	—	343	152,405
Sales of purchased commodities	—	—	—	—	—	—	—	38,370	38,370
Royalties	(22,555)	(11,325)	(13,052)	(217)	(1,355)	—	—	(49)	(48,553)
Revenue from external customers	152,490	26,886	75,944	34,749	29,829	64,464	74,826	38,664	497,852
Purchased commodities	—	—	—	—	—	—	—	(38,370)	(38,370)
Transportation	(10,954)	(379)	(5,363)	—	(3,192)	(3,074)	—	—	(22,962)
Operating	(60,458)	(8,214)	(21,440)	(10,610)	(10,761)	(10,604)	(26,786)	(438)	(149,311)
General and administration	(12,997)	(3,266)	(5,189)	(1,938)	(2,572)	(2,170)	(1,738)	6,167	(23,703)
PRRT	—	—	—	—	—	—	(10,783)	—	(10,783)
Corporate income taxes	(1)	—	(5,825)	(11,011)	(4,372)	(451)	(841)	(3,141)	(25,642)
Interest expense	—	—	—	—	—	—	—	(18,392)	(18,392)
Realized gain on derivative instruments	—	—	—	—	—	—	—	220,615	220,615
Realized foreign exchange gain	—	—	—	—	—	—	—	1,871	1,871
Realized other income	—	—	—	—	—	—	—	183	183
Fund flows from operations	68,080	15,027	38,127	11,190	8,932	48,165	34,678	207,159	431,358

	Three Months Ended March 31, 2023								
	Canada	USA	France	Netherlands	Germany	Ireland	Australia	Corporate	Total
Drilling and development	101,850	14,220	11,685	10,382	7,716	2,058	5,132	285	153,328
Exploration and evaluation	—	—	—	1	448	—	—	1,043	1,492
Crude oil and condensate sales	182,783	25,826	64,466	484	13,344	2	—	—	286,905
NGL sales	21,639	4,108	—	—	—	—	—	—	25,747
Natural gas sales	59,675	2,321	—	68,597	58,128	49,485	—	1,840	240,046
Sales of purchased commodities	—	—	—	—	—	—	—	49,012	49,012
Royalties	(32,896)	(8,603)	(7,091)	(14,829)	(2,903)	—	—	(1,022)	(67,344)
Revenue from external customers	231,201	23,652	57,375	54,252	68,569	49,487	—	49,830	534,366
Purchased commodities	—	—	—	—	—	—	—	(49,012)	(49,012)
Transportation	(13,114)	(67)	(6,200)	—	(2,764)	(905)	—	—	(23,050)
Operating	(69,667)	(6,552)	(16,547)	(12,912)	(10,663)	(4,618)	(15,331)	(535)	(136,825)
General and administration	(23,537)	(2,516)	(4,833)	(2,111)	(2,741)	(1,277)	(1,735)	18,861	(19,889)
PRRT	—	—	—	—	—	—	—	—	—
Corporate income taxes	(1)	—	(1,210)	(6,694)	(13,082)	—	(629)	(646)	(22,262)
Windfall tax	—	—	—	—	—	—	—	(21,440)	(21,440)
Interest expense	—	—	—	—	—	—	—	(21,875)	(21,875)
Realized gain on derivative instruments	—	—	—	—	—	—	—	14,330	14,330
Realized foreign exchange loss	—	—	—	—	—	—	—	(4,771)	(4,771)
Realized other income	—	—	—	—	—	—	—	3,595	3,595
Fund flows from operations	124,882	14,517	28,585	32,535	39,319	42,687	(17,695)	(11,663)	253,167

Reconciliation of fund flows from operations to net earnings:

	Three Months Ended	
	Mar 31, 2024	Mar 31, 2023
Fund flows from operations	431,358	253,167
Equity based compensation	(5,518)	(23,525)
Unrealized (loss) gain on derivative instruments	(188,744)	92,698
Unrealized foreign exchange loss	(21,641)	(15,478)
Accretion	(17,934)	(20,051)
Depletion and depreciation	(178,434)	(148,131)
Deferred tax (expense) recovery	(16,645)	36,466
Gain on business combination	—	432,550
Loss on disposition	—	(226,828)
Unrealized other expense	(137)	(536)
Net earnings	2,305	380,332

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 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 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⁾	(134)
Balance at March 31	80,297

(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 year ended December 31, 2023:

Current assets	87,616
Non-current assets	121,378
Current liabilities	(28,754)
Non-current liabilities	(7,721)
Net assets	172,519
Vermilion's share of net assets	35,970

	One Month Ended March 31, 2024
Total Revenue	199
Net loss	(643)
Vermilion's share of net loss	(134)

At March 31, 2024, the fair value of Vermilion's investment in CEI is \$88.2 million or \$0.80/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	379
Additions	182,298
Increase in right-of-use assets	110
Depletion and depreciation	(171,366)
Changes in asset retirement obligations	38,635
Foreign exchange	(564)
Balance at March 31	4,932,001

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	8,144
Depreciation	(75)
Foreign exchange	1,998
Balance at March 31	208,446

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	322
Obligations settled	(4,975)
Accretion	17,934
Changes in rates	38,313
Foreign exchange	(983)
Balance at March 31	1,209,674

Vermilion calculated the present value of the obligations using a credit-adjusted risk-free rate, calculated using a credit spread of 3.1% as at March 31, 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:

	Mar 31, 2024	Dec 31, 2023
Canada	3.3 %	3.0 %
United States	4.3 %	4.2 %
France	3.3 %	3.0 %
Netherlands	2.7 %	2.1 %
Germany	2.5 %	2.3 %
Ireland	2.9 %	2.7 %
Australia	4.2 %	4.0 %

