UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 40-F

☐ Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934; or
þ Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended: December 31, 2022

Commission file number: No. 001-35829

Vermilion Energy Inc.

(Exact name of registrant as specified in its charter)

Alberta

(Province or other jurisdiction of incorporation or organization)

1311

(Primary standard industrial classification code number)

N/A

(I.R.S. employer identification number)

3500, 520 - 3rd Avenue S.W.

Calgary, Alberta T2P 0R3 Canada

(403) 269-4884

(Address and telephone number of registrant's principal executive office)

National Corporate Research, Ltd.

225 West 34th Street, Suite 910

New York, New York 10122 U.S.A.

(212) 947-7200

(Name, address and telephone number of agent for service in the United States)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol:	Name of each exchange on which registered:
Common Shares	VET	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this form:

þ **Annual Information Form** þ **Audited Annual Financial Statements**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: **163,226,618 shares**

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes þ No ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its managemen t's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. þ

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

DOCUMENTS FILED PURSUANT TO GENERAL INSTRUCTIONS

In accordance with General Instruction B.(3) of Form 40-F, the Registrant has filed the following documents as part of this Annual Report on Form 40-F, as set forth in the Exhibit Index attached hereto:

Exhibit 99.1 - Annual Information Form for the fiscal year ended **December 31, 2022**
Exhibit 99.2 - Management's Discussion and Analysis for the fiscal year ended **December 31, 2022**; and
Exhibit 99.3 - Audited Annual Financial Statements for the fiscal year ended **December 31, 2022**

In accordance with General Instruction D.(9) of Form 40-F, the Registrant has filed the written consent of certain experts named in the foregoing Exhibits as Exhibit 99.5 and the written consent of its Independent Registered Public Accounting Firm as Exhibit 99.4, as set forth in the Exhibit Index attached hereto.

DISCLOSURE CONTROLS AND PROCEDURES

A. Evaluation of Disclosure Controls and Procedures

Vermilion Energy Inc. (the "Registrant") maintains disclosure controls and procedures designed to ensure that information required to be disclosed in the Registrant's filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time period specified in the rules and forms of the Securities and Exchange Commission (the "Commission"). Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Registrant in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Registrant's Chief Executive Officer, and Chief Financial Officer, after having evaluated the effectiveness of the Registrant's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report have concluded that, as of such date, the Registrant's disclosure controls and procedures are effective.

It should be noted that while the Registrant's Chief Executive Officer and the Chief Financial Officer believe that the Registrant's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the Registrant's disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

B. Management's Annual Report on Internal Control Over Financial Reporting

See page 4 of the 2022 Audited Consolidated Financial Statements included as Exhibit 99.3 to this report.

C. Auditor Attestation

See page 6 of the 2022 Audited Consolidated Financial Statements included as Exhibit 99.3 to this report.

D. Changes in Internal Control Over Financial Reporting

There was no change in the Registrant's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

NOTICES REQUIRED BY RULE 104 OF REGULATION BTR

None

AUDIT COMMITTEE FINANCIAL EXPERT

The Registrant's Board of Directors has determined that it has at least one audit committee financial expert (as such term is defined in the rules and regulations of the Commission) serving on its Audit Committee. Manjit Sharma has been determined to be such audit committee financial expert and is independent (as such term is defined by the New York Stock Exchange's corporate governance standards).

The Commission has indicated that the designation of Manjit Sharma as an audit committee financial expert does not make him an "expert" for any purpose, impose on his any duties, obligations or liability that are greater than the duties, obligations or liability imposed on him as a member of the Audit Committee and the Board of Directors in absence of such designation, or affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.

CODE OF ETHICS

The Registrant has adopted a written “code of ethics” (as that term is defined in Form 40-F) that applies to its directors, officers and employees, including its principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. A copy of such code of ethics is available upon request or on the Registrant’s website at *https://www.vermilionenergy.com/about-us/governance/*. In 2022, there were no amendments to the code of ethics or waivers, including implicit waivers, from any provisions of the code of ethics.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information about aggregate fees billed to us by our principal accountant, Deloitte LLP (PCAOB ID No. 1208) will be presented under the caption “Audit Committee Matters - External audit service fees” on page 54 of the Annual Information Form for the year ended December 31, 2022 included as Exhibit 99.1 to this report.

The Audit Committee pre-approves all audit related fees. The auditors present the estimate for the annual audit related services to the Audit Committee for approval prior to undertaking the annual audit of the financial statements.

All non-audit fees were pre-approved by the Audit Committee and none were approved on the basis of the de minimis exemption set forth in Rule 2-01(c)(7)(i)(C) of Regulation S-X.

OFF-BALANCE SHEET ARRANGEMENTS

The Registrant does not have any commitments or obligations, including contingent obligations, arising from arrangements with unconsolidated entities or persons (which are not otherwise discussed in the Registrant's Management’s Discussion and Analysis for the fiscal year ended December 31, 2022, filed as Exhibit 99.2 to this annual report on Form 40-F), that have or are reasonably likely to have a material current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, cash requirements or capital resources.

DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The required disclosure is included under the heading “Contractual Obligations and Commitments” in the Registrant’s Management’s Discussion and Analysis for the fiscal year ended December 31, 2022, filed as Exhibit 99.2 to this annual report on Form 40-F.

IDENTIFICATION OF THE AUDIT COMMITTEE

The Registrant’s Board of Directors has a separately designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act which satisfies the requirements of Exchange Act Rule 10A-3. The Registrant’s Audit Committee is comprised of Manjit Sharma (Chair), Robert Michaleski, Stephen Larke, and Judy Steele, all of whom, in the opinion of the Registrant’s Board of Directors are independent (as determined under Rule 10A-3 of the Exchange Act and the corporate governance standards of the NYSE) and are financially literate. Please refer to the Registrant's Annual Information Form attached as Exhibit 99.1 to this annual report on Form 40-F for details in connection with each of these members and their qualifications.

The members of the Audit Committee do not have fixed terms and are appointed from time to time by resolution of the directors.

The Audit Committee meets with the Registrant's Chief Executive Officer, Chief Financial Officer and the Registrant's independent auditors to review and inquire into matters affecting financial reporting, the system of internal accounting and financial controls, as well as audit procedures and audit plans. The Audit Committee also recommends to the Board of Directors which independent registered public auditing firm should be appointed by the Registrant, and reviews and recommends to the Board of Directors for approval the Registrant’s audited annual financial statements and accompanying management’s discussion and analysis.

The full text of the Audit Committee Terms of Reference is disclosed in the Registrant's Annual Information Form, attached hereto as Exhibit 99.1, and is incorporated by reference in this annual report on Form 40-F.

NYSE STATEMENT OF GOVERNANCE DIFFERENCES

As a Canadian corporation with securities listed on the Toronto Stock Exchange (“TSX”) and the New York Stock Exchange (“NYSE”), the Registrant is required to comply with all applicable Canadian requirements adopted by the Canadian Securities Administrators and the TSX, and applicable rules for foreign private issuers adopted by the Commission which give effect to the provisions of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”).

The Registrant's corporate governance practices meet or exceed all applicable Canadian and Sarbanes-Oxley requirements and also incorporate many "best practices" derived from those required to be followed by U.S. domestic companies under the NYSE listing standards. In accordance with Section 303A.11 of the NYSE Listed Company Manual, the Registrant has prepared a summary of the significant ways in which its corporate governance practices differ from those required to be followed by U.S. domestic companies under the NYSE's corporate governance standards, which is accessible on the Registrant's website at *https://www.vermilionenergy.com/about-us/governance/*.

DISCLOSURE PURSUANT TO SECTION 13(r) OF THE EXCHANGE ACT

In accordance with Section 13(r) of the Exchange Act, the Registrant is required to include certain disclosures in its periodic reports if it or any of its affiliates knowingly engaged in certain specified activities during the period covered by the report. Neither the Registrant nor its affiliates have knowingly engaged in any transaction or dealing reportable under Section 13(r) of the Exchange Act during the year ended December 31, 2022.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process

The Registrant has previously filed with the Commission a Form F-X in connection with the class of securities in relation to which the obligation to file this report arises.

Any change to the name or address of the Registrant's agent for service shall be communicated promptly to the Commission by amendment to Form F-X referencing the file number of the Registrant.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

VERMILION ENERGY INC (the Registrant)

Date: March 8, 2023

By: */s/ ("Lars Glemser")*
Lars Glemser
Vice President and Chief Financial Officer

EXHIBIT INDEX

The following exhibits have been filed as part of this annual report:

Exhibits	Description
99.1	Annual Information Form for the Year Ended December 31, 2022
99.2	Management's Discussion and Analysis from the 2022 Annual Report to Shareholders
99.3	Audited Annual Financial Statements for the Year Ended December 31, 2022
99.4	Consent of Independent Registered Public Accounting Firm
99.5	Consent of Independent Petroleum Consultants
99.6	Officers' Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
99.7	Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code
101	Interactive Data File (formatted as Inline XBRL)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

Exhibit 99.1

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Glossary

In addition to terms defined elsewhere in this annual information form, the following are defined terms used in this annual information form:

"ABCA" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder.

"AIF" means this Annual Information Form and the appendices attached hereto.

"Affiliate" when used to indicate a relationship with a person or company, has the same meaning as set forth in the *Securities Act* (Alberta).

"Common Shares" means a common share in the capital of the Company.

"Conversion Arrangement" means the plan of arrangement effected on September 1, 2010 under section 193 of the ABCA pursuant to which the Trust converted from an income trust to a corporate structure, and Unitholders exchanged their Trust Units for common shares of the Company on a one-for-one basis and holders of exchangeable shares of Vermilion Resources Ltd., previously a subsidiary of the company ("VRL"), received 1.89344 common shares for each exchangeable share held.

"Dividend" means a dividend paid by Vermilion in respect of the common shares, expressed as an amount per common share.

"GLJ" means GLJ Petroleum Consultants Ltd., independent petroleum engineering consultants of Calgary, Alberta.

"GLJ Report" means the independent engineering reserves evaluation of certain oil, NGL and natural gas interests of the Company prepared by GLJ dated February 14, 2023 and effective December 31, 2022.

"NCIB" means the normal course issuer bid approved by the Toronto Stock Exchange allowing Vermilion to repurchase its common shares.

"Shareholders" means holders from time to time of the Company's common shares.

"Subsidiary" means, in relation to any person, any corporate, partnership, joint venture, association or other entity of which more than 50% of the total voting power of common shares or units of ownership or beneficial interest entitled to vote in the election of directors (or members of a comparable governing body) is owned or controlled, directly or indirectly, by such person.

"Trust" means Vermilion Energy Trust, an unincorporated open-ended investment trust governed by the laws of the Province of Alberta that was dissolved and ceased to exist pursuant to the Conversion Arrangement.

"Trust Unit" means units in the capital of the Trust.

"Unitholders" means former unitholders of the Trust.

"Vermilion" or the **"Company"** means Vermilion Energy Inc. and where context allows, its consolidated business enterprise, except that a reference to "Vermilion" prior to the date of the Conversion Arrangement means the consolidated business enterprise of the Trust, unless otherwise indicated.

Conventions

Unless otherwise indicated, references herein to "$" or "dollars" are to Canadian dollars.

Production numbers stated refer to Vermilion's working interest share before deduction of crown, freehold, and other royalties. Reserve amounts are gross reserves, stated before deduction of royalties, as at December 31, 2022, based on forecast costs and price assumptions as evaluated in the GLJ Report.

Abbreviations

$M	thousand dollars
$MM	million dollars
°API	an indication of the specific gravity of crude oil measured on the API (American Petroleum Institute) gravity scale
AECO	the daily average benchmark price for natural gas at the AECO 'C' hub in southeast Alberta
bbl(s)	barrel(s)
bbls/d	barrels per day
boe	barrel of oil equivalent, including: crude oil, condensate, natural gas liquids, and natural gas (converted on the basis of one boe for six mcf of natural gas)
mbbl	thousand barrels
mboe	thousand barrels of oil equivalent
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
mmboe	million barrels of oil equivalent
mmbtu	million British Thermal Units
mmcf	million cubic feet
mmcf/d	million cubic feet per day
NBP	the reference price paid for natural gas in the United Kingdom at the National Balancing Point Virtual Trading Point operated by National Grid
NCIB	normal course issuer bid
TTF	the day-ahead price for natural gas at the Title Transfer Facility Virtual Trading Point operated by Dutch TSO Gas Transport Services
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

Conversions

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units):

To Convert From	To	Multiply By
mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
bbls	Cubic metres	0.159
Cubic metres	bbls oil	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

Special Note Regarding Forward Looking Statements

Certain statements included or incorporated by reference in this annual information form 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 annual information form may include, but are not limited to:

- capital expenditures;
- return of capital;
- business strategies and objectives;
- estimated reserve quantities and the discounted present value of future net cash flows from such reserves;
- petroleum and natural gas sales;
- future production levels (including the timing thereof) and rates of average annual production growth;
- exploration and development plans;
- acquisition and disposition plans and the timing thereof;
- operating and other expenses, including the payment of future dividends;
- royalty, income tax and inflation rates; and
- the timing of regulatory proceedings and approvals.

Such forward-looking statements or information are based on a number of assumptions of which all or any 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 the Company to obtain equipment, services and supplies in a timely manner to carry out its activities in Canada and internationally;
- the ability of the Company 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 the Company to obtain financing on acceptable terms;
- foreign currency exchange rates and interest and inflation rates;
- future crude oil, natural gas liquids and natural gas prices; and
- Management's expectations relating to the timing and results of development activities.

Although the Company 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 the Company can give no assurance that such expectations will prove to be correct. Financial outlooks are provided for the purpose of understanding the Company's financial strength 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 the Company 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 the Company's marketing operations, including credit risk;
- the uncertainty of reserves estimates and reserves life and associated expenditures;
- the uncertainty of estimates and projections relating to production, costs and expenses;
- potential delays or changes in plans with respect to exploration or development projects or capital expenditures;
- the Company'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 and interest and inflation rates;
- health, safety and environmental risks;
- uncertainties as to the availability and cost of financing;
- the ability of the Company to add production and reserves through exploration and development activities;
- general economic and business conditions;
- 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 the Company; and

- other risks and uncertainties described elsewhere in this annual information form or in the Company's other filings with Canadian securities authorities.

The forward-looking statements or information contained in this annual information form are made as of the date hereof and the Company 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.

Presentation of Oil and Gas Information

Oil and gas reserves and production

All oil and natural gas reserve information contained in this annual information form is derived from the GLJ Report and has been prepared and presented in accordance with the *Canadian Oil and Gas Evaluation Handbook* (“COGEH”) and *National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). The actual oil and natural gas reserves and future production will be greater than or less than the estimates provided in this annual information form. The estimated future net revenue from the production of the disclosed oil and natural gas reserves does not represent the fair market value of these reserves.

Under NI 51-01, disclosure of production volumes should include segmentation by product type as defined in the instrument. In this report, references to "crude oil" and "light and medium crude oil" mean "light crude oil and medium crude oil" and references to "natural gas" mean "conventional natural gas".

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 of natural gas 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.

Additional Non-GAAP and Other Financial Measures

This AIF includes references to certain financial and performance measures which do not have standardized meanings prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similar measures disclosed by other issuer. These measures include:

- Fund flows from operations: Fund flows from operations is a total of segments measure comparable to net earnings and is comprised of sales less royalties, transportation, operating, G&A, corporate income tax, PRRT, windfall taxes, interest expense, and realized loss on derivatives, add realized gain on foreign exchange and realized other income. Information is included in this document by reference, more information and a reconciliation to primary financial statement measures can be found within the "Consolidated Financial Performance Review" section of the December 31, 2022 MD&A available on SEDAR at www.sedar.com.
- Operating Netbacks: Operating Netbacks is a non-GAAP financial measure most directly comparable to GAAP measure net earnings and is calculated as sales less royalties, operating expense, transportation costs, PRRT, and realized hedging gains and losses presented on a per unit basis. Information is included in this document by reference, more information and a reconciliation to primary financial statement measures can be found within the "Supplemental Table 1: Netbacks" section of the December 31, 2022 MD&A available on SEDAR at www.sedar.com.

In addition, this AIF includes references to certain financial measures which are not specified, defined, or determined under IFRS and are therefore considered non-GAAP financial measures. These non-GAAP financial measures are unlikely to be comparable to similar financial measures presented by other issuers. These non-GAAP financial measures include:

- Cash dividends per share: Represents actual cash dividends paid per share by the Company during the relevant periods. Information is included in this document by reference, more information can be found within the "Non-GAAP Financial Measures" section of the December 31, 2022 MD&A available on SEDAR at www.sedar.com.
- Capital expenditures: Represents the sum of drilling and development and exploration and evaluation. Information is included in this document by reference, more information and a reconciliation to primary financial statement measures can be found within the "Non-GAAP Financial Measures" section of the December 31, 2022 MD&A available on SEDAR at www.sedar.com.

Vermilion's Organizational Structure

Vermilion Energy Inc. is the successor to the Trust, following the completion of the Conversion Arrangement whereby the Trust converted from an income trust to a corporate structure by way of a court approved plan of arrangement under the ABCA on September 1, 2010.

As at December 31, 2022, Vermilion had 740 full time employees of which 236 employees were located in its Calgary head office, 127 employees in its Canadian field offices, 126 employees in France, 67 employees in the Netherlands, 35 employees in Australia, 24 employees in the United States, 34 employees in Germany, 6 employees in Hungary, 7 employees in Croatia and 78 employees in Ireland.

Vermilion was incorporated on July 21, 2010 pursuant to the provisions of the ABCA for the purpose of facilitating the Conversion Arrangement. The registered and head office of Vermilion Energy Inc. is located at Suite 3500, 520 – 3rd Avenue S.W., Calgary, Alberta, T2P 0R3.

The following is a list of the Company's material subsidiaries and where each material subsidiary was incorporated or formed. The Company holds 100% of the votes attaching to all voting securities of each material subsidiary beneficially owned directly or indirectly by Vermilion.

- Vermilion Oil & Gas Australia Pty Ltd. (Australia)
- Vermilion Energy Canada Ltd. (Alberta)
- Vermilion Energy Germany GmbH & Co. KG (Germany)
- Vermilion Energy Ireland Limited (Ireland)
- Vermilion Energy Netherlands B.V. (Netherlands)
- Vermilion Energy USA LLC (United States)
- Vermilion Exploration and Production Ireland Limited (Ireland)
- Vermilion Exploration SAS (France)
- Vermilion Hungary Southern Battonya Concession Kft. (Hungary)
- Vermilion Moraine SAS (France)
- Vermilion Pyrénées SAS (France)
- Vermilion Rep SAS (France)
- Vermilion Resources (Alberta)
- Vermilion Slovakia Exploration s.r.o. (Slovakia)
- Vermilion Zagreb Exploration d.o.o. (Croatia)
- Leucrotta Exploration Inc. (Alberta)

Description of the Business

Vermilion is an international energy producer that seeks to create value through the acquisition, exploration, development and optimization of producing assets in North America, Europe and Australia. Our business model emphasizes free cash flow generation and returning capital to investors when economically warranted, augmented by value-adding acquisitions. Vermilion's operations are focused on the exploitation of light oil and liquids-rich natural gas conventional and unconventional resource plays in North America and the exploration and development of conventional natural gas and oil opportunities in Europe and Australia.

Vermilion's priorities are health and safety, the environment, and profitability, in that order. Nothing is more important to us than the safety of the public and those who work with us, and the protection of our natural surroundings. We have been recognized by leading ESG rating agencies for our transparency on, and management of, key environmental, social and governance issues. In addition, we emphasize strategic community investment in each of our operating areas.

Vermilion has operations in two geographic regions: North America and International. Vermilion's business within these regions is managed at the country level through business units which form the basis of the Company's operating segments. These business units and the material crude oil and natural gas properties, facilities and installations in which Vermilion has an interest are discussed below.

The following table summarizes production, sales, proved reserves, and proved plus probable reserves for each of Vermilion's business units as at and for the year ended December 31, 2022:

Business Unit	Production (boe/d)	Oil sales ($ millions)	NGL sales ($ millions)	Natural gas sales ($ millions)	Sales ($ millions)	Gross Proved Reserves (mboe)[1]	Gross Proved Plus Probable Reserves (mboe)[1]
Canada	52,364	910,863	114,128	319,293	1,344,284	210,335	348,800
France	7,639	365,431	—	—	365,431	29,528	38,954
Netherlands	5,510	2,119	—	560,738	562,857	5,844	13,143
Germany	5,798	62,464	—	418,796	481,260	18,300	32,688
Ireland	4,579	15	—	324,330	324,345	6,728	10,871
Australia	3,995	221,187	—	—	221,187	6,403	12,531
United States	5,207	130,150	19,385	16,698	166,233	34,335	63,244
Central and Eastern Europe	95	—	—	10,797	10,797	1,658	2,557
Total	85,187	1,692,229	133,513	1,650,652	3,476,394	313,129	522,790
North America	57,571	1,041,013	133,513	335,991	1,510,517	244,670	412,045
International	27,616	651,216	—	1,314,661	1,965,877	68,459	110,745

(1) "Gross Reserves" are Vermilion's working interest (operating or non-operating) share before deduction of royalty obligations and without including any royalty interests of Vermilion.

Canada Business Unit

Vermilion's Canadian operations are primarily focused in the West Pembina region of West Central Alberta, in southeast Saskatchewan and Manitoba, and in the Mica property straddling the Alberta and British Columbia borders. In West Pembina, the Company targets condensate-rich Mannville natural gas and Cardium light oil, while in southeast Saskatchewan and Manitoba the Company targets light oil in the Mississippian Midale, Frobisher/Alida and Ratcliffe formations. At Mica, the Company targets tight oil and shale gas in the Montney formation. West Pembina is the Company's main natural gas liquids ("NGL") producing area.

Vermilion holds an average 82% working interest in 796,648 (649,892 net) acres of developed land, and an average 85% working interest in 384,237 (325,777 net) acres of undeveloped land in Canada. Vermilion had 498 (356.5 net) producing conventional natural gas and shale gas wells and 3,005 (1,902.6 net) producing light and medium crude oil wells in Canada as at December 31, 2022.

Vermilion has access to ample facilities and processing capacity across the major plays in its Canadian portfolio. In West Central Alberta, Vermilion's operations are concentrated in core areas where the Company owns and operates the large majority of associated key infrastructure including pipelines, compressor stations, oil batteries and gas plants, many of which have surplus capacity for future production. Furthermore, the Company is interconnected in several locations with third party midstream infrastructure that provides significant capacity for growth. In Saskatchewan, where operations are focused on light crude oil, Vermilion owns and operates an extensive network of pipelines and oil batteries that also have surplus capacity for future production. At Mica, the Company has infrastructure in place for current operations, with short-term growth plans currently being permitted for construction and a long-term development plan in place targeting production of 28,000 boe/d. The Company's high degree of operating control and access to key infrastructure across our Canadian properties allows Vermilion to drive operating efficiencies in the field while supporting future growth opportunities.

During 2022, Vermilion drilled or participated in 65 (55.0 net) wells across our Canadian assets. In 2023, we plan to drill or participate in 22 (18.8 net) light crude oil wells in Saskatchewan, seven (6.1 net) natural gas liquids-rich conventional natural gas wells in Alberta, and seven (7.0 net) tight oil and shale gas wells in the Montney.

United States Business Unit

Vermilion entered the United States in 2014 through the acquisition of land and producing assets in the East Finn crude oil field in the Powder River Basin of northeastern Wyoming and expanded its position through acquisitions of mineral land and producing assets in the Hilight crude oil field, located approximately 40 miles northwest of the East Finn assets, in 2018 and 2021. The Company's assets include 149,043 (122,686 net) acres of land in the Powder River basin, of which 44% is undeveloped. Vermilion had 169 (161.8 net) producing light and medium crude oil wells in the United States as at December 31, 2022. The majority of our working interest ownership in Wyoming is Company operated.

During 2022, Vermilion continued to focus on the Turner Sand development in the Powder River Basin, drilling eight (6.2 net) light and medium crude oil wells on its Hilight asset. In 2023, Vermilion expects to drill 16 (8.2 net) light and medium crude oil wells, including participating in light and medium crude oil wells targeting the Parkman and Niobrara formations.

France Business Unit

Vermilion entered France in 1997 and completed three additional acquisitions in subsequent years. Vermilion is the largest oil producer in the country with approximately two-thirds of the domestic market share. The Company's oil is priced with reference to Dated Brent.

Vermilion's main producing areas in France are located in the Aquitaine Basin which is located southwest of Bordeaux, France and in the Paris Basin, located just east of Paris. The two major fields in the Paris Basin area are Champotran and Chaunoy and the two major fields in the Aquitaine Basin are Parentis and Cazaux. Vermilion operates several oil batteries in the country and, given the legacy nature of these assets, the throughput capability of these batteries exceeds any projected future requirements. Vermilion holds an average 96% working interest in 258,125 (248,873 net) acres of developed land and an average 100% working interest in 106,993 (106,993 net) acres of undeveloped land in the Aquitaine and Paris Basins. Vermilion had 307 (301.0 net) producing light and medium crude oil wells in France as at December 31, 2022.

In 2023, Vermilion intends to continue its ongoing program of workovers and well optimizations. Vermilion seeks to maintain its French production by mitigating declines through workovers and optimizations.

Netherlands Business Unit

Vermilion entered the Netherlands in 2004 and is the second largest onshore operator in the country. Vermilion's natural gas production in the Netherlands is priced off of the TTF index.

Vermilion's Netherlands assets consist of 28 onshore concessions (100% operated) and 17 offshore concessions (non-operated). Production consists primarily of natural gas with a small amount of associated natural gas liquids. Vermilion’s total land position in the Netherlands covers 1,604,206 (844,409 net) acres at an average 53% working interest, of which 90% is undeveloped. Vermilion had 99 (40.7 net) producing conventional natural gas wells as at December 31, 2022.

During 2022, the Company drilled one (0.5 net) conventional natural gas well in the Netherlands. In 2023, Vermilion plans to drill two (1.0 net) conventional natural gas wells and expects that its inventory of potentially high-impact exploration and development opportunities in the Netherlands will maintain or moderately grow the Company's production base in the country.

Germany Business Unit

Vermilion entered Germany in 2014 through the acquisition of a 25% non-operated interest in natural gas producing assets. In December 2016, Vermilion completed an acquisition of crude oil and natural gas producing properties that provided Vermilion with its first operated position in the country. Vermilion holds a significant undeveloped land base in Germany as a result of an extensive farm-in agreement the Company entered into in 2015. In 2021, Vermilion completed two minor acquisitions, increasing the Company’s non-operated working interest in certain assets to 50%. Vermilion's natural gas production in Germany is priced off the THE index, which is highly correlated to the TTF benchmark, and Vermilion's light and medium crude oil production is priced with reference to Dated Brent.

Vermilion’s producing assets in Germany consist of operated and non-operated interests in eleven natural gas fields and nine light and medium crude oil fields with extensive infrastructure in place. Vermilion had 70 (58.4 net) producing light and medium crude oil wells and 24 (13.4 net) producing conventional natural gas wells as at December 31, 2022.

Vermilion's land position in northwest Germany is comprised of 107,351 (54,626 net) developed acres and 1,549,929 (706,817 net) undeveloped acres. In addition, the Company holds a 50% equity interest in Hannoversche Erdölleitung GmbH ("HEG"), a joint venture company created in 1959 that collects and transports crude oil through a 185 km network of infrastructure from the Hannover region to rail loading facilities in Hannover.

During 2022, Vermilion drilled three (3.0 net) light and medium crude oil wells and continued to execute various well optimization and workover programs to preserve production. In 2023, Vermilion plans to drill three (2.3 net) wells, including two (2.0 net) light and medium crude oil wells and one (0.3 net) high-prospect conventional natural gas well.

Ireland Business Unit

Vermilion has a 20% operated interest in the offshore Corrib natural gas field and related processing facilities located off the northwest coast of Ireland. Vermilion initially acquired an 18.5% non-operated interest in 2009. In 2018, Vermilion entered into a strategic partnership with the Canadian Pension Plan Investment Board ("CPPIB"), as a result of which Vermilion acquired an additional 1.5% working interest and assumed operatorship of Corrib.

Corrib first began natural gas production in late December 2015. Production volumes reached full plant capacity of approximately 350 mmcf/d (gross) at the end of 2016. Production plateaued at this level until decline started at the beginning of 2018. The Corrib field constitutes 100% of Ireland's domestic natural gas production.

On November 29, 2021, Vermilion announced an agreement to acquire an incremental 36.5% working interest in Corrib from Equinor ASA, increasing the Company's operated ownership to 56.5% and adding approximately 7,700 boe/d of production for total consideration of $556 million, before closing adjustments and contingent payment. The acquisition has an effective date of January 1, 2022, and is anticipated to close in 2023 after all requisite approvals have been received. During 2023, Vermilion plans to continue to focus on facility maintenance and optimization, including a plant turnaround and other non-routine maintenance.

Central and Eastern Europe ("CEE") Business Unit

Vermilion established its CEE business unit in 2014 with a head office in Budapest, Hungary. The CEE business unit is responsible for business development in the CEE, including managing the exploration and development opportunities associated with the Company's land holdings in Hungary, Slovakia and Croatia.

Vermilion's land position in the CEE consists of 975,374 (975,374 net) acres in Croatia, 614,625 (614,625 net) acres in Hungary and 97,907 (48,954 net) acres in Slovakia. Currently, 99% of Vermilion's land position in the CEE is undeveloped. In 2022, the Company let certain non-prospective licenses in Hungary expire.

During 2022, Vermilion drilled two (2.0 net) conventional natural gas wells in Croatia and three (3.0 net) conventional natural gas wells in Hungary, but none of these exploratory wells encountered commercial hydrocarbons. In Croatia, the Company also continued to advance the planning, design and regulatory work for the gas plant on the SA-10 block in preparation for the tie-in of two previously drilled conventional natural gas wells and executed its 3-D seismic program. In 2023, Vermilion plans to continue its exploratory drilling activity in CEE by drilling three (3.0 net) light and medium crude oil wells in Croatia, along with commissioning the SA-10 gas plant, including the tie-in of the two previously drilled conventional natural gas wells, in late-2023.

Australia Business Unit

Vermilion holds a 100% operated working interest in the Wandoo offshore crude oil field and related production facilities, located on Western Australia's northwest shelf. Vermilion acquired its interest over two acquisitions completed in 2005 and 2007. Production is sourced from 19 producing well-bores including five dual laterals that are tied into two platforms, Wandoo 'A' and Wandoo 'B'. Wandoo 'B' is permanently manned, houses the required production facilities and incorporates 400,000 bbls of crude oil storage within the platform's concrete gravity structure. The Wandoo 'B' facilities are capable of processing 208,000 bbl/d of total fluid to separate crude oil from produced water. Vermilion's land position in the Wandoo field is comprised of 59,552 acres (gross and net).

In 2022, Vermilion drilled two (2.0 net) light and medium crude oil wells, and does not presently expect to drill any additional Australian wells over the next two years. The Company intends to manage its Australian production and related capital investment programs to achieve corporate targets while meeting long-term supply requirements of our customers.

General Development of the Business

Three Year History and Outlook

The following describes the development of Vermilion's business over the last three completed financial years.

2020

Vermilion achieved annual production of 95,190 boe/d on total E&D capital investment of $367 million, which was reduced from the original budget of $450 million in response to the global economic slowdown induced by the COVID-19 pandemic.

In early 2020, Vermilion suspended its monthly dividend and announced an $80 to $100 million reduction to its annual capital budget in response to the COVID-19 pandemic and the resulting negative impact on near-term oil demand and commodity prices.

On May 25, 2020, Vermilion's Board of Directors appointed Lorenzo Donadeo as Executive Chairman and Curtis Hicks as President following the departure of Anthony Marino as President and Chief Executive Officer. Mr. Donadeo is one of the co-founders of Vermilion and served as Chairman of the Board since March 1, 2016. Previously, Mr. Donadeo was the Chief Executive Officer of Vermilion from 2003 to 2016. Mr. Hicks was previously the CFO of Vermilion from 2003 to 2018.

In lieu of filling the role of Chief Executive Officer, Vermilion re-established an Executive Committee consisting of a minimum of five senior executives from within the Company with a mandate to review and approve key organizational, financial, operational and strategic decisions. The re-established Executive Committee included the Executive Chairman, President, Vice President and Chief Financial Officer, Vice President North America, Vice President International and HSE, Vice President European Operations and the Vice President Business Development.

Vermilion continued to build on its track record of industry-leading ESG performance based on rankings by third party ratings agencies in 2020. Vermilion ranked at the top of its peer group in 2020 in the SAM Corporate Sustainability Assessment (“CSA”). The Company was also selected for The Sustainability Yearbook 2021, which recognizes that our CSA sustainability performance is within the top 15% of our industry (SAM's Upstream Oil & Gas and Integrated category). Vermilion received a rating of "AA" on a scale of AAA (leader) to CCC (laggard) in the MSCI ESG Ratings assessment, which reflects exposure to industry-specific ESG risks and the ability to manage those risks. Vermilion was named to the CDP Climate Leadership Level (A-) for the fourth consecutive year in 2020. Vermilion was one of five Canadian oil and gas companies, one of seven oil and gas companies in North America, and one of 20 oil and gas companies globally to achieve this level, ranking Vermilion in the top 10% of oil and gas companies globally. In November 2020, Vermilion released its 2020 Corporate Sustainability Report, marking the Company's 7th year of ESG reporting. The 2020 report highlights Vermilion's ongoing focus on reducing emissions within its operations, along with a content index that includes recommendations from the Task Force on Climate-related Financial Disclosures and the Sustainability Accounting Standards Board.

2021

Vermilion achieved annual production of 85,408 boe/d on total E&D capital investment of $375 million. E&D capital investment in 2021 was limited as the Company focused on preserving liquidity, maximizing free cash flow and reducing debt.

During the third quarter of 2021, the Company completed a strategic acquisition which included 20,000 net acres of land adjacent to its Hilight field in Wyoming, with production of approximately 1,500 boe/d. Total consideration for the acquisition was US$76 million.

On September 8, 2021, Vermilion appointed Dion Hatcher as President effective January 1, 2022, replacing Curtis Hicks as President (who remained with the Company as an advisor until April 1, 2022). At the time of his appointment, Mr. Hatcher had over 25 years of industry experience and had spent the last 15 years in a variety of leadership roles during his tenure at Vermilion, most recently in the role of Vice President, North America.

On November 29, 2021, Vermilion announced an agreement to acquire an incremental 36.5% working interest in Corrib from Equinor ASA, increasing the Company's operated ownership to 56.5% and adding approximately 7,700 boe/d of production for total consideration of $556 million, before closing adjustments and contingent payment. The acquisition has an effective date of January 1, 2022, and is anticipated to close in 2023 after all requisite approvals have been received. This acquisition consolidates interest in a high margin, low decline and low emission asset, while increasing exposure to premium priced European natural gas and rebalances Vermilion's international weighting.

Vermilion continued to deliver superior ESG performance based on rankings by third party rating agencies in 2021. Vermilion ranked at the top of its peer group in 2021 in the S&P Global Corporate Sustainability Assessment (“CSA”). The Company was also selected for The Sustainability Yearbook 2022, which recognizes that our CSA sustainability performance is within the top 15% of our industry (S&P Global’s Upstream Oil & Gas and Integrated category). Vermilion maintained its rating of "AA" on a scale of AAA (leader) to CCC (laggard) in the MSCI ESG Ratings assessment, which reflects

exposure to industry-specific ESG risks and the ability to manage those risks. Vermilion received a B in 2021 for both CDP Climate and CDP Water submissions, a combined performance that places it tied for the top decile of oil and gas companies globally. In August 2021, Vermilion released its 2021 Sustainability Report, marking the Company's 8th year of ESG reporting. Note that effective in 2022, Vermilion's reporting in alignment with the Task Force on Climate-related Financial Disclosure relating to: Governance is located in our management proxy circular for our annual meeting of shareholders, and relating to Strategy, Risk Management, and Metrics and Targets in our annual MD&A. This information is also located in the Energy Transition section of our Sustainability Report, available online at www.vermilionenergy.com/sustainability.

2022

Vermilion achieved annual production of 85,187 boe/d on total E&D capital investment of $552 million. During the second quarter of 2022, the Company acquired all of the issued and outstanding securities of Leucrotta Exploration Inc. ("Leucrotta") for total consideration of $500 million. The primary asset acquired pursuant to the Leucrotta acquisition was the Mica property, comprised of 81,000 gross (77,000 net) contiguous acres of Montney mineral rights in the Peace River Arch straddling the Alberta and British Columbia borders. At the time of acquisition, we conservatively identified 275 multi-zone, extended reach, drilling prospects, representing an expected two decades or more of low-risk, self-funding, high-deliverability drilling inventory with strong rates of return.

In March 2022, Vermilion reinstated a quarterly dividend of $0.06 per share, which was subsequently increased to $0.08 per share in August 2022. In July 2022, Vermilion received TSX approval for the NCIB, allowing the Company to purchase up to 16,076,666 common shares, representing approximately 10% of its public float as at June 22, 2022, over a twelve month period commencing on July 6, 2022. In 2022, Vermilion declared $46 million in dividends and repurchased 2.3 million shares pursuant to the NCIB for a total of $72 million.

In April 2022, Vermilion issued US$400 million aggregate principal amount of eight-year senior unsecured notes bearing interest at a rate of 6.875% per annum, extended the maturity date of the Company's revolving credit facility to May 29, 2026 (from May 31, 2024), and reduced the total facility amount to Vermilion's targeted level of $1.6 billion (from $2.1 billion).

Subsequent to year-end, we signed an agreement to sell certain assets in southeast Saskatchewan. The assets are comprised of approximately 5,500 boe/d of non-core light oil production spread across the greater Arcola and Queensdale areas of southeast Saskatchewan. Total cash consideration is $225 million, before closing adjustments. The transaction has an effective date of September 1, 2022 and is expected to close in March 2023.

Vermilion's commitment to reducing the environmental impact of traditional energy production continued to be reflected in superior ESG performance based on rankings by third party rating agencies in 2022. Vermilion ranked top of our peer group in the S&P Global Corporate Sustainability Assessment ("CSA"). The Company improved its rating to "AAA" on a scale of AAA (leader) to CCC (laggard) in the MSCI ESG Ratings assessment, which reflects exposure to industry-specific ESG risks and the ability to manage those risks. Vermilion received an A- and a B for CDP Climate and CDP Water submissions, respectively. In July 2022, Vermilion released its 2022 Sustainability Report, marking the Company's 9th year of ESG reporting. Note that effective in 2022, Vermilion's reporting aligned with the Task Force on Climate-related Financial Disclosure relating to Governance (located in our management proxy circular for our annual meeting of shareholders), and relating to Strategy, Risk Management, and Metrics and Targets (located in our annual MD&A). This information is also located in the Energy Transition section of our Sustainability Report, available online at www.vermilionenergy.com/sustainability.

Outlook

In January 2023, Vermilion announced an E&D capital budget for 2023 of $570 million with corresponding production guidance of 87,000 to 91,000 boe/d, assuming a March 31, 2023 closing of the Corrib acquisition. Taking into account the southeast Saskatchewan asset sale and unplanned downtime in Australia, production guidance was revised to 82,000 to 86,000 boe/d with the release of the Company's annual report in March 2023.

In conjunction with the 2023 budget release, the Company also announced its plan to increase the quarterly dividend to $0.10 per share in Q1 2023 and the resumption of share buybacks under the Company's NCIB. Vermilion's business model continues to allow for flexibility in response to volatile commodity prices and regulatory changes. The Company intends to fund future return of capital and E&D capital investment from internally generated cash flow from operating activities, while allocating a majority of free cash flow to debt reduction until we achieve our next target level of $1.0 billion of net debt, at which time we plan to increase the allocation of capital returned to shareholders.

Statement of Reserves Data and Other Oil and Gas Information

Reserves and future net revenue

The following is a summary of the crude oil and natural gas reserves and the value of future net revenue of Vermilion as evaluated by GLJ in a report dated February 14, 2023 with an effective date of December 31, 2022. Pricing used in the forecast price evaluations is set forth in the notes to the tables.

Reserves and other oil and gas information contained in this section is effective December 31, 2022 unless otherwise stated.

All evaluations of future net revenue set forth in the tables below are stated after overriding and lessor royalties, Crown royalties, freehold royalties, mineral taxes, direct lifting costs, normal allocated overhead and future capital investments, including abandonment and reclamation obligations. **Future net revenues estimated by the GLJ Report do not represent the fair market value of the reserves. Other assumptions relating to the costs, prices for future production and other matters are included in the GLJ Report. There is no assurance that the future price and cost assumptions used in the GLJ Report will prove accurate and variances could be material.**

Reserves are established using deterministic methodology. Total proved reserves are established at the 90 percent probability (P90) level. There is a 90 percent probability that the actual reserves recovered will be equal to or greater than the P90 reserves. Total proved plus probable reserves are established at the 50 percent probability (P50) level. There is a 50 percent probability that the actual reserves recovered will be equal to or greater than the P50 reserves.

The Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor in Form 51-101F2 and the Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3 are contained in Schedules "A" and "B", respectively.

The following tables provide reserves data and a breakdown of future net revenue by component and product type using forecast prices and costs. For Canada, the tables following include Alberta Gas Cost Allowance.

The following tables may not total due to rounding.

Oil and gas reserves - Gross and net interest[(2)], based on forecast prices and costs[(1)]

Proved Developed Producing [(3) (5) (6)]	Light Crude Oil & Medium Crude Oil (mbbl)		Heavy Crude Oil (mbbl)		Tight Oil (mbbl)		Conventional Natural Gas (mmcf)	
	Gross [(2)]	Net [(2)]	Gross [(2)]	Net [(2)]	Gross [(2)]	Net [(2)]	Gross [(2)]	Net [(2)]
Australia	6,403	6,403	—	—	—	—	—	—
Canada	43,804	38,853	17	16	2,488	2,154	235,445	216,455
CEE	—	—	—	—	—	—	522	385
France	24,832	21,843	—	—	—	—	—	—
Germany	4,503	4,378	—	—	—	—	43,627	41,081
Ireland	—	—	—	—	—	—	40,366	40,366
Netherlands	—	—	—	—	—	—	29,382	25,709
United States	7,298	6,068	—	—	—	—	28,743	23,939
Total Proved Developed Producing	**86,840**	**77,545**	**17**	**16**	**2,488**	**2,154**	**378,085**	**347,935**
North America	51,102	44,921	17	16	2,488	2,154	264,188	240,395
International	35,738	32,624	—	—	—	—	113,897	107,540

Proved Developed Producing [(3) (5) (6)]	Shale Gas (mmcf)		Coal Bed Methane (mmcf)		Natural Gas Liquids (mbbl)		BOE (mboe)	
	Gross [(2)]	Net [(2)]	Gross [(2)]	Net [(2)]	Gross [(2)]	Net [(2)]	Gross [(2)]	Net [(2)]
Australia	—	—	—	—	—	—	6,403	6,403
Canada	59,333	53,077	6,219	5,766	21,322	17,622	117,797	104,528
CEE	—	—	—	—	—	—	87	64
France	—	—	—	—	—	—	24,832	21,843
Germany	—	—	—	—	—	—	11,774	11,225
Ireland	—	—	—	—	—	—	6,728	6,728
Netherlands	—	—	—	—	17	14	4,914	4,299
United States	—	—	—	—	3,992	3,327	16,081	13,385
Total Proved Developed Producing	**59,333**	**53,077**	**6,219**	**5,766**	**25,332**	**20,964**	**188,617**	**168,475**
North America	59,333	53,077	6,219	5,766	25,314	20,949	133,879	117,914
International	—	—	—	—	17	14	54,738	50,561

Proved Developed Non-Producing [(3) (5) (7)]	Light Crude Oil & Medium Crude Oil (mbbl)		Heavy Crude Oil (mbbl)		Tight Oil (mbbl)		Conventional Natural Gas (mmcf)	
	Gross [(2)]	Net [(2)]	Gross [(2)]	Net [(2)]	Gross [(2)]	Net [(2)]	Gross [(2)]	Net [(2)]
Australia	—	—	—	—	—	—	—	—
Canada	2,678	2,280	—	—	—	—	16,094	14,902
CEE	—	—	—	—	—	—	9,423	5,533
France	348	304	—	—	—	—	—	—
Germany	1,146	1,120	—	—	—	—	19,354	18,463
Ireland	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—	5,557	5,102
United States	—	—	—	—	—	—	—	—
Total Proved Developed Non-Producing	**4,172**	**3,704**	**—**	**—**	**—**	**—**	**50,428**	**44,001**
North America	2,678	2,280	—	—	—	—	16,094	14,902
International	1,494	1,424	—	—	—	—	34,334	29,099

Proved Developed Non-Producing [(3) (5) (7)]	Shale Gas (mmcf)		Coal Bed Methane (mmcf)		Natural Gas Liquids (mbbl)		BOE (mboe)	
	Gross [(2)]	Net [(2)]	Gross [(2)]	Net [(2)]	Gross [(2)]	Net [(2)]	Gross [(2)]	Net [(2)]
Australia	—	—	—	—	—	—	—	—
Canada	374	307	820	773	1,322	1,145	6,882	6,089
CEE	—	—	—	—	—	—	1,570	922
France	—	—	—	—	—	—	348	304
Germany	—	—	—	—	—	—	4,372	4,197
Ireland	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	3	3	930	853
United States	—	—	—	—	—	—	—	—
Total Proved Developed Non-Producing	**374**	**307**	**820**	**773**	**1,326**	**1,148**	**14,101**	**12,366**
North America	374	307	820	773	1,322	1,145	6,882	6,089
International	—	—	—	—	3	3	7,220	6,277

Proved Undeveloped [3] [8]	Light Crude Oil & Medium Crude Oil (mbbl) Gross [2]	Net [2]	Heavy Crude Oil (mbbl) Gross [2]	Net [2]	Tight Oil (mbbl) Gross [2]	Net [2]	Conventional Natural Gas (mmcf) Gross [2]	Net [2]
Australia	—	—	—	—	—	—	—	—
Canada	36,437	31,187	84	71	3,623	3,292	93,804	85,267
CEE	—	—	—	—	—	—	—	—
France	4,348	3,787	—	—	—	—	—	—
Germany	1,335	1,299	—	—	—	—	4,911	4,603
Ireland	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—	—	—
United States	12,863	10,543	—	—	—	—	18,352	15,044
Total Proved Undeveloped	**54,984**	**46,816**	**84**	**71**	**3,623**	**3,292**	**117,067**	**104,914**
North America	49,301	41,730	84	71	3,623	3,292	112,156	100,311
International	5,683	5,086	—	—	—	—	4,911	4,603

Proved Undeveloped [3] [8]	Shale Gas (mmcf) Gross [2]	Net [2]	Coal Bed Methane (mmcf) Gross [2]	Net [2]	Natural Gas Liquids (mbbl) Gross [2]	Net [2]	BOE (mboe) Gross [2]	Net [2]
Australia	—	—	—	—	—	—	—	—
Canada	100,205	88,680	428	342	13,106	11,084	85,656	74,682
CEE	—	—	—	—	—	—	—	—
France	—	—	—	—	—	—	4,348	3,787
Germany	—	—	—	—	—	—	2,154	2,067
Ireland	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—	—	—
United States	—	—	—	—	2,331	1,912	18,253	14,963
Total Proved Undeveloped	**100,205**	**88,680**	**428**	**342**	**15,437**	**12,996**	**110,411**	**95,498**
North America	100,205	88,680	428	342	15,437	12,996	103,909	89,645
International	—	—	—	—	—	—	6,501	5,853

Proved [3]	Light Crude Oil & Medium Crude Oil (mbbl) Gross [2]	Net [2]	Heavy Crude Oil (mbbl) Gross [2]	Net [2]	Tight Oil (mbbl) Gross [2]	Net [2]	Conventional Natural Gas (mmcf) Gross [2]	Net [2]
Australia	6,403	6,403	—	—	—	—	—	—
Canada	82,919	72,319	101	88	6,111	5,446	345,342	316,625
CEE	—	—	—	—	—	—	9,945	5,918
France	29,528	25,934	—	—	—	—	—	—
Germany	6,984	6,797	—	—	—	—	67,892	64,148
Ireland	—	—	—	—	—	—	40,366	40,366
Netherlands	—	—	—	—	—	—	34,939	30,811
United States	20,162	16,612	—	—	—	—	47,095	38,983
Total Proved	**145,996**	**128,065**	**101**	**88**	**6,111**	**5,446**	**545,580**	**496,850**
North America	103,081	88,931	101	88	6,111	5,446	392,437	355,608
International	42,915	39,134	—	—	—	—	153,142	141,242