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:

	Mar 31, 2024	Dec 31, 2023
Long-term debt	933,506	914,015
Adjusted working capital deficit ⁽¹⁾	10,990	164,552
Net debt	944,496	1,078,567
Ratio of net debt to four quarter trailing fund flows from operations	0.7	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	
	Mar 31, 2024	Dec 31, 2023
2025 senior unsecured notes	401,999	395,839
2030 senior unsecured notes	531,507	518,176
Long-term debt	933,506	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 March 31, 2024 was \$401.7 million (December 31, 2023 - \$392.7 million). The fair value of the 2030 senior unsecured notes as at March 31, 2024 was \$530.6 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	(3,969)
Amortization of transaction costs	560
Foreign exchange	22,900
Balance at March 31	933,506

Revolving credit facility

As at March 31, 2024, Vermilion had in place a bank revolving credit facility maturing May 29, 2027 with the following terms:

	As at	
	Mar 31, 2024	Dec 31, 2023
Total facility amount	1,600,000	1,600,000
Letters of credit outstanding	(21,836)	(18,116)
Unutilized capacity	1,578,164	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.

As at March 31, 2024, the revolving credit facility was undrawn.

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

As at March 31, 2024, the revolving credit facility was subject to the following financial covenants:

Financial covenant	Limit	As at	
		Mar 31, 2024	Dec 31, 2023
Consolidated total debt to consolidated EBITDA	Less than 4.0	0.61	0.65
Consolidated total senior debt to consolidated EBITDA	Less than 3.5	—	—
Consolidated EBITDA to consolidated interest expense	Greater than 2.5	19.43	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 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 March 31, 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 March 31, 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 first quarter of 2024, Vermilion purchased \$4.0 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 29, 2027 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
Repurchase of shares	(2,412)	(62,294)
Balance at March 31	159,859	4,080,272

Dividends are approved by the Board of Directors and are paid quarterly. Dividends declared to shareholders for the three months ended March 31, 2024 were \$19.2 million or \$0.12 per common share (2023 - \$16.2 million or \$0.10 per common share).

On July 10, 2023, 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 16,308,587 common shares (representing approximately 10% of outstanding common shares) beginning July 12, 2023 and ending July 11, 2024. Common shares purchased under the NCIB will be cancelled.

In the first quarter of 2024, Vermilion purchased 2.4 million common shares under the NCIB for total consideration of \$36.4 million. The common shares purchased under the NCIB were cancelled.

Subsequent to March 31, 2024, Vermilion purchased and cancelled 0.8 million shares under the NCIB for total consideration of \$14.0 million.

10. Financial instruments

The following table summarizes the increase (positive values) or decrease (negative values) to net earnings 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.

	Mar 31, 2024
Currency risk - Euro to Canadian dollar	
\$0.01 increase in strength of the Canadian dollar against the Euro	4,568
\$0.01 decrease in strength of the Canadian dollar against the Euro	(4,568)
Currency risk - US dollar to Canadian dollar	
\$0.01 increase in strength of the Canadian dollar against the US \$	6,646
\$0.01 decrease in strength of the Canadian dollar against the US \$	(6,646)
Commodity price risk - Crude oil	
US \$5.00/bbl increase in crude oil price used to determine the fair value of derivatives	(28,375)
US \$5.00/bbl decrease in crude oil price used to determine the fair value of derivatives	28,375
Commodity price risk - European natural gas	
€5.0/GJ increase in European natural gas price used to determine the fair value of derivatives	(239,617)
€5.0/GJ decrease in European natural gas price used to determine the fair value of derivatives	316,658

11. Cash and cash equivalents

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

	As at	
	Mar 31, 2024	Dec 31, 2023
Cash on deposit with financial institutions	254,651	140,795
Guaranteed investment certificates	—	661
Cash and cash equivalents	254,651	141,456

DIRECTORS

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Edwards, Colorado

Carin Knickel^{4,7,11}
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Judy Steele^{3,5,11}
Halifax, Nova Scotia

¹ Chairman (Independent)

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)

OFFICERS / CORPORATE SECRETARY

Dion Hatcher *
President & Chief Executive Officer

Lars Glemser *
Vice President & Chief Financial Officer

Tamar Epstein
General Counsel

Terry Hergott
Vice President Marketing

Yvonne Jeffery
Vice President Sustainability

Darcy Kerwin *
Vice President International & HSE

Geoff MacDonald
Vice President Geosciences

Randy McQuaig *
Vice President North America

Kyle Preston
Vice President Investor Relations

Averyl Schraven
Vice President People & Culture

Gerard Schut
Vice President European Operations

Jamie Gagner
Corporate Secretary

* Principal Executive Committee Member

AUDITORS

Deloitte LLP
Calgary, Alberta

BANKERS

The Toronto-Dominion Bank

Alberta Treasury Branches

Bank of America N.A., Canada Branch

Canadian Imperial Bank of Commerce

Export Development Canada

National Bank of Canada

Royal Bank of Canada

The Bank of Nova Scotia

Wells Fargo Bank N.A., Canadian Branch

La Caisse Centrale Desjardins du Québec

Citibank N.A., Canadian Branch - Citibank Canada

Canadian Western Bank

JPMorgan Chase Bank, N.A., Toronto Branch

Goldman Sachs Lending Partners LLC

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TRANSFER AGENT

Odyssey Trust Company

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange ("VET")
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