Proved [3]	Shale Gas (mmcf) Gross [2]	Net [2]	Coal Bed Methane (mmcf) Gross [2]	Net [2]	Natural Gas Liquids (mbbl) Gross [2]	Net [2]	BOE (mboe) Gross [2]	Net [2]
Australia	—	—	—	—	—	—	6,403	6,403
Canada	159,912	142,064	7,467	6,882	35,750	29,852	210,335	185,300
CEE	—	—	—	—	—	—	1,658	986
France	—	—	—	—	—	—	29,528	25,934
Germany	—	—	—	—	—	—	18,300	17,489
Ireland	—	—	—	—	—	—	6,728	6,728
Netherlands	—	—	—	—	21	17	5,844	5,152
United States	—	—	—	—	6,324	5,239	34,335	28,348
Total Proved	**159,912**	**142,064**	**7,467**	**6,882**	**42,094**	**35,108**	**313,129**	**276,339**
North America	159,912	142,064	7,467	6,882	42,074	35,091	244,670	213,647
International	—	—	—	—	21	17	68,459	62,691

Probable [4]	Light Crude Oil & Medium Crude Oil (mbbl) Gross [2]	Light Crude Oil & Medium Crude Oil (mbbl) Net [2]	Heavy Crude Oil (mbbl) Gross [2]	Heavy Crude Oil (mbbl) Net [2]	Tight Oil (mbbl) Gross [2]	Tight Oil (mbbl) Net [2]	Conventional Natural Gas (mmcf) Gross [2]	Conventional Natural Gas (mmcf) Net [2]
Australia	6,129	6,129	—	—	—	—	—	—
Canada	39,445	34,427	31	26	6,431	5,820	218,580	197,152
CEE	—	—	—	—	—	—	5,399	3,142
France	9,426	8,238	—	—	—	—	—	—
Germany	5,431	5,268	—	—	—	—	53,742	49,977
Ireland	—	—	—	—	—	—	24,861	24,861
Netherlands	—	—	—	—	—	—	43,500	39,281
United States	18,511	15,396	—	—	—	—	33,803	28,074
Total Probable	**78,942**	**69,458**	**31**	**26**	**6,431**	**5,820**	**379,885**	**342,486**
North America	57,956	49,823	31	26	6,431	5,820	252,383	225,225
International	20,986	19,634	—	—	—	—	127,502	117,261

Probable [4]	Shale Gas (mmcf) Gross [2]	Shale Gas (mmcf) Net [2]	Coal Bed Methane (mmcf) Gross [2]	Coal Bed Methane (mmcf) Net [2]	Natural Gas Liquids (mbbl) Gross [2]	Natural Gas Liquids (mbbl) Net [2]	BOE (mboe) Gross [2]	BOE (mboe) Net [2]
Australia	—	—	—	—	—	—	6,129	6,129
Canada	190,472	164,898	2,637	2,427	23,944	19,422	138,465	120,442
CEE	—	—	—	—	—	—	900	524
France	—	—	—	—	—	—	9,426	8,238
Germany	—	—	—	—	—	—	14,388	13,597
Ireland	—	—	—	—	—	—	4,143	4,143
Netherlands	—	—	—	—	50	46	7,300	6,593
United States	—	—	—	—	4,765	3,960	28,910	24,035
Total Probable	**190,472**	**164,898**	**2,637**	**2,427**	**28,759**	**23,429**	**209,661**	**183,701**
North America	190,472	164,898	2,637	2,427	28,709	23,383	167,375	144,477
International	—	—	—	—	50	46	42,286	39,224

Proved Plus Probable [3] [4]	Light Crude Oil & Medium Crude Oil (mbbl) Gross [2]	Light Crude Oil & Medium Crude Oil (mbbl) Net [2]	Heavy Crude Oil (mbbl) Gross [2]	Heavy Crude Oil (mbbl) Net [2]	Tight Oil (mbbl) Gross [2]	Tight Oil (mbbl) Net [2]	Conventional Natural Gas (mmcf) Gross [2]	Conventional Natural Gas (mmcf) Net [2]
Australia	12,531	12,531	—	—	—	—	—	—
Canada	122,363	106,747	132	113	12,542	11,266	563,922	513,776
CEE	—	—	—	—	—	—	15,345	9,061
France	38,954	34,172	—	—	—	—	—	—
Germany	12,416	12,065	—	—	—	—	121,635	114,125
Ireland	—	—	—	—	—	—	65,227	65,227
Netherlands	—	—	—	—	—	—	78,439	70,091
United States	38,673	32,007	—	—	—	—	80,898	67,057
Total Proved Plus Probable	**224,937**	**197,522**	**132**	**113**	**12,542**	**11,266**	**925,464**	**839,337**
North America	161,036	138,754	132	113	12,542	11,266	644,820	580,833
International	63,901	58,768	—	—	—	—	280,644	258,503

Proved Plus Probable [3] [4]	Shale Gas (mmcf) Gross [2]	Shale Gas (mmcf) Net [2]	Coal Bed Methane (mmcf) Gross [2]	Coal Bed Methane (mmcf) Net [2]	Natural Gas Liquids (mbbl) Gross [2]	Natural Gas Liquids (mbbl) Net [2]	BOE (mboe) Gross [2]	BOE (mboe) Net [2]
Australia	—	—	—	—	—	—	12,531	12,531
Canada	350,384	306,962	10,104	9,309	59,695	49,274	348,800	305,741
CEE	—	—	—	—	—	—	2,557	1,510
France	—	—	—	—	—	—	38,954	34,172
Germany	—	—	—	—	—	—	32,688	31,086
Ireland	—	—	—	—	—	—	10,871	10,871
Netherlands	—	—	—	—	70	63	13,143	11,745
United States	—	—	—	—	11,089	9,200	63,244	52,383
Total Proved Plus Probable	**350,384**	**306,962**	**10,104**	**9,309**	**70,853**	**58,537**	**522,790**	**460,040**
North America	350,384	306,962	10,104	9,309	70,783	58,473	412,045	358,124
International	—	—	—	—	70	63	110,745	101,915

Notes:

(1) The pricing assumptions used in the GLJ Report with respect to net present value of future net revenue (forecast) as well as the inflation rates used for operating and capital costs are set forth in “Forecast Prices used in Estimates”. GLJ is an independent qualified reserves evaluator appointed pursuant to NI 51-101.

(2) "Gross Reserves" are Vermilion's working interest (operating or non-operating) share before deduction of royalty obligations and without including any royalty interests of Vermilion. "Net Reserves" are Vermilion's working interest (operating or non-operating) share after deduction of royalty obligations, plus Vermilion's royalty interests in reserves.

(3) "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

(4) "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

(5) "Developed" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.

(6) "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

(7) "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

(8) "Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

Net present value of future net revenue - Based on forecast prices and costs[1]

	Before Deducting Future Income Taxes Discounted At					After Deducting Future Income Taxes Discounted At				
($M)	**0%**	**5%**	**10%**	**15%**	**20%**	**0%**	**5%**	**10%**	**15%**	**20%**
Proved Developed Producing [2] [4] [5]										
Australia	148,335	197,844	217,664	222,190	218,940	126,827	151,432	159,380	158,957	154,450
Canada	3,415,746	2,545,076	2,073,496	1,772,737	1,561,923	3,380,387	2,538,973	2,072,291	1,772,470	1,561,858
CEE	8,273	7,937	7,629	7,347	7,090	8,273	7,937	7,629	7,347	7,090
France	1,036,925	860,047	717,061	609,878	530,012	878,022	741,894	623,676	532,560	463,731
Germany	919,736	861,436	778,339	706,557	648,513	632,678	599,285	534,810	477,681	431,606
Ireland	960,086	873,508	798,449	734,865	681,270	822,400	739,113	667,118	606,398	555,485
Netherlands	428,518	409,869	388,805	368,535	349,995	284,260	273,942	260,139	246,250	233,363
United States	405,523	320,683	264,337	226,199	199,072	405,523	320,683	264,337	226,199	199,072
Total Proved Developed Producing	**7,323,142**	**6,076,400**	**5,245,779**	**4,648,308**	**4,196,815**	**6,538,370**	**5,373,260**	**4,589,380**	**4,027,864**	**3,606,655**
North America	3,821,269	2,865,759	2,337,833	1,998,936	1,760,995	3,785,910	2,859,656	2,336,628	1,998,670	1,760,930
International	3,501,873	3,210,640	2,907,946	2,649,372	2,435,820	2,752,461	2,513,604	2,252,752	2,029,195	1,845,725
Proved Developed Non-Producing [2] [4] [6]										
Australia	—	—	—	—	—	—	—	—	—	—
Canada	224,715	172,621	140,731	119,257	103,845	171,750	149,374	129,722	113,728	100,934
CEE	148,754	132,061	118,412	107,068	97,506	134,226	119,208	106,923	96,711	88,102
France	8,943	8,489	7,011	5,647	4,568	5,869	6,023	4,969	3,910	3,059
Germany	408,281	300,199	227,099	179,880	148,187	267,055	197,328	145,652	111,901	89,378
Ireland	—	—	—	—	—	—	—	—	—	—
Netherlands	51,705	58,716	58,346	55,842	52,791	16,733	26,435	28,394	27,924	26,661
United States	—	—	—	—	—	—	—	—	—	—
Total Proved Developed Non-Producing	**842,398**	**672,087**	**551,598**	**467,694**	**406,897**	**595,633**	**498,367**	**415,660**	**354,175**	**308,134**
North America	224,715	172,621	140,731	119,257	103,845	171,750	149,374	129,722	113,728	100,934
International	617,683	499,466	410,867	348,437	303,052	423,883	348,994	285,938	240,447	207,200
Proved Undeveloped [2] [7]										
Australia	—	—	—	—	—	—	—	—	—	—
Canada	2,304,721	1,531,017	1,072,971	783,544	589,446	1,734,123	1,162,373	821,806	604,896	458,002
CEE	—	—	—	—	—	—	—	—	—	—
France	234,607	179,550	138,937	109,305	87,456	170,739	128,765	97,414	74,577	57,863
Germany	139,121	106,201	78,358	58,547	44,604	89,334	68,687	48,838	34,488	24,436
Ireland	—	—	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—	—	—	—	—
United States	594,353	375,421	256,139	184,005	136,926	560,269	354,350	242,370	174,587	130,233
Total Proved Undeveloped	**3,272,802**	**2,192,187**	**1,546,406**	**1,135,401**	**858,433**	**2,554,465**	**1,714,175**	**1,210,428**	**888,547**	**670,534**
North America	2,899,074	1,906,437	1,329,110	967,549	726,372	2,294,392	1,516,723	1,064,176	779,482	588,235
International	373,728	285,750	217,296	167,852	132,061	260,073	197,452	146,252	109,065	82,299
Proved [2]										
Australia	148,335	197,844	217,664	222,190	218,940	126,827	151,432	159,380	158,957	154,450
Canada	5,945,182	4,248,714	3,287,198	2,675,537	2,255,214	5,286,260	3,850,719	3,023,819	2,491,094	2,120,795
CEE	157,027	139,998	126,041	114,416	104,597	142,499	127,145	114,552	104,059	95,192
France	1,280,475	1,048,085	863,009	724,830	622,037	1,054,630	876,683	726,058	611,047	524,653
Germany	1,467,138	1,267,836	1,083,796	944,983	841,304	989,067	865,300	729,300	624,071	545,419
Ireland	960,086	873,508	798,449	734,865	681,270	822,400	739,113	667,118	606,398	555,485
Netherlands	480,222	468,585	447,151	424,377	402,785	300,993	300,377	288,533	274,174	260,024
United States	999,876	696,104	520,475	410,205	335,998	965,792	675,033	506,707	400,786	329,304
Total Proved	**11,438,342**	**8,940,674**	**7,343,782**	**6,251,403**	**5,462,145**	**9,688,468**	**7,585,802**	**6,215,468**	**5,270,586**	**4,585,323**
North America	6,945,058	4,944,818	3,807,674	3,085,742	2,591,212	6,252,051	4,525,753	3,530,526	2,891,880	2,450,099
International	4,493,284	3,995,856	3,536,109	3,165,661	2,870,933	3,436,416	3,060,050	2,684,942	2,378,707	2,135,224

	Before Deducting Future Income Taxes Discounted At					After Deducting Future Income Taxes Discounted At				
($M)	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%
Probable [3]										
Australia	256,239	237,913	203,133	168,972	139,955	130,270	118,694	98,317	78,789	62,533
Canada	4,450,549	2,596,715	1,728,277	1,250,576	957,469	3,352,441	1,950,632	1,293,930	933,732	713,706
CEE	78,392	66,126	57,136	50,270	44,849	64,699	54,480	47,015	41,331	36,856
France	624,624	425,801	303,264	224,390	171,494	460,190	310,134	217,320	157,683	117,892
Germany	1,309,243	846,078	583,181	431,009	335,897	877,721	568,059	382,718	275,614	209,295
Ireland	471,085	345,570	259,840	201,211	160,320	357,028	267,836	204,758	160,810	129,767
Netherlands	651,452	476,407	361,302	282,908	227,725	361,363	256,225	188,240	142,849	111,545
United States	1,285,011	714,884	460,109	324,836	243,617	1,019,072	563,259	362,096	256,350	193,257
Total Probable	**9,126,593**	**5,709,495**	**3,956,243**	**2,934,172**	**2,281,325**	**6,622,785**	**4,089,319**	**2,794,394**	**2,047,159**	**1,574,851**
North America	5,735,559	3,311,599	2,188,386	1,575,412	1,201,086	4,371,513	2,513,891	1,656,026	1,190,083	906,963
International	3,391,034	2,397,896	1,767,856	1,358,760	1,080,239	2,251,272	1,575,428	1,138,368	857,076	667,888
Proved Plus Probable [2] [3]										
Australia	404,574	435,757	420,796	391,163	358,895	257,097	270,127	257,697	237,746	216,982
Canada	10,395,731	6,845,428	5,015,475	3,926,113	3,212,684	8,638,701	5,801,351	4,317,749	3,424,826	2,834,501
CEE	235,419	206,125	183,177	164,686	149,446	207,199	181,624	161,567	145,390	132,048
France	1,905,099	1,473,887	1,166,273	949,220	793,530	1,514,820	1,186,817	943,379	768,731	642,545
Germany	2,776,381	2,113,914	1,666,977	1,375,992	1,177,201	1,866,788	1,433,359	1,112,019	899,685	754,714
Ireland	1,431,171	1,219,078	1,058,289	936,076	841,590	1,179,428	1,006,948	871,876	767,208	685,253
Netherlands	1,131,674	944,992	808,453	707,284	630,511	662,356	556,602	476,773	417,023	371,570
United States	2,284,886	1,410,988	980,585	735,041	579,614	1,984,864	1,238,292	868,803	657,136	522,561
Total Proved Plus Probable	**20,564,935**	**14,650,170**	**11,300,025**	**9,185,575**	**7,743,470**	**16,311,252**	**11,675,121**	**9,009,862**	**7,317,745**	**6,160,174**
North America	12,680,617	8,256,417	5,996,060	4,661,154	3,792,298	10,623,565	7,039,643	5,186,552	4,081,962	3,357,062
International	7,884,318	6,393,753	5,303,965	4,524,421	3,951,172	5,687,688	4,635,478	3,823,310	3,235,783	2,803,112

Notes:

(1) The pricing assumptions used in the GLJ Report with respect to net present value of future net revenue (forecast) as well as the inflation rates used for operating and capital costs are set forth in “Forecast Prices used in Estimates”. GLJ is an independent qualified reserves evaluator appointed pursuant to NI 51-101.

(2) "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

(3) "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

(4) "Developed" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.

(5) "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

(6) "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

(7) "Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

Total future net revenue (undiscounted) - Based on forecast prices and costs[1]

($M)	Revenue	Royalties	Operating Costs [5]	Capital Development Costs	Abandonment and Reclamation Costs	Future Net Revenue Before Future Income Taxes	Future Income Taxes [4]	Future Net Revenue After Future Income Taxes
Proved [2]								
Australia	780,415	—	424,805	—	207,275	148,335	21,508	126,827
Canada	14,002,413	1,877,696	4,563,859	1,258,573	357,104	5,945,182	658,922	5,286,260
CEE	295,614	117,391	16,166	4,688	341	157,027	14,528	142,499
France	3,152,685	381,879	1,188,780	81,284	220,267	1,280,475	225,845	1,054,630
Germany	2,487,146	118,943	624,794	44,058	232,213	1,467,138	478,072	989,067
Ireland	1,183,927	—	139,963	22,627	61,251	960,086	137,687	822,400
Netherlands	1,072,224	159,629	339,481	16,792	76,100	480,222	179,229	300,993
United States	2,868,926	799,863	775,974	262,783	30,430	999,876	34,084	965,792
Total Proved	**25,843,351**	**3,455,400**	**8,073,823**	**1,690,806**	**1,184,980**	**11,438,342**	**1,749,875**	**9,688,468**
North America	16,871,339	2,677,558	5,339,833	1,521,356	387,534	6,945,058	693,006	6,252,051
International	8,972,012	777,842	2,733,990	169,450	797,446	4,493,284	1,056,868	3,436,416
Proved Plus Probable [2] [3]								
Australia	1,552,738	—	858,692	57,788	231,684	404,574	147,477	257,097
Canada	23,165,965	3,089,145	7,324,103	1,933,710	423,277	10,395,731	1,757,030	8,638,701
CEE	443,092	178,467	24,149	4,688	369	235,419	28,221	207,199
France	4,174,843	510,024	1,354,925	166,112	238,683	1,905,099	390,278	1,514,820
Germany	4,322,377	219,787	932,416	93,857	299,936	2,776,381	909,593	1,866,788
Ireland	1,776,824	—	232,619	44,056	68,978	1,431,171	251,744	1,179,428
Netherlands	2,138,415	267,684	568,545	77,648	92,864	1,131,674	469,318	662,356
United States	5,637,068	1,557,459	1,285,617	466,946	42,160	2,284,886	300,022	1,984,864
Total Proved Plus Probable	**43,211,323**	**5,822,566**	**12,581,066**	**2,844,805**	**1,397,950**	**20,564,935**	**4,253,683**	**16,311,252**
North America	28,803,034	4,646,605	8,609,720	2,400,656	465,436	12,680,617	2,057,052	10,623,565
International	14,408,289	1,175,962	3,971,346	444,149	932,514	7,884,318	2,196,631	5,687,688

Notes:

(1) The pricing assumptions used in the GLJ Report with respect to net present value of future net revenue (forecast) as well as the inflation rates used for operating and capital costs are set forth in “Forecast Prices used in Estimates”. GLJ is an independent qualified reserves evaluator appointed pursuant to NI 51-101.

(2) "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

(3) "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

(4) "Future Income Taxes" are calculated using future net revenue before income taxes as shown, after incorporating Vermilion's existing tax pools, corporate charge-outs, and related expenditures. This calculation applies the year-end statutory rate, taking into account future tax rates already legislated.

(5) Capital Development Costs include the costs for the drilling, completion, and tie-in of wells, the construction of production and processing facilities, major facilities projects and well workovers. For the purposes of determining Future Net Revenue, costs related to the replacement of certain downhole and facilities equipment as well as facility turnarounds are included in Operating Costs.

Future net revenue by product type - Based on forecast prices and costs[1]

	Future Net Revenue Before Income Taxes [2] (Discounted at 10% Per Year) ($M)	Unit Value ($/boe)
Proved Developed Producing		
Light Crude Oil & Medium Crude Oil [3]	2,535,555	25.34
Heavy Crude Oil [3]	1,071	36.12
Tight Oil	195,425	17.48
Conventional Natural Gas [4]	2,479,863	34.44
Shale Gas	22,164	11.90
Coal Bed Methane	11,700	10.24
Total Proved Developed Producing	**5,245,779**	**28.16**
Proved Developed Non-Producing		
Light Crude Oil & Medium Crude Oil [3]	138,222	28.05
Heavy Crude Oil [3]	12	19.50
Tight Oil	—	—
Conventional Natural Gas [4]	411,429	45.86
Shale Gas	551	7.98
Coal Bed Methane	1,384	9.23
Total Proved Developed Non-Producing	**551,598**	**39.20**
Proved Undeveloped		
Light Crude Oil & Medium Crude Oil [3]	1,233,640	18.73
Heavy Crude Oil [3]	2,378	16.48
Tight Oil	69,084	7.88
Conventional Natural Gas [4]	201,088	11.13
Shale Gas	39,629	2.79
Coal Bed Methane	586	7.50
Total Proved Undeveloped	**1,546,406**	**14.43**
Proved		
Light Crude Oil & Medium Crude Oil [3]	3,907,417	22.87
Heavy Crude Oil [3]	3,461	19.83
Tight Oil	264,509	13.26
Conventional Natural Gas [4]	3,092,380	31.22
Shale Gas	62,345	3.87
Coal Bed Methane	13,670	9.98
Total Proved	**7,343,782**	**23.88**
Probable		
Light Crude Oil & Medium Crude Oil [3]	2,126,992	22.24
Heavy Crude Oil [3]	1,252	23.74
Tight Oil	104,941	7.97
Conventional Natural Gas [4]	1,525,085	23.19
Shale Gas	194,654	6.53
Coal Bed Methane	3,319	6.86
Total Probable	**3,956,243**	**19.31**
Proved Plus Probable		
Light Crude Oil & Medium Crude Oil [3]	6,034,409	22.64
Heavy Crude Oil [3]	4,713	20.74
Tight Oil	369,450	11.16
Conventional Natural Gas [4]	4,617,465	28.02
Shale Gas	256,999	5.59
Coal Bed Methane	16,989	9.16
Total Proved Plus Probable	**11,300,025**	**22.05**

Notes:

(1) The pricing assumptions used in the GLJ Report with respect to net present value of future net revenue (forecast) as well as the inflation rates used for operating and capital costs are set forth in “Forecast Prices used in Estimates”. GLJ is an independent qualified reserves evaluator appointed pursuant to NI 51-101.

(2) Other Company revenue and costs not related to a specific product type have been allocated proportionately to the specified product types. Unit values are based on Company net reserves. Net present value of reserves categories are an approximation based on major products.

(3) Including solution gas and other by-products.

(4) Including by-products but excluding solution gas.

Forecast prices used in estimates [(1)(2)]

	Light Crude Oil & Medium				Conventional Natural Gas		Natural Gas Liquids				Inflation Rate	Exchange Rate	
Year	WTI Cushing Oklahoma ($US/bbl)	Crude Oil Edmonton Par Price 40° API ($Cdn/bbl)	Cromer Light 35° API ($Cdn/bbl)	Crude Oil Brent Blend FOB North Sea ($US/bbl)	Canada AECO Gas Price ($Cdn/mmbtu)	Europe UK National Balancing Point ($US/mmbtu)	Edmonton Ethane ($Cdn/bbl)	Edmonton Propane ($Cdn/bbl)	Edmonton Butane ($Cdn/bbl)	Edmonton C5+ ($Cdn/bbl)	Percent Per Year	USD/CAD	CAD/EUR
2022	94.23	120.03	117.97	101.19	5.56	24.50	19.26	33.78	55.76	105.76	6.90 %	0.77	1.37
Forecast													
2023	80.33	103.77	104.27	84.67	4.23	33.83	13.75	39.80	53.88	106.22	- %	0.75	1.45
2024	76.71	97.74	98.21	82.69	4.40	27.38	14.33	39.13	52.67	101.35	2.30 %	0.77	1.43
2025	73.72	95.27	95.73	81.03	4.21	20.00	13.77	39.74	51.42	98.94	2.00 %	0.77	1.44
2026	72.89	95.58	96.03	81.39	4.27	17.30	13.98	39.86	51.61	100.19	2.00 %	0.77	1.44
2027	72.89	97.07	97.53	82.65	4.34	16.47	14.20	40.47	52.39	101.74	2.00 %	0.78	1.44
2028	72.90	99.01	99.47	84.29	4.43	16.80	14.49	41.28	53.44	103.78	2.00 %	0.78	1.44
2029	72.90	100.99	101.46	85.98	4.51	17.14	14.79	42.11	54.51	105.85	2.00 %	0.78	1.44
2030	72.89	103.01	103.49	87.70	4.60	17.48	15.09	42.95	55.60	107.97	2.00 %	0.78	1.44
2031	72.89	105.07	105.57	89.46	4.69	17.83	15.39	43.81	56.71	110.13	2.00 %	0.78	1.44
2032	72.90	106.69	107.19	91.25	4.79	18.19	15.71	44.47	57.56	112.33	2.00 %	0.78	1.44
Thereafter	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	0.78	1.44

Notes:

(1) The pricing assumptions used in the GLJ Report with respect to net present value of future net revenue (forecast) as well as the inflation rates used for operating and capital costs are set forth above. The pricing assumptions above are the January 2023, 3 Consultants' Average pricing which were provided by GLJ, an independent qualified reserves evaluator appointed pursuant to NI 51-101. The consultants are GLJ, Sproule and McDaniel and Associates, all independent qualified reverse evaluators.

(2) For light crude oil and medium crude oil, the pricing assumptions used are WTI, Edmonton Par Price, Cromer Medium, and Brent Blend. For conventional natural gas in Canada, the pricing assumptions used are AECO and for conventional natural gas in Europe, the pricing assumptions used are National Balancing Point.

For 2022, average realized prices before hedging were:

Country	Crude oil ($/bbl)	NGLs ($/bbl)	Natural gas ($/mcf)
Australia	148.15	—	—
Canada	116.04	74.26	6.07
CEE	—	—	52.02
France	132.90	—	—
Germany	128.00	—	43.84
Ireland	—	—	32.34
Netherlands	—	87.13	47.04
United States	121.59	51.00	6.36

Reconciliations of changes in reserves

The following tables set forth a reconciliation of the changes by product type (light crude oil and medium crude oil, heavy crude oil, tight oil, conventional natural gas, coal bed methane, shale gas and NGLs) in Vermilion's gross reserves as at December 31, 2022 compared to such reserves as at December 31, 2021 based on the forecast price and cost assumptions set forth in note 3.

Reconciliation of Company Gross Reserves by Principal Product Type - Based on Forecast Prices and Costs [3]

Australia	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
Proved Probable P+P [1] [2] Factors	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)
At December 31, 2021	7,855	4,912	12,768	7,855	4,912	12,768	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	—	1,690	1,690	—	1,690	1,690	—	—	—	—	—	—
Technical Revisions[6]	6	(474)	(468)	6	(474)	(468)	—	—	—	—	—	—
Acquisitions[7]	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors[8]	—	—	—	—	—	—	—	—	—	—	—	—
Production	(1,458)	—	(1,458)	(1,458)	—	(1,458)	—	—	—	—	—	—
At December 31, 2022	**6,403**	**6,129**	**12,531**	**6,403**	**6,129**	**12,531**	**—**	**—**	**—**	**—**	**—**	**—**

Australia	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane			Shale Gas		
Proved Probable P+P [1] [2] Factors	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)
At December 31, 2021	—	—	—	—	—	—	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	—	—	—	—	—	—	—	—	—	—	—	—
Technical Revisions[6]	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions[7]	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors[8]	—	—	—	—	—	—	—	—	—	—	—	—
Production	—	—	—	—	—	—	—	—	—	—	—	—
At December 31, 2022	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

Australia	Natural Gas Liquids			BOE		
Proved Probable P+P [1] [2] Factors	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mboe)	Probable (mboe)	P+P (mboe)
At December 31, 2021	—	—	—	7,855	4,912	12,768
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery[5]	—	—	—	—	1,690	1,690
Technical Revisions[6]	—	—	—	6	(474)	(468)
Acquisitions[7]	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—
Economic Factors[8]	—	—	—	—	—	—
Production	—	—	—	(1,458)	—	(1,458)
At December 31, 2022	**—**	**—**	**—**	**6,403**	**6,129**	**12,531**

Canada Proved Probable P+P [1] [2] Factors	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)
At December 31, 2021	85,575	45,405	130,980	85,471	45,374	130,845	103	31	135	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	4,694	2,952	7,646	1,526	808	2,334	—	—	—	3,168	2,144	5,312
Technical Revisions[6]	738	(6,639)	(5,901)	600	(6,500)	(5,900)	3	(1)	3	134	(138)	(4)
Acquisitions[7]	3,233	4,467	7,700	190	83	273	—	—	—	3,043	4,384	7,427
Dispositions	(26)	(11)	(36)	(26)	(11)	(36)	—	—	—	—	—	—
Economic Factors[8]	1,061	(268)	792	1,060	(309)	750	—	—	—	1	41	42
Production	(6,143)	—	(6,142)	(5,902)	—	(5,902)	(5)	—	(5)	(235)	—	(235)
At December 31, 2022	**89,131**	**45,906**	**135,038**	**82,919**	**39,445**	**122,364**	**101**	**31**	**132**	**6,111**	**6,431**	**12,542**

Canada Proved Probable P+P [1] [2] Factors	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane			Shale Gas		
	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)
At December 31, 2021	375,230	231,405	606,635	368,752	229,394	598,146	6,121	1,907	8,029	356	105	461
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	94,637	71,978	166,615	18,739	13,182	31,921	—	—	—	75,898	58,796	134,694
Technical Revisions[6]	4,369	(28,649)	(24,280)	28	(24,577)	(24,549)	645	(3)	642	3,697	(4,070)	(373)
Acquisitions[7]	84,303	134,261	218,563	6	3	8	—	—	—	84,297	134,258	218,555
Dispositions	(155)	(254)	(409)	(155)	(254)	(409)	—	—	—	—	—	—
Economic Factors[8]	6,936	2,948	9,883	5,263	832	6,096	1,618	733	2,351	54	1,383	1,437
Production	(52,598)	—	(52,598)	(47,291)	—	(47,291)	(917)	—	(917)	(4,390)	—	(4,390)
At December 31, 2022	**512,721**	**411,688**	**924,409**	**345,342**	**218,580**	**563,922**	**7,467**	**2,637**	**10,104**	**159,912**	**190,472**	**350,384**

Canada Proved Probable P+P [1] [2] Factors	Natural Gas Liquids			BOE		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mboe)	Probable (mboe)	P+P (mboe)
At December 31, 2021	34,231	21,148	55,379	182,344	105,121	287,465
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery[5]	2,922	1,893	4,815	23,389	16,841	40,229
Technical Revisions[6]	859	(1,497)	(638)	2,325	(12,911)	(10,586)
Acquisitions[7]	1,612	2,375	3,986	18,895	29,218	48,113
Dispositions	(10)	(29)	(38)	(61)	(82)	(143)
Economic Factors[8]	340	55	395	2,556	278	2,834
Production	(4,203)	—	(4,203)	(19,113)	—	(19,112)
At December 31, 2022	**35,750**	**23,945**	**59,695**	**210,334**	**138,466**	**348,800**

CEE Proved Probable P+P [1] [2] Factors	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)
At December 31, 2021	—	—	—	—	—	—	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	—	—	—	—	—	—	—	—	—	—	—	—
Technical Revisions[6]	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions[7]	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors[8]	—	—	—	—	—	—	—	—	—	—	—	—
Production	—	—	—	—	—	—	—	—	—	—	—	—
At December 31, 2022	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

CEE Proved Probable P+P [1] [2] Factors	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane			Shale Gas		
	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)
At December 31, 2021	10,573	5,676	16,250	10,573	5,676	16,250	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	—	—	—	—	—	—	—	—	—	—	—	—
Technical Revisions[6]	(410)	(354)	(764)	(410)	(354)	(764)	—	—	—	—	—	—
Acquisitions[7]	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors[8]	(10)	77	67	(10)	77	67	—	—	—	—	—	—
Production	(208)	—	(208)	(208)	—	(208)	—	—	—	—	—	—
At December 31, 2022	**9,945**	**5,399**	**15,345**	**9,945**	**5,399**	**15,345**	**—**	**—**	**—**	**—**	**—**	**—**

CEE Proved Probable P+P [1] [2] Factors	Natural Gas Liquids			BOE		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mboe)	Probable (mboe)	P+P (mboe)
At December 31, 2021	—	—	—	1,762	946	2,708
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery[5]	—	—	—	—	—	—
Technical Revisions[6]	—	—	—	(68)	(59)	(127)
Acquisitions[7]	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—
Economic Factors[8]	—	—	—	(2)	13	11
Production	—	—	—	(35)	—	(35)
At December 31, 2022	**—**	**—**	**—**	**1,658**	**900**	**2,557**

France Proved Probable P+P [1] [2] Factors	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)
At December 31, 2021	33,627	12,218	45,845	33,627	12,218	45,845	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	76	29	105	76	29	105	—	—	—	—	—	—
Technical Revisions[6]	(2,386)	(2,878)	(5,264)	(2,386)	(2,878)	(5,264)	—	—	—	—	—	—
Acquisitions[7]	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors[8]	999	57	1,056	999	57	1,056	—	—	—	—	—	—
Production	(2,788)	—	(2,788)	(2,788)	—	(2,788)	—	—	—	—	—	—
At December 31, 2022	**29,528**	**9,426**	**38,954**	**29,528**	**9,426**	**38,954**	**—**	**—**	**—**	**—**	**—**	**—**

France Proved Probable P+P [1] [2] Factors	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane			Shale Gas		
	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)
At December 31, 2021	—	—	—	—	—	—	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	—	—	—	—	—	—	—	—	—	—	—	—
Technical Revisions[6]	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions[7]	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors[8]	—	—	—	—	—	—	—	—	—	—	—	—
Production	—	—	—	—	—	—	—	—	—	—	—	—
At December 31, 2022	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

France Proved Probable P+P [1] [2] Factors	Natural Gas Liquids			BOE		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mboe)	Probable (mboe)	P+P (mboe)
At December 31, 2021	—	—	—	33,627	12,218	45,845
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery[5]	—	—	—	76	29	105
Technical Revisions[6]	—	—	—	(2,386)	(2,878)	(5,264)
Acquisitions[7]	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—
Economic Factors[8]	—	—	—	999	57	1,056
Production	—	—	—	(2,788)	—	(2,788)
At December 31, 2022	**—**	**—**	**—**	**29,528**	**9,426**	**38,954**

Germany Proved Probable P+P [1] [2] Factors	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)
At December 31, 2021	6,798	4,815	11,613	6,798	4,815	11,613	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	525	725	1,250	525	725	1,250	—	—	—	—	—	—
Technical Revisions[6]	(202)	(72)	(274)	(202)	(72)	(274)	—	—	—	—	—	—
Acquisitions[7]	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors[8]	387	(36)	351	387	(36)	351	—	—	—	—	—	—
Production	(524)	—	(524)	(524)	—	(524)	—	—	—	—	—	—
At December 31, 2022	**6,984**	**5,431**	**12,416**	**6,984**	**5,431**	**12,416**	**—**	**—**	**—**	**—**	**—**	**—**

Germany Proved Probable P+P [1] [2] Factors	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane			Shale Gas		
	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)
At December 31, 2021	72,678	55,943	128,621	72,678	55,943	128,621	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	92	71	163	92	71	163	—	—	—	—	—	—
Technical Revisions[6]	2,397	(1,494)	904	2,397	(1,494)	904	—	—	—	—	—	—
Acquisitions[7]	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors[8]	2,278	(777)	1,501	2,278	(777)	1,501	—	—	—	—	—	—
Production	(9,554)	—	(9,554)	(9,554)	—	(9,554)	—	—	—	—	—	—
At December 31, 2022	**67,892**	**53,742**	**121,635**	**67,892**	**53,742**	**121,635**	**—**	**—**	**—**	**—**	**—**	**—**

Germany Proved Probable P+P [1] [2] Factors	Natural Gas Liquids			BOE		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mboe)	Probable (mboe)	P+P (mboe)
At December 31, 2021	—	—	—	18,911	14,139	33,050
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery[5]	—	—	—	540	737	1,277
Technical Revisions[6]	—	—	—	197	(321)	(124)
Acquisitions[7]	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—
Economic Factors[8]	—	—	—	767	(166)	601
Production	—	—	—	(2,116)	—	(2,116)
At December 31, 2022	**—**	**—**	**—**	**18,300**	**14,388**	**32,688**

Ireland	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
Proved Probable P+P [1] [2] Factors	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)
At December 31, 2021	—	—	—	—	—	—	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	—	—	—	—	—	—	—	—	—	—	—	—
Technical Revisions[6]	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions[7]	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors[8]	—	—	—	—	—	—	—	—	—	—	—	—
Production	—	—	—	—	—	—	—	—	—	—	—	—
At December 31, 2022	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

Ireland	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane			Shale Gas		
Proved Probable P+P [1] [2] Factors	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)
At December 31, 2021	50,427	25,431	75,858	50,427	25,431	75,858	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	—	—	—	—	—	—	—	—	—	—	—	—
Technical Revisions[6]	(33)	(570)	(603)	(33)	(570)	(603)	—	—	—	—	—	—
Acquisitions[7]	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors[8]	—	—	—	—	—	—	—	—	—	—	—	—
Production	(10,029)	—	(10,029)	(10,029)	—	(10,029)	—	—	—	—	—	—
At December 31, 2022	**40,366**	**24,861**	**65,227**	**40,366**	**24,861**	**65,227**	**—**	**—**	**—**	**—**	**—**	**—**

Ireland	Natural Gas Liquids			BOE		
Proved Probable P+P [1] [2] Factors	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mboe)	Probable (mboe)	P+P (mboe)
At December 31, 2021	—	—	—	8,405	4,238	12,643
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery[5]	—	—	—	—	—	—
Technical Revisions[6]	—	—	—	(5)	(95)	(100)
Acquisitions[7]	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—
Economic Factors[8]	—	—	—	—	—	—
Production	—	—	—	(1,671)	—	(1,671)
At December 31, 2022	**—**	**—**	**—**	**6,728**	**4,143**	**10,871**

Netherlands Proved Probable P+P [1] [2] Factors	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)
At December 31, 2021	—	—	—	—	—	—	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	—	—	—	—	—	—	—	—	—	—	—	—
Technical Revisions[6]	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions[7]	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors[8]	—	—	—	—	—	—	—	—	—	—	—	—
Production	—	—	—	—	—	—	—	—	—	—	—	—
At December 31, 2022	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

Netherlands Proved Probable P+P [1] [2] Factors	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane			Shale Gas		
	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)
At December 31, 2021	47,522	48,560	96,082	47,522	48,560	96,082	—	—	—	—	—	—
Discoveries	—	—	-	—	—	-	—	—	—	—	—	—
Extensions & Improved Recovery[5]	597	298	895	597	298	895	—	—	—	—	—	—
Technical Revisions[6]	(4,738)	(6,393)	(11,130)	(4,738)	(6,393)	(11,130)	—	—	—	—	—	—
Acquisitions[7]	—	—	-	—	—	-	—	—	—	—	—	—
Dispositions	(104)	(55)	(158)	(104)	(55)	(158)	—	—	—	—	—	—
Economic Factors[8]	3,582	1,089	4,671	3,582	1,089	4,671	—	—	—	—	—	—
Production	(11,921)	—	(11,921)	(11,921)	—	(11,921)	—	—	—	—	—	—
At December 31, 2022	**34,939**	**43,500**	**78,439**	**34,939**	**43,500**	**78,439**	**—**	**—**	**—**	**—**	**—**	**—**

Netherlands Proved Probable P+P [1] [2] Factors	Natural Gas Liquids			BOE		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mboe)	Probable (mboe)	P+P (mboe)
At December 31, 2021	93	107	200	8,013	8,200	16,213
Discoveries	-	-	—	-	-	—
Extensions & Improved Recovery[5]	1	-	1	100	50	150
Technical Revisions[6]	(55)	(61)	(115)	(844)	(1,126)	(1,970)
Acquisitions[7]	-	-	—	-	-	—
Dispositions	-	-	—	(17)	(9)	(26)
Economic Factors[8]	6	3	9	603	185	788
Production	(24)	-	(24)	(2,011)	-	(2,011)
At December 31, 2022	**21**	**50**	**70**	**5,844**	**7,300**	**13,143**

United States Proved Probable P+P [1] [2] Factors	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)
At December 31, 2021	22,735	19,296	42,031	22,735	19,296	42,031	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	2,256	2,414	4,671	2,256	2,414	4,671	—	—	—	—	—	—
Technical Revisions[6]	(4,214)	(3,597)	(7,811)	(4,214)	(3,597)	(7,811)	—	—	—	—	—	—
Acquisitions[7]	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors[8]	446	398	844	446	398	844	—	—	—	—	—	—
Production	(1,061)	—	(1,061)	(1,061)	—	(1,061)	—	—	—	—	—	—
At December 31, 2022	**20,162**	**18,511**	**38,673**	**20,162**	**18,511**	**38,673**	**—**	**—**	**—**	**—**	**—**	**—**

United States Proved Probable P+P [1] [2] Factors	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane [5]			Shale Gas		
	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)
At December 31, 2021	62,761	33,370	96,132	62,761	33,370	96,132	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	3,360	5,163	8,523	3,360	5,163	8,523	—	—	—	—	—	—
Technical Revisions[6]	(17,388)	(7,658)	(25,046)	(17,388)	(7,658)	(25,046)	—	—	—	—	—	—
Acquisitions[7]	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors[8]	988	2,928	3,916	988	2,928	3,916	—	—	—	—	—	—
Production	(2,626)	—	(2,626)	(2,626)	—	(2,626)	—	—	—	—	—	—
At December 31, 2022	**47,095**	**33,803**	**80,898**	**47,095**	**33,803**	**80,898**	**—**	**—**	**—**	**—**	**—**	**—**

United States Proved Probable P+P [1] [2] Factors	Natural Gas Liquids			BOE		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mboe)	Probable (mboe)	P+P (mboe)
At December 31, 2021	7,939	4,323	12,262	41,134	29,180	70,315
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery[5]	409	640	1,049	3,225	3,914	7,140
Technical Revisions[6]	(1,749)	(568)	(2,316)	(8,861)	(5,442)	(14,302)
Acquisitions[7]	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—
Economic Factors[8]	126	371	496	736	1,257	1,993
Production	(401)	—	(401)	(1,901)	—	(1,901)
At December 31, 2022	**6,324**	**4,765**	**11,089**	**34,335**	**28,910**	**63,244**

Total Company Proved Probable P+P [1] [2] Factors	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)
At December 31, 2021	156,590	86,646	243,236	156,487	86,615	243,102	103	31	135	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	7,552	7,810	15,362	4,384	5,666	10,050	—	—	—	3,168	2,144	5,312
Technical Revisions[6]	(6,058)	(13,661)	(19,719)	(6,196)	(13,522)	(19,718)	3	(1)	3	134	(138)	(4)
Acquisitions[7]	3,233	4,467	7,700	190	83	273	—	—	—	3,043	4,384	7,427
Dispositions	(26)	(11)	(36)	(26)	(11)	(36)	—	—	—	—	—	—
Economic Factors[8]	2,893	151	3,043	2,892	110	3,001	—	—	—	1	41	42
Production	(11,975)	—	(11,974)	(11,734)	—	(11,734)	(5)	—	(5)	(235)	—	(235)
At December 31, 2022	**152,208**	**85,404**	**237,611**	**145,996**	**78,942**	**224,937**	**101**	**31**	**132**	**6,111**	**6,431**	**12,542**

Total Company Proved Probable P+P [1] [2] Factors	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane [5]			Shale Gas		
	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Proved (mmcf)	Probable (mmcf)	P+P (mmcf)
At December 31, 2021	619,192	400,385	1,019,577	612,715	398,373	1,011,088	6,121	1,907	8,029	356	105	461
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	98,686	77,510	176,196	22,788	18,714	41,502	—	—	—	75,898	58,796	134,694
Technical Revisions[6]	(15,802)	(45,118)	(60,920)	(20,144)	(41,045)	(61,189)	645	(3)	642	3,697	(4,070)	(373)
Acquisitions[7]	84,303	134,261	218,563	6	3	8	—	—	—	84,297	134,258	218,555
Dispositions	(259)	(308)	(567)	(259)	(308)	(567)	—	—	—	—	—	—
Economic Factors[8]	13,774	6,264	20,038	12,102	4,148	16,250	1,618	733	2,351	54	1,383	1,437
Production	(86,936)	—	(86,936)	(81,628)	—	(81,628)	(917)	—	(917)	(4,390)	—	(4,390)
At December 31, 2022	**712,958**	**572,994**	**1,285,952**	**545,580**	**379,885**	**925,464**	**7,467**	**2,637**	**10,104**	**159,912**	**190,472**	**350,384**

Total Company Proved Probable P+P [1] [2] Factors	Natural Gas Liquids			BOE		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mboe)	Probable (mboe)	P+P (mboe)
At December 31, 2021	42,263	25,578	67,841	302,052	178,954	481,007
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery[5]	3,331	2,533	5,864	27,330	23,261	50,592
Technical Revisions[6]	(945)	(2,126)	(3,070)	(9,637)	(23,306)	(32,943)
Acquisitions[7]	1,612	2,375	3,986	18,895	29,218	48,113
Dispositions	(10)	(29)	(38)	(78)	(91)	(169)
Economic Factors[8]	472	429	900	5,659	1,624	7,283
Production	(4,629)	—	(4,629)	(31,093)	—	(31,093)
At December 31, 2022	**42,094**	**28,760**	**70,854**	**313,128**	**209,662**	**522,790**

North America Proved Probable P+P [1] [2] Factors	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)
At December 31, 2021	108,310	64,701	173,011	108,206	64,670	172,876	103	31	135	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	6,950	5,366	12,317	3,782	3,222	7,005	—	—	—	3,168	2,144	5,312
Technical Revisions[6]	(3,476)	(10,236)	(13,713)	(3,614)	(10,097)	(13,711)	3	(1)	3	134	(138)	(4)
Acquisitions[7]	3,233	4,467	7,700	190	83	273	—	—	—	3,043	4,384	7,427
Dispositions	(26)	(11)	(36)	(26)	(11)	(36)	—	—	—	—	—	—
Economic Factors[8]	1,507	130	1,636	1,506	89	1,594	—	—	—	1	41	42
Production	(7,204)	—	(7,204)	(6,963)	—	(6,963)	(5)	—	(5)	(235)	—	(235)
At December 31, 2022	**109,293**	**64,417**	**173,711**	**103,081**	**57,956**	**161,037**	**101**	**31**	**132**	**6,111**	**6,431**	**12,542**

Proved Probable P+P [1] [2] Factors	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane [5]			Shale Gas		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)
At December 31, 2021	437,991	264,776	702,767	431,514	262,764	694,277	6,121	1,907	8,029	356	105	461
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	97,997	77,141	175,138	22,099	18,345	40,444	—	—	—	75,898	58,796	134,694
Technical Revisions[6]	(13,019)	(36,308)	(49,326)	(17,360)	(32,235)	(49,595)	645	(3)	642	3,697	(4,070)	(373)
Acquisitions[7]	84,303	134,261	218,563	6	3	8	—	—	—	84,297	134,258	218,555
Dispositions	(155)	(254)	(409)	(155)	(254)	(409)	—	—	—	—	—	—
Economic Factors[8]	7,924	5,876	13,800	6,252	3,760	10,012	1,618	733	2,351	54	1,383	1,437
Production	(55,225)	—	(55,225)	(49,917)	—	(49,917)	(917)	—	(917)	(4,390)	—	(4,390)
At December 31, 2022	**559,816**	**445,492**	**1,005,308**	**392,437**	**252,383**	**644,820**	**7,467**	**2,637**	**10,104**	**159,912**	**190,472**	**350,384**

Proved Probable P+P [1] [2] Factors	Natural Gas Liquids			BOE		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)
At December 31, 2021	42,170	25,471	67,641	223,478	134,301	357,780
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery[5]	3,331	2,532	5,863	26,614	20,755	47,369
Technical Revisions[6]	(890)	(2,065)	(2,955)	(6,536)	(18,353)	(24,889)
Acquisitions[7]	1,612	2,375	3,986	18,895	29,218	48,113
Dispositions	(10)	(29)	(38)	(61)	(82)	(143)
Economic Factors[8]	466	426	891	3,292	1,535	4,827
Production	(4,605)	—	(4,605)	(21,013)	—	(21,013)
At December 31, 2022	**42,074**	**28,710**	**70,784**	**244,669**	**167,376**	**412,045**

International Factors	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)
At December 31, 2021	48,281	21,945	70,225	48,281	21,945	70,225	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	601	2,444	3,046	601	2,444	3,046	—	—	—	—	—	—
Technical Revisions[6]	(2,582)	(3,424)	(6,007)	(2,582)	(3,424)	(6,007)	—	—	—	—	—	—
Acquisitions[7]	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors[8]	1,386	21	1,407	1,386	21	1,407	—	—	—	—	—	—
Production	(4,771)	—	(4,771)	(4,771)	—	(4,771)	—	—	—	—	—	—
At December 31, 2022	**42,915**	**20,986**	**63,901**	**42,915**	**20,986**	**63,901**	**—**	**—**	**—**	**—**	**—**	**—**

Proved Probable P+P [1] [2] Factors	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane [5]			Shale Gas		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)
At December 31, 2021	181,201	135,609	316,810	181,201	135,609	316,810	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery[5]	689	369	1,058	689	369	1,058	—	—	—	—	—	—
Technical Revisions[6]	(2,784)	(8,810)	(11,594)	(2,784)	(8,810)	(11,594)	—	—	—	—	—	—
Acquisitions[7]	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	(104)	(55)	(158)	(104)	(55)	(158)	—	—	—	—	—	—
Economic Factors[8]	5,850	388	6,239	5,850	388	6,239	—	—	—	—	—	—
Production	(31,711)	—	(31,711)	(31,711)	—	(31,711)	—	—	—	—	—	—
At December 31, 2022	**153,142**	**127,502**	**280,644**	**153,142**	**127,502**	**280,644**	**—**	**—**	**—**	**—**	**—**	**—**

Proved Probable P+P [1] [2] Factors	Natural Gas Liquids			BOE		
	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Proved (mbbl)	Probable (mbbl)	P+P (mbbl)
At December 31, 2021	93	107	200	78,574	44,653	123,227
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery[5]	1	—	1	717	2,506	3,223
Technical Revisions[6]	(55)	(61)	(115)	(3,101)	(4,953)	(8,054)
Acquisitions[7]	—	—	—	—	—	—
Dispositions	—	—	—	(17)	(9)	(26)
Economic Factors[8]	6	3	9	2,367	89	2,456
Production	(24)	—	(24)	(10,080)	—	(10,080)
At December 31, 2022	**21**	**50**	**70**	**68,459**	**42,286**	**110,745**

Notes:

(1) "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

(2) "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

(3) The pricing assumptions used in the GLJ Report with respect to net present value of future net revenue (forecast) as well as the inflation rates used for operating and capital costs are set forth in “Forecast Prices used in Estimates”. GLJ is an independent qualified reserves evaluator appointed pursuant to NI 51-101.

(4) “Total Oil” is the sum of Light Crude Oil and Medium Crude Oil, Heavy Crude Oil and Tight Oil. For reporting purposes, and “Total Gas” is the sum of Conventional Natural Gas, Coal Bed Methane and Shale Gas.

(5) “Extensions & Improved Recovery" are additions following the Corporation's acquisition in the Montney, the extension additions were primarily driven by inventory locations in this new asset to align with the higher capital allocation Vermilion has assigned to these assets.

(6) "Technical Revisions" are negative revisions that were predominately related to a modified capital allocation plan. Higher risk assets with lower profitability in predominantly Saskatchewan and the United States were moved out of our near term development plans from our reserves. This is due to the acquired Montney assets, which are viewed as more profitable and high-graded opportunities in the portfolio and will receive higher capital allocation.

(7) "Acquisitions" are due to a major acquisition completed by the Corporation targeting the Montney formation, which included producing reserves and undeveloped bookings.

(8) "Economic factors" are positive revisions that were seen in all countries with an improved market price outlook on all commodities vs prior year.

Undeveloped reserves

Proved undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. These reserves have a 90% probability of being recovered. Vermilion's current plan is to develop these reserves in the following three years. The pace of development of these reserves is influenced by many factors, including but not limited to, the outcomes of yearly drilling and reservoir evaluations, changes in commodity pricing, changes in capital allocations, changing technical conditions, regulatory changes and impact of future acquisitions and dispositions. As new information becomes available these reserves are reviewed and development plans are revised accordingly.

Probable undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. These reserves have a 50% probability of being recovered. Vermilion's current plan is to develop these reserves over the next five years. In general, development of these reserves requires additional evaluation data to increase the probability of success to a level that favourably ranks the project against other projects in Vermilion's inventory. This increases the timeline for the development of these reserves. This timetable may be altered depending on outside market forces, changes in capital allocations and impact of future acquisitions and dispositions.

Timing of initial undeveloped reserves assignment

Undeveloped Reserves Attributed in Current Year

	Light Crude Oil & Medium Crude Oil		Heavy Crude Oil		Tight Oil		Conventional Natural Gas	
	First Attributed (1)	Booked (mbbl)	First Attributed (1)	Booked (mbbl)	First Attributed (1)	Booked (mbbl)	First Attributed (1)	Booked (mbbl)
Proved								
2020	4,750	50,919	—	43	—	—	20,851	128,421
2021	6,645	60,945	—	85	—	—	21,123	134,249
2022	3,212	54,984	—	84	3,623	3,623	13,303	117,067
Probable								
2020	2,835	55,447	—	68	—	—	39,583	256,151
2021	1,551	56,057	—	24	—	—	27,387	226,458
2022	5,564	52,006	—	25	6,060	6,060	18,380	213,689

	Shale Gas		Coal Bed Methane		Natural Gas Liquids		Total Oil Equivalent	
	First Attributed (1)	Booked (mmcf)	First Attributed (1)	Booked (mmcf)	First Attributed (1)	Booked (mmcf)	First Attributed (1)	Booked (mboe)
Proved								
2020	—		—	446	875	14,708	9,100	87,147
2021	—		—	376	2,118	14,502	12,284	97,970
2022	100,205	100,205	—	428	3,652	15,437	29,405	110,411
Probable								
2020	—	—	—	121	2,413	17,866	11,845	116,092
2021	—	—	—	109	2,155	16,293	8,271	110,136
2022	179,177	179,177	—	120	6,384	19,451	50,934	143,041

Note:
(1) "First Attributed" refers to reserves first attributed at year-end of the corresponding fiscal year.

Future development costs

The table below sets out the future development costs deducted in the estimation of future net revenue attributable to total proved reserves and total proved plus probable reserves (using forecast prices and costs). The future development cost estimates disclosed below are associated with reserves as evaluated by GLJ. The future development cost estimates will differ from the costs ultimately incurred by Vermilion due to a number of factors, including costs incurred for properties that do not have associated reserves as evaluated by GLJ and economic factors that may alter development pace and project selection.

Vermilion expects to source its capital expenditure requirements from internally generated cash flow and, as appropriate, from Vermilion's existing credit facility or equity or debt financing. It is anticipated that costs of funding the future development costs will not impact development of its properties or Vermilion's reserves or future net revenue.

($M)	Total Proved Estimated Using Forecast Prices and Costs [1]	Total Proved Plus Probable Estimated Using Forecast Prices and Costs [1]
Australia		
2023	—	—
2024	—	57,788
2025	—	—
2026	—	—
2027	—	—
Remainder	—	—
Australia total for all years undiscounted	**—**	**57,788**
Canada		
2023	287,862	345,300
2024	367,183	539,121
2025	297,636	486,570
2026	163,739	307,267
2027	60,577	145,037
Remainder	81,576	110,415
Canada total for all years undiscounted	**1,258,573**	**1,933,710**
CEE		
2023	4,688	4,688
2024	—	—
2025	—	—
2026	—	—
2027	—	—
Remainder	—	—
CEE total for all years undiscounted	**4,688**	**4,688**
France		
2023	15,986	26,889
2024	23,919	41,976
2025	12,931	23,408
2026	17,006	42,656
2027	11,442	22,035
Remainder	—	9,147
France total for all years undiscounted	**81,284**	**166,112**
Germany		
2023	9,512	15,327
2024	14,776	27,234
2025	3,056	11,850
2026	13,985	17,969
2027	2,729	21,476
Remainder	—	—
Germany for all years undiscounted	**44,058**	**93,857**

($M)	Total Proved Estimated Using Forecast Prices and Costs [1]	Total Proved Plus Probable Estimated Using Forecast Prices and Costs [1]
Ireland		
2023	4,245	4,245
2024	2,852	2,852
2025	7,527	7,527
2026	7,692	29,121
2027	312	312
Remainder	—	—
Ireland total for all years undiscounted	**22,627**	**44,056**
Netherlands		
2023	14,020	16,273
2024	1,486	1,486
2025	447	12,874
2026	328	14,657
2027	237	11,342
Remainder	275	21,016
Netherlands total for all years undiscounted	**16,792**	**77,648**
United States		
2023	30,002	62,458
2024	48,231	48,231
2025	78,624	105,904
2026	76,166	143,945
2027	29,760	106,407
Remainder	—	—
United States total for all years undiscounted	**262,783**	**466,946**
Total Company		
2023	366,315	475,181
2024	458,446	718,688
2025	400,220	648,133
2026	278,916	555,616
2027	105,057	306,609
Remainder	81,851	140,579
Total for all years undiscounted	**1,690,806**	**2,844,805**
North America		
2023	317,864	407,758
2024	415,414	587,352
2025	376,260	592,474
2026	239,905	451,213
2027	90,337	251,443
Remainder	81,576	110,415
North America total for all years undiscounted	**1,521,356**	**2,400,656**
International		
2023	48,452	67,422
2024	43,032	131,336
2025	23,960	55,659
2026	39,010	104,403
2027	14,720	55,166
Remainder	275	30,163
International total for all years undiscounted	**169,450**	**444,149**

Note:

(1) The pricing assumptions used in the GLJ Report with respect to net present value of future net revenue (forecast) as well as the inflation rates used for operating and capital costs are detailed in “Forecast Prices used in Estimates”.

Crude oil and natural gas properties and wells

The following table sets forth the number of wells (based on wellbores) in which Vermilion held a working interest as at December 31, 2022:

	Crude Oil				Natural Gas			
	Producing		Non-Producing [4]		Producing		Non-Producing [4]	
	Gross Wells [2]	Net Wells [3]	Gross Wells [2]	Net Wells [3]	Gross Wells [2]	Net Wells [3]	Gross Wells [2]	Net Wells [3]
Canada								
Alberta	386	271	129	89	495	354	313	219
Saskatchewan	2,608	1,621	2,491	1,617	—	—	23	15
British Columbia	11	11	3	3	3	3	3	3
Total Canada	3,005	1,903	2,623	1,710	498	357	339	237
Australia [1]	22	22	1	1	—	—	1	1
Croatia	—	—	—	—	—	—	2	2
France	307	301	125	124	—	—	3	3
Germany	70	58	116	95	24	13	6	3
Ireland [1]	—	—	—	—	6	1	—	—
Netherlands	—	—	—	—	99	41	125	71
Hungary	—	—	—	—	2	1	—	—
United States	169	162	74	70	—	—	—	—
Total Vermilion	**3,573**	**2,446**	**2,939**	**1,999**	**629**	**413**	**476**	**317**
North America	3,174	2,064	2,697	1,780	498	357	339	237
International	399	381	242	220	131	57	137	80

Notes:

(1) Wells for Australia and Ireland are located offshore.

(2) "Gross" refers to the total wells in which Vermilion has an interest, directly or indirectly.

(3) "Net" refers to the total wells in which Vermilion has an interest, directly or indirectly, multiplied by the percentage working interest owned by Vermilion, directly or indirectly, therein.

(4) Non-producing wells include wells which are capable of producing, but which are currently not producing, and are re-evaluated with respect to future commodity prices, proximity to facility infrastructure, design of future exploration and development programs, and access to capital.

Costs incurred

The following table summarizes the capital expenditures made by Vermilion on oil and gas properties for the year ended December 31, 2022:

($M)	Acquisition Costs for Proved Properties	Acquisition Costs for Unproved Properties	Exploration Costs	Development Costs	Total Costs
Australia	—	—	—	95,173	95,173
Canada	531,348	—	—	275,203	806,551
Croatia	—	—	15,132		15,132
France	—	—	2	44,250	44,252
Germany	3,857	—	1,070	25,087	30,014
Hungary	—	—	7,352	331	7,683
Ireland	2,726	—	—	3,030	5,756
Netherlands	707	—	23	21,629	22,359
Slovakia	—	—	182		183
United States	1,075	—	—	63,353	64,428
Total	**539,713**	**—**	**23,761**	**528,056**	**1,091,531**
North America	532,423	—	—	338,556	870,979
International	7,290	—	23,761	189,500	220,552

Acreage

The following table summarizes the acreage for the year ended December 31, 2022:

	Developed [1]		Undeveloped		Total	
	Gross [2]	Net [3]	Gross [2]	Net [3]	Gross [2][4]	Net [3][4]
Australia	20,164	20,164	39,389	39,389	59,552	59,552
Canada	796,648	649,892	384,237	325,777	1,180,885	975,668
Croatia	6,487	6,487	968,888	968,888	975,374	975,374
France	258,125	248,873	106,993	106,993	365,117	355,865
Germany	107,351	54,626	1,549,929	706,817	1,657,280	761,443
Hungary	1,220	1,220	613,405	613,405	614,625	614,625
Ireland	7,200	1,440	—	—	7,200	1,440
Netherlands	158,582	63,311	1,445,624	781,097	1,604,206	844,409
Slovakia	—	—	97,907	48,954	97,907	48,954
United States	83,759	69,731	65,284	52,955	149,043	122,686
Total	**1,439,534**	**1,115,743**	**5,271,655**	**3,644,273**	**6,711,189**	**4,760,016**
North America	880,407	719,623	449,521	378,732	1,329,928	1,098,354
International	559,129	396,121	4,822,135	3,265,543	5,381,261	3,661,662

Notes:

(1) "Developed" means the acreage assigned to productive wells based on applicable regulations.

(2) "Gross" means the total acreage in which Vermilion has a working interest, directly or indirectly.

(3) "Net" means the total acreage in which Vermilion has a working interest, directly or indirectly, multiplied by the percentage working interest of Vermilion.

(4) When determining gross and net acreage for two or more leases covering the same lands but different rights, the acreage is reported for each lease. Where there are multiple discontinuous rights in a single lease, the acreage is reported only once.

Exploration and development activities

The following table sets forth the number of development and exploration wells which Vermilion completed during its 2022 financial year:

	Exploration Wells		Development Wells	
	Gross [1]	Net [2]	Gross [1]	Net [2]
Australia				
Oil	—	—	2.0	2.0
Gas	—	—	—	—
Dry Holes	—	—	—	—
Total Australia	**—**	**—**	**2.0**	**2.0**
Canada				
Oil	—	—	61.0	38.1
Gas	—	—	21.0	18.0
Service	—	—	—	—
Dry Holes	—	—	—	—
Total Canada	**—**	**—**	**82.0**	**56.1**
Croatia				
Oil	—	—	—	—
Gas	—	—	—	—
Dry holes	1.0	1.0	—	—
Total Croatia	**2.0**	**2.0**	**—**	**—**
France				
Oil	—	—	—	—
Gas	—	—	—	—
Dry Holes	—	—	—	—
Total France	**—**	**—**	**—**	**—**
Germany				
Oil	1.0	—	2.0	—
Gas	—	—	—	—
Service	—	—	—	—
Dry Holes	—	—	—	—
Total Germany	**1.0**	**—**	**2.0**	**—**
Hungary				
Oil	—	—	—	—
Gas	—	—	—	—
Dry Holes	3.0	3.0	—	—
Total Hungary	**3.0**	**3.0**	**—**	**—**
Ireland				
Oil	—	—	—	—
Gas	—	—	—	—
Dry Holes	—	—	—	—
Total Ireland	**—**	**—**	**—**	**—**
Netherlands				
Oil	—	—	—	—
Gas	—	—	—	—
Dry Holes	—	—	—	—
Total Netherlands	**—**	**—**	**—**	**—**
United States				
Oil	—	—	6.0	5.8
Gas	—	—	—	—
Dry Holes	—	—	—	—
Total United States	**—**	**—**	**6.0**	**5.8**

Total Company				
Oil	1.0	—	71.0	45.9
Gas	—	—	21.0	18.0
Service	—	—	—	—
Dry Holes	4.0	4.0	—	—
Total Company	**6.0**	**5.0**	**92.0**	**63.9**
North America				
Oil	—	—	67.0	43.9
Gas	—	—	21.0	18.0
Service	—	—	—	—
Dry Holes	—	—	—	—
Total North America	**—**	**—**	**88.0**	**61.9**
International				
Oil	1.0	—	4.0	2.0
Gas	—	—	—	—
Service	—	—	—	—
Dry Holes	4.0	4.0	—	—
Total International	**6.0**	**5.0**	**4.0**	**2.0**

Notes:
(1) "Gross" refers to the total wells in which Vermilion has an interest, directly or indirectly.
(2) "Net" refers to the total wells in which Vermilion has an interest, directly or indirectly, multiplied by the percentage working interest owned by Vermilion, directly or indirectly therein.

Properties with no attributed reserves

The following table sets out Vermilion's properties with no attributed reserves as at December 31, 2022:

Country	Gross Acres (1)	Net Acres (2)
Australia	39,389	39,389
Canada	384,237	325,777
Croatia	968,888	968,888
France	106,993	106,993
Germany	1,549,929	706,817
Hungary	613,405	613,405
Ireland	—	—
Netherlands	1,445,624	781,097
Slovakia	97,907	48,954
United States	65,284	52,955
Total	**5,271,655**	**3,644,273**
North America	449,521	378,732
International	4,822,135	3,265,543

Notes:
(1) "Gross" refers to the total acres in which Vermilion has an interest, directly or indirectly.
(2) "Net" refers to the total acres in which Vermilion has an interest, directly or indirectly, multiplied by the percentage working interest owned by Vermilion, directly or indirectly therein.

Vermilion expects its rights to explore, develop, and exploit approximately 94,009 (89,806 net) acres in Canada, 466,770 (466,770 net) acres in Croatia, 322,437 (322,437 net) acres in Hungary, 49,395 (27,167 net) acres in France, and 5,414 (4,202 net) acres in the United States to expire within one year, unless the Company initiates the capital activity necessary to retain the rights. Work commitments on these lands are categorized as seismic acquisition, geophysical studies, or well commitments. No such rights are expected to expire within one year for Australia, Germany, Ireland, the Netherlands, and Slovakia. Vermilion currently has no material work commitments in Australia, Canada, Ireland, the Netherlands and the United States. Vermilion's work commitments with respect to its European lands held are estimated to be $43.0 million in the next year.

Vermilion’s properties with no attributed reserves do not have any significant abandonment and reclamation costs. All properties with no attributed reserves do not have high expected development or operating costs or contractual sales obligations to produce and sell at substantially lower prices than could be realized.

Production estimates

The following table sets forth the volume of production estimated for the year ended December 31, 2023 as reflected in the estimates of gross proved reserves and gross proved plus probable reserves in the GLJ Report:

	Light Crude Oil & Medium Crude Oil (bbl/d)	Heavy Crude Oil (bbl/d)	Tight Oil (bbl/d)	Conventional Natural Gas (mcf/d)	Shale Natural Gas (mcf/d)	Coal Bed Methane (mcf/d)	Natural Gas Liquids (bbl/d)	BOE (boe/d)
Australia								
Proved	3,684	—	—	—	—	—	—	3,684
Probable	123	—	—	—	—	—	—	123
Proved Plus Probable	**3,807**	**—**	**—**	**—**	**—**	**—**	**—**	**3,807**
Canada								
Proved	18,518	12	1,699	113,520	36,317	2,207	10,876	56,446
Probable	2,372	—	83	17,057	613	43	1,385	6,792
Proved Plus Probable	**20,891**	**12**	**1,781**	**130,577**	**36,931**	**2,251**	**12,261**	**63,238**
CEE								
Proved	—	—	—	575	—	—	—	96
Probable	—	—	—	25	—	—	—	4
Proved Plus Probable	**—**	**—**	**—**	**600**	**—**	**—**	**—**	**100**
France								
Proved	7,940	—	—	—	—	—	—	7,940
Probable	212	—	—	—	—	—	—	212
Proved Plus Probable	**8,152**	**—**	**—**	**—**	**—**	**—**	**—**	**8,152**
Germany								
Proved	1,757	—	—	24,210	—	—	—	5,792
Probable	648	—	—	1,209	—	—	—	849
Proved Plus Probable	**2,405**	**—**	**—**	**25,419**	**—**	**—**	**—**	**6,641**
Ireland								
Proved	—	—	—	21,241	—	—	—	3,540
Probable	—	—	—	281	—	—	—	47
Proved Plus Probable	**—**	**—**	**—**	**21,522**	**—**	**—**	**—**	**3,587**
Netherlands								
Proved	—	—	—	24,310	—	—	18	4,070
Probable	—	—	—	2,859	—	—	3	479
Proved Plus Probable	**—**	**—**	**—**	**27,169**	**—**	**—**	**21**	**4,549**
United States								
Proved	3,190	—	—	8,244	—	—	1,104	5,668
Probable	1,436	—	—	1,588	—	—	251	1,951
Proved Plus Probable	**4,626**	**—**	**—**	**9,832**	**—**	**—**	**1,354**	**7,619**
Corporate								
Proved	35,090	12	1,699	192,100	36,317	2,207	11,998	87,236
Probable	4,791	—	83	23,019	613	43	1,638	10,458
Proved Plus Probable	**39,881**	**12**	**1,781**	**215,120**	**36,931**	**2,251**	**13,637**	**97,694**
North America								
Proved	21,709	12	1,699	121,764	36,317	2,207	11,980	62,114
Probable	3,808	—	83	18,645	613	43	1,635	8,743
Proved Plus Probable	**25,517**	**12**	**1,781**	**140,409**	**36,931**	**2,251**	**13,615**	**70,857**
International								
Proved	13,381	—	—	70,336	—	—	18	25,122
Probable	983	—	—	4,374	—	—	3	1,715
Proved Plus Probable	**14,364**	**—**	**—**	**74,710**	**—**	**—**	**21**	**26,837**

Production history

The following table sets forth certain information in respect of production, product prices received, royalties paid, production costs, and netbacks received by Vermilion for each quarter of its most recently completed financial year:

	Three Months Ended March 31, 2022	Three Months Ended June 31, 2022	Three Months Ended September 31, 2022	Three Months Ended December 31, 2022
Australia				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	3,888	2,465	4,763	4,847
Conventional Natural Gas (mmcf/d)	—	—	—	—
Natural Gas Liquids (bbl/d)	—	—	—	—
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	147.16	166.75	155.29	139.95
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	—	—	—
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	—	—	—
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	39.59	56.38	40.98	31.23
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	—	—	—
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	107.57	110.37	114.31	108.72
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	—	—	—
Canada				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	15,980	17,042	16,835	17,448
Conventional Natural Gas (mmcf/d)	140.55	143.94	145.04	146.81
Natural Gas Liquids (bbl/d)	12,178	12,028	11,074	10,804
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	110.21	135.64	113.83	104.48
Conventional Natural Gas ($/mcf)	4.82	7.15	6.31	5.96
Natural Gas Liquids ($/bbl)	74.29	82.82	71.02	68.13
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	16.25	19.47	17.69	14.65
Conventional Natural Gas ($/mcf)	0.50	0.52	0.71	0.16
Natural Gas Liquids ($/bbl)	16.90	15.65	17.74	13.17
Transportation				
Light Crude Oil and Medium Crude Oil ($/bbl)	1.54	1.75	1.74	1.91
Conventional Natural Gas ($/mcf)	0.20	0.25	0.29	0.36
Natural Gas Liquids ($/bbl)	1.17	1.24	1.14	1.19
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	8.99	8.87	10.37	10.53
Conventional Natural Gas ($/mcf)	1.23	1.19	1.66	1.41
Natural Gas Liquids ($/bbl)	6.85	6.26	6.82	6.52
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	83.43	105.54	84.04	77.38
Conventional Natural Gas ($/mcf)	2.89	5.19	3.65	4.03
Natural Gas Liquids ($/bbl)	49.37	59.67	45.31	47.25

	Three Months Ended March 31, 2022	Three Months Ended June 31, 2022	Three Months Ended September 31, 2022	Three Months Ended December 31, 2022
France				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	8,389	8,126	6,818	7,247
Conventional Natural Gas (mmcf/d)	—	—	—	—
Natural Gas Liquids (bbl/d)	—	—	—	—
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	133.41	141.80	135.49	119.68
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	—	—	—
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	12.53	16.30	15.51	14.27
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	—	—	—
Transportation				
Light Crude Oil and Medium Crude Oil ($/bbl)	6.84	8.02	7.28	7.05
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	—	—	—
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	21.58	21.12	21.57	19.41
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	—	—	—
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	92.46	96.36	91.13	78.95
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	—	—	—
Germany				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	1,158	1,331	1,764	1,481
Conventional Natural Gas (mmcf/d)	26.95	25.36	26.54	25.86
Natural Gas Liquids (bbl/d)	—	—	—	—
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	128.15	140.17	134.17	114.67
Conventional Natural Gas ($/mcf)	33.98	35.45	62.13	43.24
Natural Gas Liquids ($/bbl)	—	—	—	—
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	2.07	3.20	2.65	2.64
Conventional Natural Gas ($/mcf)	2.00	2.05	1.79	2.52
Natural Gas Liquids ($/bbl)	—	—	—	—
Transportation				
Light Crude Oil and Medium Crude Oil ($/bbl)	11.08	8.86	8.25	13.67
Conventional Natural Gas ($/mcf)	0.30	0.46	0.53	0.61
Natural Gas Liquids ($/bbl)	—	—	—	—
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	25.43	21.93	15.77	17.53
Conventional Natural Gas ($/mcf)	2.43	3.64	2.94	4.42
Natural Gas Liquids ($/bbl)	—	—	—	—
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	89.57	106.18	107.50	80.83
Conventional Natural Gas ($/mcf)	29.25	29.30	56.87	35.69
Natural Gas Liquids ($/bbl)	—	—	—	—

	Three Months Ended March 31, 2022	Three Months Ended June 31, 2022	Three Months Ended September 31, 2022	Three Months Ended December 31, 2022
Hungary				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	—	—	—	—
Conventional Natural Gas (mmcf/d)	0.34	0.64	0.63	0.67
Natural Gas Liquids (bbl/d)	—	—	—	—
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	30.79	43.18	64.42	59.43
Natural Gas Liquids ($/bbl)	—	—	—	—
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	9.00	8.13	27.64	18.78
Natural Gas Liquids ($/bbl)	—	—	—	—
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	11.20	7.56	8.53	6.80
Natural Gas Liquids ($/bbl)	—	—	—	—
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	19.59	35.62	55.89	52.63
Natural Gas Liquids ($/bbl)	—	—	—	—
Ireland				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	—	—	—	—
Conventional Natural Gas (mmcf/d)	30.26	27.93	25.74	26.04
Natural Gas Liquids (bbl/d)	—	—	—	—
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	38.20	20.96	43.20	27.02
Natural Gas Liquids ($/bbl)	—	—	—	—
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	—	—	—
Transportation				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	0.36	0.37	0.38	0.31
Natural Gas Liquids ($/bbl)	—	—	—	—
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	1.41	1.31	1.99	1.96
Natural Gas Liquids ($/bbl)	—	—	—	—
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	36.43	19.28	40.83	24.75
Natural Gas Liquids ($/bbl)	—	—	—	—

	Three Months Ended March 31, 2022	Three Months Ended June 31, 2022	Three Months Ended September 31, 2022	Three Months Ended December 31, 2022
Netherlands				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	—	—	—	—
Conventional Natural Gas (mmcf/d)	39.03	35.22	29.15	27.41
Natural Gas Liquids (bbl/d)	84	60	74	49
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	37.57	38.91	68.73	47.47
Natural Gas Liquids ($/bbl)	78.45	110.99	139.28	(6.47)
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	—	—	—	0.20
Natural Gas Liquids ($/bbl)	—	—	—	—
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	2.98	3.43	4.92	4.45
Natural Gas Liquids ($/bbl)	—	—	—	—
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	34.59	35.48	63.81	42.82
Natural Gas Liquids ($/bbl)	78.45	110.99	139.28	(6.47)
United States				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	2,675	2,846	2,824	3,282
Conventional Natural Gas (mmcf/d)	7.56	6.74	7.03	7.45
Natural Gas Liquids (bbl/d)	1,080	998	1,066	1,254
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	112.64	140.04	119.80	114.41
Conventional Natural Gas ($/mcf)	4.48	6.76	8.33	6.00
Natural Gas Liquids ($/bbl)	46.97	55.89	52.01	49.72
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	28.04	37.16	5.33	5.87
Conventional Natural Gas ($/mcf)	1.40	1.86	2.42	1.85
Natural Gas Liquids ($/bbl)	1.19	1.12	1.38	1.51
Transportation				
Light Crude Oil and Medium Crude Oil ($/bbl)	0.61	0.34	0.15	0.17
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	0.24	0.12	0.05	0.06
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	8.04	9.28	11.46	13.01
Conventional Natural Gas ($/mcf)	1.87	1.92	2.61	2.75
Natural Gas Liquids ($/bbl)	3.25	3.25	4.33	4.97
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	75.95	93.26	102.86	95.36
Conventional Natural Gas ($/mcf)	1.21	2.98	3.30	1.40
Natural Gas Liquids ($/bbl)	42.28	51.40	46.24	43.18

	Three Months Ended March 31, 2022	Three Months Ended June 31, 2022	Three Months Ended September 31, 2022	Three Months Ended December 31, 2022
Total Company				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	32,091	31,811	33,003	34,305
Conventional Natural Gas (mmcf/d)	244.69	239.83	234.12	234.23
Natural Gas Liquids (bbl/d)	13,341	13,086	12,213	12,107
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	117.80	139.02	116.79	124.76
Conventional Natural Gas ($/mcf)	17.41	16.50	24.68	17.43
Natural Gas Liquids ($/bbl)	72.10	80.89	69.77	65.93
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	27.14	33.59	29.95	26.57
Conventional Natural Gas ($/mcf)	0.56	0.60	0.79	0.51
Natural Gas Liquids ($/bbl)	18.09	16.77	19.12	14.68
Transportation Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	2.29	2.60	2.45	2.44
Conventional Natural Gas ($/mcf)	0.20	0.24	0.28	0.33
Natural Gas Liquids ($/bbl)	0.95	1.07	0.91	0.86
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	13.17	13.03	14.04	14.50
Conventional Natural Gas ($/mcf)	1.70	1.83	2.29	2.21
Natural Gas Liquids ($/bbl)	5.48	5.36	5.20	5.12
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	75.19	89.80	70.34	81.24
Conventional Natural Gas ($/mcf)	14.95	13.83	21.32	14.38
Natural Gas Liquids ($/bbl)	47.58	57.69	44.55	45.27
North America				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	18,655	19,888	19,659	20,730
Conventional Natural Gas (mmcf/d)	148.11	150.68	152.07	154.26
Natural Gas Liquids (bbl/d)	13,258	13,026	12,140	12,058
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	110.55	136.27	114.69	106.05
Conventional Natural Gas ($/mcf)	4.80	7.13	6.41	5.96
Natural Gas Liquids ($/bbl)	71.27	80.75	70.11	66.94
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	17.94	22.00	19.71	17.27
Conventional Natural Gas ($/mcf)	0.55	0.58	0.79	0.24
Natural Gas Liquids ($/bbl)	16.44	15.48	17.64	13.30
Transportation Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	2.97	3.14	2.83	2.92
Conventional Natural Gas ($/mcf)	0.19	0.24	0.28	0.34
Natural Gas Liquids ($/bbl)	1.80	2.02	2.14	2.35
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	8.85	8.93	10.53	10.92
Conventional Natural Gas ($/mcf)	1.26	1.22	1.70	1.47
Natural Gas Liquids ($/bbl)	6.56	6.03	6.60	6.36
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	80.79	102.20	81.62	74.94
Conventional Natural Gas ($/mcf)	2.80	5.09	3.64	3.90
Natural Gas Liquids ($/bbl)	46.48	57.22	43.74	44.93

	Three Months Ended March 31, 2022	Three Months Ended June 31, 2022	Three Months Ended September 31, 2022	Three Months Ended December 31, 2022
International				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	13,436	11,923	13,345	13,575
Conventional Natural Gas (mmcf/d)	96.58	89.15	82.05	79.97
Natural Gas Liquids (bbl/d)	83	60	74	49
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	127.86	143.62	119.88	153.32
Conventional Natural Gas ($/mcf)	36.75	32.33	58.55	39.54
Natural Gas Liquids ($/bbl)	77.09	109.83	140.33	(3.14)
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	7.37	11.31	8.75	7.77
Conventional Natural Gas ($/mcf)	0.59	0.64	0.79	1.04
Natural Gas Liquids ($/bbl)	—	—	—	—
Transportation Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	5.43	6.94	5.39	5.99
Conventional Natural Gas ($/mcf)	0.20	0.25	0.29	0.30
Natural Gas Liquids ($/bbl)	—	—	—	—
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	27.12	28.50	27.73	23.43
Conventional Natural Gas ($/mcf)	2.36	2.86	3.39	3.65
Natural Gas Liquids ($/bbl)	—	—	—	—
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	87.94	96.87	78.01	116.13
Conventional Natural Gas ($/mcf)	33.59	28.59	54.09	34.55
Natural Gas Liquids ($/bbl)	77.09	109.83	140.33	(3.14)

Marketing

The nature of Vermilion's operations results in exposure to fluctuations in commodity prices, interest rates, and foreign currency exchange rates. Vermilion monitors and, when appropriate, uses derivative financial instruments to manage its exposure to these fluctuations. All transactions of this nature entered into by Vermilion are related to an underlying financial position or to future crude oil and natural gas production. Vermilion does not use derivative financial instruments for speculative purposes. Vermilion has not obtained collateral or other security to support its financial derivatives as management reviews the creditworthiness of its counterparties prior to entering into derivative contracts.

During the normal course of business, Vermilion may also enter into fixed price arrangements to sell a portion of its production or purchase commodities for operational use.

Vermilion's outstanding risk management positions as at December 31, 2022 are summarized in Supplemental Table 2: Hedges, included in the Company's 2022 Management's Discussion and Analysis, dated March 8, 2023, available on SEDAR at www.sedar.com, under Vermilion's SEDAR profile.

Directors and Officers

As at January 31, 2023, the directors and officers of Vermilion beneficially owned, or controlled or directed, directly or indirectly, 991,619 common shares representing approximately 0.6% of the issued and outstanding common shares.

Set forth below is certain information respecting the current directors and officers of Vermilion. References to Vermilion in the following tables for dates prior to the Conversion Arrangement refer to VRL and to the Company following the date of the Conversion Arrangement.

Board of Directors

Vermilion's Board of Directors currently consists of ten directors. The directors are nominated by the Company and elected annually by Shareholders and hold office until the next annual meeting of Shareholders, or until their successors are elected or appointed.

Name and Municipality of Residence	Committee(s)	Office Held	Year First Elected or Appointed as Director	Principal Occupation During the Past Five Years
Robert Michaleski Calgary, Alberta Canada	(1) (3) (5)	Director	2016	2000 to 2020, Director of Pembina Pipeline Corporation 2013 to 2018, Director of United Way of Calgary and Area, a non-profit organization Since 2012, Director of Essential Energy Services Ltd., a public oilfield services company Since 2003, Director of Coril Holdings Ltd., a private investment company
Dion Hatcher Calgary, Alberta Canada		President & Chief Executive Officer and Director	2023	Since March 2023, President & Chief Executive Officer of Vermilion January 2022 to March 2023, President of Vermilion November 2020 to December 2021 Vice President North America of Vermilion March 2016 to November 2020, Vice President Canada Business Unit of Vermilion
James J. Kleckner Jr. Edwards, Colorado USA	(7) (9)	Director	2021	Since 2021, Director of Great Western Petroleum, a public oil and gas company 2019 to 2021, Director of Parsley Energy, a public oil and gas company 2018 to 2020, Chief Executive Officer of Jagged Peak Energy Inc., a public oil and gas company 2018 to 2020, Director of Jagged Peak Energy Inc., a public oil and gas company 2016 to 2019, Director of Delonex Energy Ltd., a private oil and gas company
Carin S. Knickel Golden, Colorado USA	(4) (7) (11)	Director	2018	Since 2015, Director of Hudbay Minerals, Inc., a public mining company 2015 to 2020, Director of Whiting Petroleum, a public oil and gas company Since 2014, Director of National MS Society (Colorado/Wyoming Chapter), a non-profit organization
Stephen Larke Calgary, Alberta Canada	(3) (5) (10)	Director	2017	Since 2020, Director of Headwater Exploration Inc., a public oil and gas company Since 2019, Director of Topaz Energy Corp., a public energy company 2017 to 2018, Operating Partner and Advisory Board Member, Azimuth Capital Management, a private equity fund
Timothy R. Marchant Calgary, Alberta Canada	(6) (9) (11)	Director	2010	Since 2022, Director of Vaalco Energy Inc., a public oil and gas company 2020 to 2022, Director of TransGlobe Energy Corporation, a public oil and gas company Since 2015, Director, Valeura Energy Inc., a public oil and gas company 2013 to 2022, Director of Cub Energy Inc., a public oil and gas company Since 2009, Adjunct Professor of Strategy and Energy Geopolitics, Haskayne School of Business
William Roby Katy, Texas USA	(7) (8) (11)	Director	2017	Since 2020, Director of California Resources Corp, a public oil and gas company Since 2015, Chief Executive Officer, Shepherd Energy, LLC., a private energy efficiency services company

Name and Municipality of Residence	Committee(s)	Office Held	Year First Elected or Appointed as Director	Principal Occupation During the Past Five Years
Manjit Sharma Toronto, Ontario Canada	(2) (5)	Director	2021	Since 2023, Director of TransAlta Corporation, a public utilities company Since 2022, Director of Finning International Inc., a public machinery manufacturing company Since 2020, Director of Export Development Canada, a financial services company 2020 to 2021, Chief Financial Officer of WSP Canada, a civil engineering company 2019 to 2021, Audit Committee of Ontario Chamber of Commerce, a charitable organization 2016 to 2019, Chief Financial Officer of GE Canada, an industrial engineering company 2013 to 2020, Audit and Investment Committee YMCA Greater Toronto, a charitable organization
Myron Stadnyk Calgary, Alberta Canada	(7) (9)	Director	2022	2013 to 2020, Chief Executive Officer of ARC Resources Ltd. Since 2018, Director of Prairie Sky Royalty Ltd. Since 2020, Director of Crescent Point Energy Corp. Since 2018, Chair of the University of Saskatchewan Engineering Trust
Judy Steele Halifax, Nova Scotia Canada	(3) (5) (11)	Director	2021	Since 2012, President and Chief Operating Officer of Emera Energy, an energy marketing and trading company Since 2017, Director of Canadian Blood Services, a non-profit organization

Committees:

(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) Independent Reserves Committee Chair (Independent)
(9) Independent Reserves Committee Member (Independent)
(10) Sustainability Committee Chair (Independent)
(11) Sustainability Committee Member (Independent)

Officers

Name and Municipality of Residence	Office Held	Principal Occupation During the Past Five Years
Dion Hatcher Calgary, Alberta Canada	President & Chief Executive Officer	Since March 2023, President & Chief Executive Officer of Vermilion January 2022 to March 2023, President of Vermilion November 2020 to December 2021, Vice President North America of Vermilion March 2016 to November 2020, Vice President Canada Business Unit of Vermilion
Lars Glemser Calgary, Alberta Canada	Vice President & Chief Financial Officer	Since April 2018, Vice President and Chief Financial Officer of Vermilion January 2018 to April 2018, Director, Finance of Vermilion June 2015 to January 2018, Finance Professional of Vermilion
Terry Hergott Calgary, Alberta Canada	Vice President Marketing	Since April 2012, Vice President, Marketing of Vermilion
Yvonne Jeffery Calgary, Alberta Canada	Vice President Sustainability	May 2021, Vice President, Sustainability of Vermilion August 2020 to May 2021, Director, Sustainability of Vermilion April 2018 to August 2020, Manager Communications, Community Investment and Sustainability of Vermilion November 2015 to March 2018, Team Lead, Communications, Community Investment and Sustainability of Vermilion
Darcy Kerwin Calgary, Alberta Canada	Vice President International & HSE	Since November 2020, Vice President, International & HSE of Vermilion September 2020 to November 2020, Vice President, Strategic Planning of Vermilion February 2018 to September 2020, Managing Director, Ireland Business Unit of Vermilion March 2014 to February 2018, Managing Director, France Business Unit of Vermilion
Bryce Kremnica Calgary, Alberta Canada	Vice President North America	Since November 2021, Vice President, North America of Vermilion May 2014 to November 2021, Director, Field Operations Canada Business Unit of Vermilion
Geoff MacDonald Calgary, Alberta Canada	Vice President Geosciences	Since November 2021, Vice President, Geosciences of Vermilion March 2019 to November 2021, Chief Geoscientist of Vermilion August 2015 to March 2019, Vice President, Exploration of Velvet Energy, a private oil and gas company
Kyle Preston Calgary, Alberta Canada	Vice President Investor Relations	Since July 2019, Vice President, Investor Relations of Vermilion May 2016 to July 2019, Director, Investor Relations of Vermilion
Averyl Schraven Calgary, Alberta Canada	Vice President People and Culture	Since November 2021, Vice President, People & Culture of Vermilion December 2020 to November 2021, Director, People and Culture of Vermilion February 2014 to December 2020, Manager, Global Human Resources Services of Vermilion
Jenson Tan Calgary, Alberta Canada	Vice President Business Development	Since October 2017, Vice President, Business Development of Vermilion July 2016 to October 2017, Director, Business Development of Vermilion
Gerard Schut Den Haag The Netherlands	Vice President European Operations	Since July 2012, Vice President, European Operations of Vermilion
Robert J. Engbloom, KC Calgary, Alberta Canada	Corporate Secretary	Since January 2015, counsel with Norton Rose Fulbright Canada LLP, a law firm

Description of Capital Structure

Credit ratings

Credit ratings affect the Company's ability to obtain short-term and long-term financing and the cost of such financing. Additionally, the ability of the Company to engage in certain collateralized business activities on a cost effective basis depends on the Company's credit ratings. A reduction in the credit rating of the Company or the Company's debt or a negative change in the Company's ratings outlook could adversely affect the Company's cost of financing and its access to sources of liquidity and capital. In addition, changes in credit ratings may affect the Company's ability to enter into ordinary course hedging arrangements or contracts with customers and suppliers.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issuer of securities. **The credit ratings accorded to the Senior Unsecured Notes and the Company are not recommendations to purchase, hold or sell such securities and are not a comment upon the market price of the Company's securities or their suitability for a particular investor.** There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant. A revision or withdrawal of a credit rating could have a material adverse effect on the pricing or liquidity of the Senior Unsecured Notes or the common shares in any secondary markets. Vermilion does not undertake any obligation to maintain the ratings or to advise holders of the Senior Unsecured Notes or the common shares of any change in ratings. Each agency's rating should be evaluated independently of any other agency's rating.

As at March 8, 2023, Vermilion had the following credit ratings from S&P Global Ratings ("S&P"), Moody's Investors Service ("Moody's"), and Fitch Ratings ("Fitch"):

Rating Agency	Company Rating	Outlook	Senior Unsecured Notes
S&P [(1)]	B+ [(1)]	Stable	BB- [(4)]
Moody's [(2)]	B1 [(2)]	Stable	B3 [(5)]
Fitch [(3)]	BB- [(3)]	Negative	BB- [(6)]

Notes:

(1) S&P rates long-term corporate credit ratings by rating categories ranging from a high of "AAA" to a low of "D". Ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. In addition, S&P may add a rating outlook of "positive", "negative" or "stable" which assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). An obligor rated "B" is within the sixth highest of the ten categories, and is characterized by S&P as more vulnerable in the near term than obligors rated "BB", but has the capacity to meet its financial commitments on the obligation. However, it faces major ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitments.

(2) Moody's corporate family ratings are on a rating scale that ranges from Aaa to C, which represents the highest to lowest opinions of creditworthiness. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa, with 3 indicating a ranking in the lower end of the generic rating category. A rating of B1 by Moody's is within the sixth highest of nine categories. An obliger rated B1 is considered non-investment grade speculative and is subject to high credit risk.

(3) Fitch's corporate credit rating categories range from "investment grade" for those with ratings of "AAA" to "BBB", and "speculative grade" for those with "BB" to "D" ratings. Modifiers may be used by Fitch within these rating categories, either (+) or (-), appended to a rating to indicate relative status within the major rating categories. Rating outlooks may be provided to direct where a rating may potentially move within the next year or two, and fall under four outlooks: "positive", "stable", "negative", or "evolving". A "BB-" rating for an obliger denotes an increased vulnerability to default risk, especially if experiencing adverse changes in economic or business conditions over time; conversely, there remains a financial or business flexibility that sustains the servicing of financial obligations.

(4) S&P rates long-term debt instruments by rating categories ranging from a high of "AAA" to a low of "D". The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. An obligation rated "B+" is characterized as less vulnerable to nonpayment than other speculative issues. However, an obligation rated "B+" faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The "B" category is the sixth highest of the ten available categories.

(5) Moody's long-term obligations ratings are on a rating scale that ranges from Aaa to C, which represents the highest to lowest opinions of creditworthiness. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa, with 3 indicating a ranking in the lower end of the generic rating category. A rating of B3 by Moody's is within the sixth highest of nine categories. Obligations rated B3 are considered non-investment grade speculative and are subject to high credit risk.

(6) Fitch's long-term debt instrument ratings are categorized from "investment grade" for those with ratings of "AAA" to "BBB", and "speculative grade" for those with "BB" to "D" ratings. Modifiers may be used by Fitch within these rating categories, either (+) or (-), appended to a rating to indicate relative status within the major rating categories. A "BB-" rating for an obliger denotes an increased vulnerability to default risk, especially if experiencing adverse changes in economic or business conditions over time; conversely, there remains a financial or business flexibility that sustains the servicing of financial obligations.

Common shares

The Company is authorized to issue an unlimited number of common shares. Each common share entitles the holder to receive notice of and to attend all meetings of Shareholders and to one vote at any such meeting. The holders of common shares are, at the discretion of the board and subject to applicable legal restrictions, entitled to receive any dividends declared by the board on the common shares. The holders of common shares are entitled to share equally in any distribution of the assets of the Company upon the liquidation, dissolution, bankruptcy or winding-up of the Company or other distribution of its assets among the Shareholders for the purpose of winding-up the Company's affairs.

Awards pursuant to which a holder may receive Common Shares have been issued under certain Vermilion compensation arrangements. See Vermilion's annual financial statements as at and for the year ended December 31, 2022 (a copy of which is available on SEDAR at www.sedar.com under Vermilion's SEDAR profile) for further details regarding the amount and value of such awards.

Dividend history

The Company paid a monthly dividend from January 2003 through March 2020. The dividend was suspended in April 2020 in response to the deterioration in near-term commodity prices and worsening outlook for global oil demand as a result of the COVID-19 pandemic and OPEC+ oil price war. Vermilion has a long history of paying dividends and we remain strong proponents of returning capital to Shareholders and as a result of our focus on financial strength we reinstated the dividend in the first quarter of 2022 and subsequently increased the per share amounts in both the second quarter of 2022 and the first quarter of 2023.

Solvency tests imposed by the ABCA on corporations for the declaration and payment of dividends must be satisfied prior to the declaration of a dividend. In addition, decisions with respect to the declaration of dividends on the common shares are made by the Board of Directors on the basis of the Company's net earnings, financial requirements, and other conditions.

The following table sets forth the history of Vermilion's dividend per share:

Date	Frequency		Dividend per unit or share
January 2003 to December 2007	Monthly	$	0.170
January 2008 to December 2012	Monthly	$	0.190
January 2013 to December 2013	Monthly	$	0.200
January 2014 to March 2018	Monthly	$	0.215
April 2018 to February 2020	Monthly	$	0.230
March 2020	Monthly	$	0.115
April 2022 to July 2022	Quarterly	$	0.060
August 2022 to March 2023	Quarterly	$	0.080
April 2023 onwards	Quarterly	$	0.100

The following table outlines dividends declared per share for each of the three most recently completed financial years:

Date		Dividends per common share
January 2020 to March 2020	$	0.58
April 2022 to December 2022	$	0.20

In the first quarter of 2023, we increased the quarterly dividend 25% to $0.10 per share, aligned with our dividend policy of providing ratable increases while ensuring the annual dividend amount is sustainable at mid-cycle pricing and our continued focus on debt reduction in 2023. The dividend of $0.10 per share for Q1 2023 was declared on March 8, 2023.

Market for Securities

The outstanding common shares of the Company are listed and posted for trading on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE") under the symbol VET. The following table sets forth the closing price range and trading volume of the common shares on the TSX for the periods indicated:

2022	High	Low	Close	Volume
January	$ 20.37	$ 15.95	$ 19.78	40,244,796
February	$ 24.03	$ 19.24	$ 23.70	36,577,354
March	$ 30.76	$ 23.75	$ 26.25	61,292,055
April	$ 29.73	$ 23.11	$ 25.03	36,541,960
May	$ 29.20	$ 22.72	$ 27.36	40,157,256
June	$ 31.80	$ 21.76	$ 24.50	48,202,888
July	$ 33.34	$ 21.70	$ 33.11	38,527,271
August	$ 39.21	$ 27.86	$ 35.08	39,679,590
September	$ 35.54	$ 25.14	$ 29.57	38,795,380
October	$ 32.63	$ 27.70	$ 31.79	29,259,388
November	$ 34.00	$ 24.58	$ 26.59	45,056,846
December	$ 27.17	$ 22.92	$ 23.97	23,523,479

Audit Committee Matters

Audit committee charter

Vermilion has established an audit committee (the "Audit Committee") to assist the board of directors in carrying out its oversight responsibilities with respect to, among other things, financial reporting, internal controls, and the external audit process of the Company. The Audit Committee Terms of Reference are set out in Schedule "C" to this annual information form.

Composition of the Audit Committee

The following table sets forth the name of each current member of the Audit Committee, whether pursuant to applicable securities legislation, such member is considered independent, whether pursuant to applicable securities legislation, such member is considered financially literate and the relevant education and experience of such member.

Name	Independent	Financially Literate	Relevant Education and Experience
Manjit Sharma (Chair)	Yes	Yes	Ms. Sharma has over 30 years of experience operating in complex global organizations across many industry sectors including power, energy, transportation, oil & gas, financial services, mining, and consulting. While Ms. Sharma most recently served as Chief Financial Officer of WSP Canada, the bulk of her career has been with GE Canada. While at GE, Ms. Sharma held a variety of progressively senior management roles, lastly as its Chief Financial Officer, her responsibilities spanned strategic planning and analysis, mergers and acquisitions, tax oversight, risk, governance, diversity and inclusion. Ms. Sharma serves as a member of the Board of Directors for Export Development Canada, Finning International Inc., TransAlta Corporation, and is a member of the GE Canada Pension Trust Investment Committee. She previously served as a Director of the BGO Prime Canadian Property Fund, the Board of GE Canada Company, the Ontario Chamber of Commerce and the YMCA of the Greater Toronto Area. Ms. Sharma was also recognized as one of Canada's Top 100 Most Powerful Women in 2019. Ms. Sharma holds a Bachelors of Commerce degree from the University of Toronto, is a FCPA FCA, and has completed both the Institute of Corporate Directors Education Program and the Global Competent Boards Designation.
Robert Michaleski	Yes	Yes	Mr. Michaleski holds a Bachelor of Commerce (Honours) degree from the University of Manitoba and is a Chartered Accountant. He has over 30 years of experience in various senior management and executive capacities at Pembina Pipeline Corporation. He was Chief Executive Officer from 2000 to 2013 and also President from 2000 to 2012. He was Vice President and Chief Financial Officer from 1997 to 2000, Vice President of Finance from 1992 to 1997, Controller from 1980 to 1992, and Manager of Internal Audit from 1978 to 1980. He was a Director of Pembina from 2000 to 2020, a Director of Essential Energy Services Ltd. since 2012, and a Director of Coril Holdings Ltd. since 2003. He is a member of the Institute of Corporate Directors.
Stephen Larke	Yes	Yes	Mr. Larke holds a Bachelor of Commerce (Distinction) degree from the University of Calgary and is a Chartered Financial Analyst. He brings over 20 years of experience in energy capital markets, including research, sales, trading, and equity finance. From 2017 to 2018, he was Operating Partner and Advisory Board member with Azimuth Capital Management, an energy-focused private equity fund based in Calgary, Alberta. From 2005 to 2015, Mr. Larke was Managing Director and Executive Committee member with Peters & Co., an independent energy investment firm based in Calgary. From 1997 to 2005, he was Vice-President and Director with TD Newcrest, serving in the role of energy equity analyst.
Judy Steele	Yes	Yes	Ms. Steele has more than 35 years of experience in various energy businesses including hydro, wind, biomass and natural gas fired electrical generating facilities. Currently, Ms. Steele is the President & Chief Operating Officer of Emera Energy Inc., where she is responsible for commercial performance, operations, business growth and development, risk management, and team leadership and development. She is a member of the Emera Inc. Corporate Leadership Team and Emera's Sustainability Management Committee and Leadership Safety Advisory Council. Prior to her current role, Ms. Steele held a variety of executive and senior management positions within Emera Inc. Ms. Steele is currently a Board member of Canadian Blood Services and a Governor of St. Francis Xavier University. She previously served as a Director and Chair of the Audit Committee for The Halifax Port Authority and was National Chair of the Canadian Breast Cancer Foundation. Ms. Steele is a recipient of the Chartered Accountant of the Year Award, from the Institute of Chartered Accountants of Nova Scotia, for outstanding community leadership

External audit service fees

Prior to the commencement of any work, fees for all audit and non-audit services provided by the Company's auditors must be approved by the Audit Committee.

During the years ended December 31, 2022 and 2021, Deloitte LLP (PCAOB ID No. 1208), the auditors of the Company, received the following fees from the Company:

Item	2022	2021
Audit fees [1]	$ 1,497,599	$ 1,530,485
Audit-related fees [2]	$ 68,393	$ —
Tax fees [3]	$ 102,385	$ 80,533

Notes:

(1) Audit fees consisted of professional services rendered by Deloitte LLP for the audit of the Company's financial statements for the years ended December 31, 2022 and 2021.

(2) Audit-related fees billed by Deloitte LLP for other assurance engagements required by management or regulation.

(3) Tax fees consist of fees for tax compliance services in various jurisdictions.

Conflicts of Interest

The directors and officers of Vermilion are engaged in and will continue to engage in other activities in the oil and natural gas industry and, as a result of these and other activities, the directors and officers of Vermilion may become subject to conflicts of interest. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

As at the date hereof, Vermilion is not aware of any existing or potential material conflicts of interest between Vermilion and a director or officer of Vermilion.

Interest of Management and Others in Material Transactions

No director or officer of the Company, nor any other insider of the Company, nor their associates or affiliates has or has had, at any time within the three most recently completed financial years ending December 31, 2022, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Company.

Legal Proceedings

The Company is not party to any significant legal proceedings as of March 8, 2023.

Material Contracts

The Company has not entered into any material contracts outside its normal course of business.

Interests of Experts

As at the date hereof, principals of GLJ, the independent engineers for the Company, personally disclosed in certificates of qualification that they neither had nor expect to receive any common shares. The principals of GLJ and their employees (as a group) beneficially own less than one percent of any of the Company's securities.

Deloitte LLP is the auditor of the Company and is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

Transfer Agent and Registrar

The transfer agent and registrar for the Company's common shares is Odyssey Trust Company at its principal offices in Calgary, Alberta and Toronto, Ontario and Vancouver, British Columbia.

Risk Factors

The following is a summary of certain risk factors relating to the business of the Company. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. Additional risks and uncertainties not currently known to Vermilion that it currently views as immaterial may also materially and adversely affect its business, financial condition and/or results of operations. Shareholders and potential Shareholders should carefully consider the information contained herein and, in particular, the following risk factors.

Market risks

Volatility of oil and gas prices

The Company's reserves, financial performance, financial position, and cash flows are dependent on the prices received for oil and natural gas production. Oil and natural gas prices have fluctuated materially during recent years and are determined by supply and demand factors. Supply factors can include availability (or lack thereof) of transportation capacity and production curtailments by independent producers or by OPEC members.

Demand factors can be impacted by general economic conditions, supply chain requirements, environmental and other factors. Environmental and other factors include changes in weather, weather patterns, fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and gas, and technology advances in fuel economy and energy generation devices. Shifts in supply and demand for certain commodities, products, and services may occur as climate-related risks are increasingly taken into account.

Constraints at processing facilities and/or on transportation

The Company delivers its products via gathering and processing facilities, pipeline systems, trucks, rail, and tanker. The amount of crude oi, natural gas, and natural gas liquids that the Company can produce and sell is subject to the availability, proximity, and capacity of these systems and related infrastructure. Unexpected shutdowns or curtailment of capacity of gathering and processing facilities, and pipeline systems, or an inability to secure trucks, rail, or tankers could affect the Company's production, operations, and financial results. The Company's production may flow through third party facilities which the Company does not control and these facilities may discontinue or decrease operations as result of normal course service requirements, unexpected events or otherwise. A discontinuation or decrease of operation of these third party facilities could have a material adverse effect on the Company's ability to process it's production and deliver to market. Midstream and pipeline companies may take actions to maximize their return on investment, which may in turn adversely affect producers and shippers.

Volatility of foreign exchange rates

The Company's reserves, financial performance, financial position, and cash flows are affected by prevailing foreign exchange rates. An increase in the exchange rate for the Canadian dollar versus the U.S. dollar and Euro would reduce the Canadian equivalent cash receipts for Vermilion's production. Conversely, a decrease in the exchange rate for the Canadian dollar versus the U.S. dollar and Euro would increase the Canadian equivalent cash outflows for Vermilion's operating and capital expenditures.

Volatility of market price of Common Shares

The market price of Vermilion's Common Shares may be volatile and this volatility may affect the ability of Shareholders to sell Common Shares at an advantageous price. Market price fluctuations in the common shares may be due to: the Company’s operating results or financial performance failing to meet the expectations of securities analysts or investors in any quarter; downward revision in securities analysts’ estimates; governmental regulatory action; adverse change in general market conditions or economic trends; acquisitions, dispositions or other material public announcements by the Corporation or its competitors, along with a variety of additional factors, including, without limitation, those set forth under “Forward-Looking Statements” in this AIF. In addition, the market price for securities in stock markets including Common Shares may experience significant price and trading fluctuations. These fluctuations may result in volatility in the market prices of securities that may be unrelated or disproportionate to changes in the Company's operating and financial performance.

Hedging arrangements

Vermilion may enter into agreements to fix commodity prices, interest rates, and foreign exchange rates to offset the risks affecting the business. To the extent that Vermilion engages in price risk management activities to protect the Company from unfavourable fluctuations in prices and rates, the Company may also be prevented from realizing the full benefits of favourable fluctuations in prices and rates.

To the extent that risk management activities and hedging strategies are employed to address these risks, the Company would also be exposed to risks associated with such activities and strategies, including: counterparty risk, settlement risk, basis risk, liquidity risk and market risk. These risks could impact or negate any benefits of risk management activities and hedging strategies.

In addition, commodity hedging arrangements could expose the Company to the risk of financial loss if: production falls short of the hedged volumes; there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the hedge arrangements; or a sudden unexpected event materially impacts oil and natural gas prices.

Operational risks

Increase in operating costs or a decline in production level

The Company's financial performance, financial position, and cash flows are affected by the Company's operating costs and production levels. Operating costs may increase and production levels may decline at rates greater than anticipated due to unforeseen circumstances, many of which are beyond Vermilion's control.

Production levels may decline due to an inability for Vermilion to market oil and natural gas production. This could result from the availability, proximity and capacity of gathering systems, pipelines and processing facilities that Vermilion depends on in the jurisdictions in which it operates.

Operating costs could increase as a result of blowouts, environmental damage, unforeseen circumstances related to climate-change, and other unexpected and dangerous conditions which could result from a number of operating and natural hazards associated with Vermilion's operations. In addition to higher costs, Vermilion may have a potential liability to regulators and third parties as a result. Vermilion maintains liability insurance, where available, in amounts consistent with industry standards. Business interruption insurance may also be purchased for selected operations, to the extent that such insurance is commercially viable. Vermilion may become liable for damages arising from such events against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons.

Operator performance and payment delays

Continuing production from a property are dependent upon the ability of the operator of the property, and the operator may fail to perform these functions properly. Payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues if the operator becomes insolvent. Although satisfactory title reviews are generally conducted in accordance with industry standards, such reviews do not guarantee or certify that a defect in the chain of title may not arise to defeat the claim of Vermilion or its subsidiaries to certain properties.

In addition to the usual delays in payment by purchasers of oil and natural gas to the operators of the properties, and by the operator to Vermilion, payments between any of such parties may also be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blowouts or other accidents, recovery by the operator of expenses incurred in the operation of the properties or the establishment by the operator of reserves for such expenses.

Weather conditions

Vermilion's operations may be impacted by changing weather conditions, which may include: changes in temperature extremes, changes in precipitation patterns (including drought and flooding), rising sea levels, and increased severity of extreme weather events such as cyclones or floods. These events can impact Vermilion's operations, causing shutdowns and increased costs. In the Netherlands, rising water levels could impact facilities below sea level and in Australia a severe cyclonic event could cause damage to the Company's Wandoo platform.

Cost of new technology

The oil and natural gas industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil and natural gas companies may have greater financial, technical and personnel resources that provide them with technological advantages and may in the future allow them to implement new technologies before Vermilion does. There can be no assurance that Vermilion will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by the Company or implemented in the future may become obsolete.

Regulatory and political risks

Tax, royalty, and other government legislation

Income tax laws, royalty and other government legislation relating to the oil and gas industry in the jurisdictions in which the Company operates may change in a manner that adversely affects Vermilion.

Vermilion is exposed to increased taxation and royalties due to windfall taxes on profits. Windfall taxes have been substantively enacted within the European Union for oil and gas companies for 2022 and/or 2023 at a minimum rate of 33% calculated on taxable profits above a 20% increase in the average yearly taxable profits as compared to 2018 to 2021. As at December 31, 2022, windfall tax rates have been legislated at 33% in the Netherlands, Germany, and France or, in the case of Ireland, announced at 75%. There remains uncertainty on whether the announced windfall tax rate in Ireland of 75% will change upon legislation. In addition, there is uncertainty on whether windfall taxes will continue beyond 2023 or whether similar legislation could be enacted in other jurisdictions that Vermilion operates in.

In 2021, 136 countries and jurisdictions, including Canada, agreed to implement the Organisation for Economic Co-operation and Development's (OECD) Pillar Two rules, effective in 2023. The proposed Pillar Two rules are designed to ensure that large multinational enterprises pay a minimum level of tax (currently agreed upon at 15%) on the income arising in each jurisdiction where they operate. The proposed rules remain subject to approval and ratification in multiple countries and jurisdictions in which Vermilion operates in.

Government regulations

Vermilion's operations are governed by many levels of governments in which jurisdiction the Company operates. Vermilion is subject to laws and regulations regarding environment, health and safety issues, lease interests, taxes and royalties, among others. Failure to comply with the applicable laws can result in significant increases in costs, penalties and even losses of operating licenses. The regulatory process involved in each of the countries in which Vermilion operates is not uniform and regulatory regimes vary as to complexity, timeliness of access to, and response from, regulatory bodies and other matters specific to each jurisdiction. If regulatory approvals or permits are delayed, not obtained, or revoked, there can also be delays or abandonment of projects, decreases in production and increases in costs, and Vermilion may not be able to fully execute its strategy. Governments may also amend or create new legislation and regulatory bodies may also amend regulations or impose additional requirements which could result in reduced production and increased capital, operating and compliance costs.

Policy and legal risks

Policy actions that attempt to constrain actions that contribute to the adverse effects of climate change or policy actions that seek to promote adaptation to climate change continue to evolve. Policy changes could include implementing carbon-pricing mechanisms to reduce GHG emissions, shifting energy-efficient solutions, and promoting more sustainable land-use practices. The risks and financial impact of policy changes depend on the nature and timing of the policy change.

Vermilion may be exposed to increased litigation risk relating to climate change. The oil and gas industry has seen an increase in climate-related litigation claims being brought before the courts by property owners, municipalities, and public interest organizations. Some of these claims include the failure of organizations to mitigate the impacts of climate change, failure to adapt to climate change, and the insufficiency of disclosure around material financial risks. As the value of loss and damage arising from climate change increases, litigation risk will also grow.

Political events and terrorist attacks

Political events throughout the world that cause disruptions in the supply of oil affect the marketability and price of oil and natural gas acquired or discovered by Vermilion. Political developments arising in the countries in which Vermilion operates have a significant impact on the price of oil and natural gas.

Vermilion’s oil and natural gas properties, wells and facilities could be subject to a terrorist attack. If any of Vermilion’s properties, wells or facilities or any infrastructure on which the Company relies are the subject of a terrorist attack, such attack may have a material adverse effect on Vermilion’s financial performance, financial position, and cash flows.

Financing risks

Discretionary nature of dividends and share buybacks

The declaration and payment (including the amount thereof) of future cash dividends and the amount of share buybacks under the NCIB, if any, is subject to the discretion of the Board of Directors of the Company and may vary depending on a variety of factors and conditions, including the satisfaction of the liquidity and solvency tests under the ABCA for the declaration and payment of dividends and the amount of the Company's cash flows. The Company's cash flows may be impacted by risks affecting the Company's business including: fluctuations in commodity prices, foreign exchange and interest rates; production and sales volume levels; production costs; capital expenditure requirements; royalty and tax burdens; external financing availability, and debt service requirements.

Depending on these and other factors considered relevant to the declaration and payment of dividends and the authorization of share buybacks by the Board of Directors and management of the Company, the Company may change its dividend policy and (or) approach to the share buybacks from time to time. Any reduction of dividends and (or) share buybacks may adversely affect the market price or value of Common Shares.

Additional financing

Vermilion’s credit facility and any replacement credit facility may not provide sufficient liquidity. The amounts available under Vermilion's credit facility may not be sufficient for future operations, or Vermilion may not be able to obtain additional financing on attractive economic terms, if at all.

To the extent that external sources of capital, including the issuance of additional Common Shares, become limited or unavailable, Vermilion's ability to make the necessary capital investments to maintain or expand its oil and natural gas reserves may be impaired. To the extent the Company is required to use cash flow to finance capital expenditures or property acquisitions, the level of cash available that may be declared payable as dividends will be reduced.

Debt service

Vermilion may finance a significant portion of its operations through debt. Amounts paid in respect of interest and principal on debt incurred by Vermilion may impair Vermilion's ability to satisfy its other obligations. Variations in interest rates and scheduled principal repayments could result in significant changes in the amount required to be applied to debt service before payment by Vermilion of its debt obligations.

Lenders may be provided with security over substantially all of the assets of Vermilion and its Subsidiaries. If Vermilion becomes unable to pay its debt service charges or otherwise commits an event of default such as bankruptcy, a lender may be able to foreclose on or sell the assets of Vermilion and/or its Subsidiaries.

Variations in interest rates and foreign exchange rates

An increase in interest rates could result in a significant increase in the amount the Company pays to service debt. A decrease in the exchange rate of the Canadian dollar versus the US dollar would result in higher interest and ultimate principle payment on the Company's Senior Unsecured Notes.

Environmental risks

Environmental legislation

The oil and natural gas industry is subject to environmental regulation pursuant to local, provincial, state and federal legislation. A breach of such legislation may result in the imposition of fines, the issuance of clean up orders in respect of Vermilion or its assets, or the loss or suspension of regulatory approvals. Such legislation may include carbon taxes, enhanced emissions reporting obligations, mandates on the equipment specifications, and emissions regulations. Such legislation may be changed to impose higher standards and potentially more costly obligations on Vermilion. In addition, such legislation may inhibit Vermilion's ability to operate the Company's assets and may make it more difficult for Vermilion to compete in the acquisition of new property rights. Presently, the Company does not believe the financial impact of these regulations on capital expenditures and earnings will be material. However, the Company actively monitors and assesses its exposure to this legislation.

Vermilion expects to incur abandonment and reclamation costs in the ordinary course of business as existing oil and gas properties are abandoned and reclaimed. These costs may materially differ from the Company's estimates due to changes in environmental regulations.

Vermilion's exploration and production facilities and other operations and activities emit some amount of greenhouse gases, which may be subject to legislation regulating emissions of greenhouse gases. This may result in a requirement to reduce emissions or emissions intensity from Vermilion's operations and facilities. It is possible that future regulations may require further reductions of emissions or emissions intensity.

Hydraulic fracturing regulations

Hydraulic fracturing involves the injection of water, sand and small amounts of additives under pressure into rock formations to stimulate oil and natural gas production. Hydraulic fracturing is used to produce commercial quantities of oil and natural gas from reservoirs that were previously unproductive. Hydraulic fracturing has featured prominently in recent political, media and activist commentary on the subject of water usage and environmental damage. Any new laws, regulations or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs, third party or governmental claims, and could increase Vermilion's costs of compliance and doing business as well as delay the development of oil and natural gas resources from shale formations, which are not commercial without the use of hydraulic fracturing. Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas that the Company is ultimately able to produce from its reserves, as well as increase costs.

With activist groups expressing concern about the impact of hydraulic fracturing on the environment and water supplies, Vermilion's corporate reputation may be negatively affected by the negative public perception and public protests against hydraulic fracturing. In addition, concerns regarding hydraulic fracturing may result in changes in regulations that delay the development of oil and natural gas resources and adversely affect Vermilion's costs of compliance and reputation. Changes in government may result in new or enhanced regulatory burdens in respect of hydraulic fracturing which could affect Vermilion's business.

Climate change

In addition to other climate-related risks discussed elsewhere in this AIF, Vermilion faces transition risks and physical risks, which are described in detail in the December 31, 2022 MD&A available on SEDAR at www.sedar.com.

Transition risks are risks that relate to the transition to a lower-carbon economy. Transition risks impact the volatility of oil and gas prices (as consumer demand for oil and gas may decrease); environmental legislation and hydraulic fracturing regulations (which may delay or restrict the development of oil and gas); the ability to obtain additional financing (as sources of financing for oil and gas development may become more restricted); and the reliance on key personnel, management, and labour (as the workforce may transition to other sources of energy development). Practices and disclosures relating to environmental matters, including climate change, are attracting increasing scrutiny by stakeholders. Vermilion's response to addressing environmental matters can impact the Company's reputation and affect the Company's ability to hire and retain employees; to compete for reserve acquisitions, exploration leases, licenses and concessions; and to receive regulatory approvals required to execute operating programs.

Physical risks relate to the physical impact of climate change, which can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks can have financial implications for the Company, such as direct damage to assets and indirect impacts from production disruptions. Physical risks may also increase Vermilion's operating costs.

Acquisition and expansion risks

Competition

Vermilion actively competes for reserve acquisitions, exploration leases, licenses, concessions and skilled industry personnel with a substantial number of other oil and gas companies, some of which have significantly greater financial resources than Vermilion. Vermilion's competitors include major integrated oil and natural gas companies and numerous other independent oil and natural gas companies and individual producers and operators.

Vermilion's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

International operations and future geographical/industry expansion

The operations and expertise of Vermilion's management are currently focused primarily on oil and natural gas production, exploration and development in three geographical regions, North America, Europe and Australia. In the future Vermilion may acquire or move into new industry related activities, enter into new geographical areas, or acquire different energy related assets. These actions may result in unexpected risks or alternatively, significantly increase the Company's exposure to one or more existing risk factors.

Acquisition assumptions

When making acquisitions, Vermilion estimates the future performance of the assets to be acquired. These estimates are subject to inherent risks associated with predicting the future performance of those assets. These estimates may not be realized over time. As such, assets acquired may not possess the value Vermilion attributed to them.

Failure to realize anticipated benefits of prior acquisitions

Vermilion may complete one or more acquisitions for various strategic reasons including to strengthen its position in the oil and natural gas industry and to create the opportunity to realize certain benefits. In order to achieve the benefits of any future acquisitions, Vermilion will be dependent upon its ability to successfully consolidate functions and integrate operations, procedures and personnel in a timely and efficient manner and to realize the anticipated growth opportunities and synergies from combining the acquired assets and operations with those of the Company. The integration of acquired assets and operations requires the dedication of management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during the process. The integration process may result in the disruption of ongoing business and customer relationships that may adversely affect Vermilion's ability to achieve the anticipated benefits of such prior acquisitions.

Reserve estimates

Reserves and estimated future net revenue to be derived from reserves are estimates and have been independently evaluated by GLJ. The estimation of reserves is a complex process and requires significant judgment. Actual production and ultimate reserves will vary from those estimates and these variations may be material.

Assumptions incorporated into the estimation of reserves are based on information available when the estimate was prepared. These assumptions are subject to change and many are beyond the Company's control. These assumptions include: initial production rates; production decline rates; ultimate

recovery of reserves; timing and amount of capital expenditures; marketability of production; future prices of crude oil and natural gas; operating costs; well abandonment costs; royalties, taxes, and other government levies that may be imposed over the producing life of the reserves.

In addition, estimates of reserves that may be developed and produced in the future are often based on methods other than actual production history, including: volumetric calculations, probabilistic methods, and upon analogy to similar types of reserves. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history will result in variations, which may be material, in the estimated reserves. As such, reserve estimates may require revision based on actual production experience.

The present value of estimated future net revenue referred to in this annual information form should not be construed as the fair market value of estimated crude oil and natural gas reserves attributable to the Company's properties. The estimated discounted future revenue from reserves are based upon price and cost estimates which may vary from actual prices and costs and such variance could be material. Actual future net revenue will also be affected by factors such as the amount and timing of actual production, supply and demand for crude oil and natural gas, curtailments or increases in consumption by purchasers and changes in governmental regulations and taxation.

Other risks

Cyber security

Vermilion manages cyber security risk by ensuring appropriate technologies, processes and practices are effectively designed and implemented to help prevent, detect and respond to threats as they emerge and evolve. The primary risks to Vermilion include, loss of data, destruction or corruption of data, compromising of confidential customer or employee information, leaked information, disruption of business, theft or extortion of funds, regulatory infractions, loss of competitive advantage and damage to the Company's reputation. Vermilion relies upon a variety of advanced controls as protection from such attacks including:

a) Enterprise class firewall infrastructure, secure network architecture and anti-malware defense systems to protect against network intrusion, malware infection and data loss.
b) Regularly conducted comprehensive third party reviews and vulnerability assessments to ensure that information technology systems are up-to-date and properly configured, to reduce security risks arising from outdated or misconfigured systems and software.
c) Disaster recovery planning, ongoing monitoring of network traffic patterns to identify potential malicious activities or attacks.

Incident response processes are in place to isolate and control potential attacks. Data backup and recovery processes are in place to minimize risk of data loss and resulting disruption of business. Through ongoing vigilance and regular employee awareness, Vermilion has not experienced a cyber security event of a material nature in the last three years. As it is difficult to quantify the significance of such events, cyber attacks such as, security breaches of company, customer, employee, and vendor information, as well as hardware or software corruption, failure or error, telecommunications system failure, service provider error, intentional or unintentional personnel actions, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and the corruption of data, may in certain circumstances be material and could have an adverse effect on Vermilion’s business, financial condition and results of operations. As result of the unpredictability of the timing, nature and scope of disruptions from such attacks, Vermilion could potentially be subject to production downtimes, operational delays, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of its systems and networks or financial losses, any of which could have a material adverse effect on Vermilion’s competitive position, financial condition or results of operations.

Accounting adjustments

The presentation of financial information in accordance with IFRS requires that management apply certain accounting policies and make certain estimates and assumptions which affect reported amounts in Vermilion’s consolidated financial statements. The accounting policies may result in non-cash charges to net income and write-downs of net assets in the consolidated financial statements and such adjustments may be viewed unfavourably by the market and may result in an inability to borrow funds or a decline in price of Common Shares.

Ineffective internal controls

Effective internal controls are necessary for Vermilion to provide reliable financial reports and to help prevent fraud. Although the Company has undertaken and will undertake a number of procedures in order to help ensure the reliability of its financial reports, including those that may be imposed on Vermilion under Canadian Securities Laws and applicable U.S. federal and state securities laws, Vermilion cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm Vermilion's results of operations or cause the Company to fail to meet its reporting obligations. Additionally, implementing and monitoring effective internal controls can be costly. If Vermilion or its independent auditors

discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in Vermilion's consolidated financial statements and may result in a decline in the price of Common Shares.

Reliance on key personnel, management, and labour

Vermilion's success depends in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Vermilion does not have any key person insurance in effect. The contributions of Vermilion's existing management team to immediate and near term operations are likely to be of central importance. In addition, the labour force in certain areas in which the Company operates is limited and the competition for qualified personnel in the oil and natural gas industry is intense. Vermilion expects that similar projects or expansions will proceed in the same area during the same time frame as the Company's projects. Vermilion's projects require experienced employees, and such competition may result in increases in compensation paid to such personnel or in a lack of qualified personnel. There can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of the business.

Potential conflicts of interest

Circumstances may arise where members of the board of directors or officers of Vermilion are directors or officers of companies which compete with Vermilion. No assurances can be given that opportunities identified by such persons will be provided to Vermilion.

Ukraine War

During 2022, Russian military forces invaded Ukraine resulting in a war between the two countries. The ongoing conflict between countries has impacted the supply of oil and gas from the region and has resulted in countries throughout the world imposing financial and trade sanctions against Russia which have had macroeconomic effects.

The risks disclosed in the Risk Factors section above may be exacerbated as a result of the Ukraine war, including: market risks including volatility of oil and gas prices, volatility of foreign exchange rates, volatility of market price of common shares, hedging arrangements; regulatory and political risks including tax, royalty, and other government legislation; financing risks including additional financing, debt service, variations in interest rates and foreign exchange rates; acquisition and expansion risks including international operations and future geographical/industry expansion, acquisition assumptions, failure to realize anticipated benefits of prior acquisitions.

COVID-19

COVID-19 has continued to result in varied actions by governments worldwide, impacting global oil and gas markets. The actions taken by these governments have typically included, but is not limited to travel bans, mandatory and self-imposed quarantines and isolations, social distancing, and the closing of non-essential businesses which may have significant negative effects on economies, including a substantial decline in crude oil and natural gas demand.

The following risks disclosed in the Risk Factors section above may be exacerbated as a result of the COVID-19 pandemic: market risks related to the volatility of oil and gas prices, volatility of foreign exchange rates, volatility of the market price of common shares, and hedging arrangements; operational risks related to increasing operating costs or declines in production levels, operator performance and payment delays, and government regulations; financing risks related to the ability to obtain additional financing, ability to service debt, and variations in interest rates and foreign exchanges rates; and other risks related to cyber-security as our workforce continues to work part time through remote connections, accounting adjustments, effectiveness of internal controls, and reliance on key personnel, management, and labour.

Additional Information

Additional information relating to the Company may be found on SEDAR at www.sedar.com under Vermilion's SEDAR profile. Additional information related to the remuneration and indebtedness of the directors and officers of the Company, and the principal holders of common shares and Rights to purchase common shares and securities authorized for issuance under the Company's equity compensation plans, where applicable, are contained in the information circular of the Company in respect of its most recent annual meeting of Shareholders involving the election of directors. Additional financial information is provided in the Company's audited financial statements and management's discussion and analysis for the year ended December 31, 2022.

Appendix A

REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR (FORM 51-101F2)

To the Board of Directors of Vermilion Energy Inc. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2022. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2022, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGE Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 2022, and identifies the respective portions thereof that we have evaluated and reported on to the Company's board of directors:

Independent Qualified Reserves Evaluator	Effective Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate - $M)			
			Audited	Evaluated	Reviewed	Total
GLJ Petroleum Consultants	December 31, 2022	Australia	—	420,796	—	420,796
GLJ Petroleum Consultants	December 31, 2022	Canada	—	5,015,475	—	5,015,475
GLJ Petroleum Consultants	December 31, 2022	CEE	—	183,177	—	183,177
GLJ Petroleum Consultants	December 31, 2022	France	—	1,166,273	—	1,166,273
GLJ Petroleum Consultants	December 31, 2022	Germany	—	1,666,977	—	1,666,977
GLJ Petroleum Consultants	December 31, 2022	Ireland	—	1,058,289	—	1,058,289
GLJ Petroleum Consultants	December 31, 2022	Netherlands	—	808,453	—	808,453
GLJ Petroleum Consultants	December 31, 2022	United States	—	980,585	—	980,585
Total			**—**	**11,300,025**	**—**	**11,300,025**

6. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update our reports referred to in paragraph 5 for events and circumstances occurring after the effective date of our reports.
8. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

EXECUTED as to our reports referred to above:

GLJ Petroleum Consultants Ltd., Calgary, Alberta, Canada, February 14, 2023

"Jodi L. Anhorn"

Jodi L. Anhorn, M.Sc., P.Eng.
Executive Vice President & COO

Appendix B

REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE (FORM 51-101F3)

Terms to which a meaning is ascribed in National Instrument 51-101 have the same meaning herein.

Management of Vermilion Energy Inc. (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data and related future net revenue as at December 31, 2022, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator is presented in Appendix A to the Annual Information Form of the Company for the year ended December 31, 2022.

The Independent Reserves Committee of the Board of Directors of the Company has:

(a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;
(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Independent Reserves Committee of the Board of Directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Board of Directors has, on the recommendation of the Audit and Independent Reserves Committees, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and
(c) the content and filing of this report.

Because the reserves data is based on judgments regarding future events, actual results will vary and the variations may be material.

"Dion Hatcher"

Dion Hatcher, President and Chief Executive Officer

"Lars Glemser"

Lars Glemser, Vice President and Chief Financial Officer

"Robert Michaleski"

Robert Michaleski, Director and Chairman of the Board

"William Roby"

William Roby, Director

March 8, 2023

Appendix C

Audit Committee Mandate

The primary function of the Audit Committee (the " **Committee**") is to assist the Board of Directors (the " **Board**") of Vermilion Energy Inc. (the "**Corporation**") in its oversight role with respect to matters including:

- **i.** the Corporation's accounting and financing reporting processes and the audit of the Corporation's financial statements;
- **ii.** the quality and integrity of financial information;
- **iii.** the Corporations' compliance with legal and regulatory requirements;
- **iv.** the effectiveness of the Corporation's systems of disclosure controls and internal controls regarding finance, accounting, legal, regulatory compliance and ethics;
- **v.** the effectiveness or risk management and compliance practices;
- **vi.** recommend the independent external auditors' appointment (the "auditor") performance, qualifications and independence;
- **vii.** related party transactions; and
- **viii.** he preparation of a report of the Committee to be included in the annual management proxy circular of the Corporation,

with management of the Corporation responsible for the Corporation's financial reporting, information systems, risk management, disclosure controls, internal controls and compliance.

1. Committee Structure and Operations

1.1 The Committee shall consist of not less than three directors and not more than five directors.

1.2 Each member of the Committee shall satisfy the applicable independence [(1)] and experience requirements of the laws governing the Corporation and the applicable rules of any stock exchange on which the Corporation's securities are listed.

1.3 All Committee members shall be "financially literate" [(2)], and at least one member shall have "accounting or related financial expertise" as such terms are interpreted by the Board in its business judgment in light of, and in accordance with, the requirements or guidelines for audit committee service under applicable securities laws and rules of any stock exchange on which the Corporation's securities are listed.

1.4 No Committee member shall serve on the audit committees of more than two other public issuers without prior determination by the Board that such simultaneous service would not impair the member's independence or the ability of such member to serve effectively on the Committee.

1.5 The Committee shall meet at least four times each year.

1.6 The Committee shall meet in-camera without management present with: (i) the external auditor, (ii) the internal auditor; and (iii) the members of the Committee.

2. Financial Information and Reporting

2.1 The Committee will review and recommend for approval to the Board financial information that will be made publicly available. This includes the responsibility to:

- **i.** Review and recommend approval of the Corporation's annual financial statements and related MD&A and earnings press releases.
- **ii.** Review and recommend approval of the Corporation's quarterly financial statements and related MD&A and earnings press releases.
- **iii.** Ensure adequate procedures are in place for the review of the public disclosure of financial information extracted or derived from the Corporation's filed financial reporting, other than the public disclosure referred to in items (i) and (ii) above, and periodically assess the adequacy of those procedures.
- **iv.** Review and recommend approval by the Board of the Corporation's Annual Information Form and any financing disclosure documents (as required).

1 Committee members must be "independent", as defined in Sections 1.4 and 1.5 of National Instrument 52-110 and ''independent'' under the requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended, and Section 303A.06 of the NYSE Listed Company Manual.

2 The Board has adopted the NI 52-110 definition of "financial literacy", which is an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

2.2 Review and consider:

- **i.** The critical accounting policies and financial reporting practices used by the Corporation (including the appropriateness thereof).
- **ii.** Issues regarding accounting principles and financial statement presentations, including any significant proposed changes in financial reporting and accounting principles, policies and practices to be adopted by the Corporation.
- **iii.** Financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative International Financial Reporting Standards (the "IFRS") methods on the financial statements of the Corporation and any other opinions sought by management from an independent or other audit firm or advisor with respect to the accounting treatment of a particular item.
- **iv.** Any management letter or schedule of unadjusted differences provided by the auditor and the Corporation's response to that letter and other material written communication between auditor and management.
- **v.** Any problems, difficulties or differences encountered in the course of the audit work including any disagreements with management or restrictions on the scope of the auditor's activities or on access to requested information and management's response thereto.
- **vi.** Any new or pending developments in accounting and reporting standards that may affect the Corporation.
- **vii.** The effect of regulatory and accounting initiatives, as well as any off-balance sheet structures on the financial statements of the Corporation and other financial disclosures.
- **viii.** Any reserves, accruals, provisions or estimates that may have a material effect upon the financial statements of the Corporation.
- **ix.** The use of special purpose entities and the business purpose and economic effect of off-balance sheet transactions, arrangements, obligations, guarantees and other relationships of Corporation and their impact on the reported financial results of the Corporation.
- **x.** The use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles.
- **xi.** Any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters may be, or have been, disclosed in the financial statements; and
- **xii.** Any other accounting, tax and financial aspects of the operations of the Corporation as the Committee considers appropriate.

3. Oversight of Independent External Auditor

3.1 Recommend to the Board for approval the auditor to be appointed auditor of the Corporation or successor auditor of the Corporation in the event of the termination, resignation or removal of the auditor.
3.2 Recommend to the Board the remuneration of the auditor.
3.3 Review and approve the scope and terms of all audit engagements.
3.4 Satisfy itself that the audit plan proposed by the auditor is risk-based and addresses all the relevant activities.
3.5 Pre-approve all audit services and permitted non-audit services (including fees terms and conditions for the performance of such services) to be provided by the auditor.
3.6 Oversee the performance by the auditor of its engagement and report to the Board on relevant matters, including but not limited to:

- **i.** The Corporation's quarterly and annual financial statements and the auditor's reporting in respect thereof including the appropriateness of policies and underlying estimates.
- **ii.** Any significant accounting or financial reporting issues.
- **iii.** Any material issues or potentially material issues, either specific to the Corporation or to the financial reporting environment in general, identified by the auditor.
- **iv.** The resolution of any disagreements between management and the auditor regarding financial reporting.

3.7 Evaluate the qualifications, performance and independence of the auditor, including:

- **i.** Review and evaluate the proposed lead audit partner.
- **ii.** Ensure the rotation of the lead audit partner occurs in accordance with applicable requirements.
- **iii.** Receive on periodic basis a written statement from the auditors confirming its independence, including a list of relationships between the auditor and the Corporation that may reasonably be expected to impact the independence of the auditor.
- **iv.** Discuss with the auditor any relationships or services that the auditor reasonably believes may affect the objectivity and independence of the auditors, and recommend to the Board appropriate action in response thereto.
- **v.** Annually request and review a report from the auditor regarding:
  - **a)** the auditor's quality-control procedures;
  - **b)** any material issues raised by the most recent quality-control review, or peer review, of the auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm; and
  - **c)** any steps taken in respect of any such issues.

3.8 Ensure the auditor receives, during its term of office, notice of every meeting of the Committee and, if so requested by the Chair of the Committee, attends such meetings.
3.9 Meet with auditor *in camera* without management present.

4. Risk Management Oversight

4.1 The Committee is responsible for the oversight of management's identification, and evaluation, of the Corporation's principal risks, and the implementation of appropriate policies, processes and systems to manage or mitigate the risks within the Corporation's risk framework.

4.2 The Committee shall:

- **i.** Oversee, and ensure management reports annually to Board in respect of:
  - **a)** the Corporation's principal risks and overall risk profile;
  - **b)** the Corporation's strategies in addressing its risk profile;
  - **c)** the processes, policies, procedures and controls in place to manage or mitigate the Corporation's principal risks; and
  - **d)** the overall effectiveness of the enterprise risk management process and program.
- **ii.** Oversee the Corporation's credit and counterparty, market and financial, political and strategic, and repatriation risks.
- **iii.** Receive and review managements' annual risk register update including an update on residual risks.
- **iv.** Review the Corporation's annual insurance program, including the risk retention philosophy, potential exposure and corporate liability protection programs and ensure management reports to the Board in respect thereof.

5. Internal Controls

5.1 Oversee, and review and approve as required:

- **i.** Processes adopted by management for establishing effective internal control over financial reporting (the "ICFR") and disclosure controls and procedures (the "DC&P").
- **ii.** The adequacy and effectiveness of the Corporation's accounting, ICFR and DC&P policies and procedures and management information systems.
- **iii.** Changes to the Corporation's ICFR, DC&P and management information systems.
- **iv.** Oversee management's certification of ICFR and DC&P.
- **v.** Spending authority and approval limits.

6. Information Technology – Cyber Security

6.1 Receive annually (or more frequently as the Committee may request) a system status update with respect to the Corporation's core IT operating systems.

6.2 Review annually (or more frequently as the Committee may request) the Corporation's cyber security programs and their effectiveness.

6.3 Receive as frequently as the Committee may request an update on the Corporation's compliance program for cyber threats and security.

6.4 Ensure significant breaches are reported in accordance with best governance practices.

7. Environment, Social and Governance ("ESG")

7.1 In collaboration with the Sustainability Committee, review and assess ESG-related risks to the Corporation

7.2 Regularly review the Corporations' risk management policies and processes for, and approach to, addressing ESG-related risks.

7.3 Review ESG disclosure.

8. General Compliance

8.1 Oversee, and periodically review, procedures for:

- **i.** The confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters or other matters that could negatively affect the Corporation, such as violations of the Code of Business Conduct and Ethics.
- **ii.** Treatment of complaints regarding accounting, internal accounting controls, or auditing matters.
- **iii.** The review and approval of the President and Chairman's expenses and perquisites.
- **iv.** The review of any transactions involving the Corporation in which directors or officers of the Corporation have a material interest.

Duties and Responsibilities	Meeting			
	Q1	Q2	Q3	Q4
2. Financial Information and Reporting				
2.1 Responsibilities include:				
i. Review and recommend approval of the Corporation's annual financial statements, and related MD&A and earnings press releases.	✓			
ii. Review and recommend Board approval of quarterly financial statements, MD&A and press release.		✓	✓	✓
iii. Ensure adequate procedures are in place for the review of the public disclosure of financial information extracted or derived from the Corporation's filed financial reporting, other than the public disclosure referred to in items (i) and (ii) above, and periodically assess the adequacy of those procedures.	✓	✓	✓	✓
iv. Review Annual Information Form	✓			
2.2 Review and consider:				
i. The critical accounting policies and financial reporting practices used by the Corporation, including the appropriateness thereof.		As needed.		
iIi. Issues regarding accounting principles and financial statement presentations, including any significant proposed changes in financial reporting and accounting principles, policies and practices to be adopted by the Corporation.		As needed.		
iii. Financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative IFRS methods on the financial statements of the Corporation and any other opinions sought by management from an independent or other audit firm or advisor with respect to the accounting treatment of a particular item.		As needed.		
iv. Any management letter or schedule of unadjusted differences provided by the external auditor and the Corporation's response to that letter and other material written communication between the external auditor and management.		As needed.		
v. Any problems, difficulties or differences encountered in the course of the audit work including any disagreements with management or restrictions on the scope of the external auditor's activities or on access to requested information and management's response thereto.		As needed.		
vi. Any new or pending developments in accounting and reporting standards that may affect the Corporation.		As needed.		
vii. The effect of regulatory and accounting initiatives, as well as any off-balance sheet structures on the financial statements of the Corporation and other financial disclosures.		As needed.		
viii. Any reserves, accruals, provisions or estimates that may have a material effect upon the financial statements of the Corporation.		As needed.		
ix. The use of special purpose entities and the business purpose and economic effect of off balance sheet transactions, arrangements, obligations, guarantees and other relationships of Corporation and their impact on the reported financial results of the Corporation.		As needed.		
x. The use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles.		As needed.		
xi. Any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters may be, or have been, disclosed in the financial statements.		As needed.		
xii. Any other accounting, tax and financial aspects of the operations of the Corporation as the Committee considers appropriate.		As needed.		
3. Independent External Auditor				
3.1 Recommend to the Board for approval the independent auditor to be appointed as auditor of the Corporation or successor auditor of the Corporation in the event of the termination, resignation or removal of the auditor.	✓			
3.2 Recommend to the Board the remuneration of the independent auditor.	✓			
3.3 Review and approve the scope and terms of all audit engagements.	✓			
3.4 Satisfy itself that the audit plan proposed by the auditor is risk-based and addresses all the relevant activities.		As needed.		
3.5 Pre-approve all audit services and permitted non-audit services (including fees terms and conditions for the performance of such services) to be provided by the independent auditor.		As needed.		
3.6 Oversee the performance of independent external auditor and report to the Board on the relevant items.	✓	✓	✓	✓
i. The Corporation's quarterly and annual financial statements and the auditor's reporting in respect thereof including the appropriateness of policies and underlying estimates.	✓	✓	✓	✓
ii. Any significant accounting or financial reporting issues.	✓	✓	✓	✓
iii. Any material issues or potentially material issues, either specific to the Corporation or to the financial reporting environment in general identified by the auditor.	✓	✓	✓	✓
iv. The resolution of any disagreements between management and external auditor regarding financial reporting.	✓	✓	✓	✓
3.7 Evaluate the qualifications, performance and independence of the auditor				
i.Review and evaluate the proposed lead audit partner.	✓	✓	✓	✓
ii. Ensure the rotation of the lead audit partner occurs in accordance with applicable requirements.	✓	✓	✓	✓
iii. Receive on periodic basis a written statement from the external auditors confirming its independence, including a list of relationships between the external auditor and the Corporation that may reasonably be expected to impact the independence of the external auditor.	✓	✓	✓	✓
iv. Discuss with the external auditor any relationships or services that the external auditor reasonably believes may affect the objectivity and independence of the external auditors, and recommend to the Board appropriate action in response thereto.	✓	✓	✓	✓
v. Annually request and review a report from the external auditor regarding: -Auditor's quality control procedures. -Any material issues raised by the most recent quality-control review. -Steps taken in respect of any such issues.	✓			
3.8 Ensure the external independent auditor receives, during its term of office, notice of every meeting of the Committee and, if so requested by the Chair of the Committee, attends such meetings.				✓
3.9 Meet with auditor in camera without management present.	✓	✓	✓	✓

4. Risk Management				
4.2 The Committee shall:	✓	✓	✓	✓
i.Oversee, and ensure management reports and reviews annually to the Board in respect of: - the Corporation's principal risks and overall risk profile; - the Corporation's strategies in addressing its risk profile; - the processes, policies, procedures and controls in place to manage or mitigate the Corporation's principal risks; and - the overall effectiveness of the enterprise risk management process and program.				
ii. Oversee the Corporation's credit and counterparty, market and financial, political and strategic, and repatriation risks.	✓	✓	✓	✓
iii. Receive and review managements' annual risk register update including an update on residual risks.			✓	
iv. Review the Corporation's annual insurance program, including the risk retention philosophy, potential exposure and corporate liability protection programs and ensure management reports to the Board in respect thereof.				
5. Internal Controls				
5.1 The Committee shall review and approve as required:				
i.Processes adopted by management for establishing effective internal control over financial reporting ICFR and DC&P.	✓	✓	✓	✓
ii. The adequacy and effectiveness of the Corporation's accounting, ICFR and DC&P policies and procedures and management information systems.	✓	✓	✓	✓
iii. Changes to the Corporation's ICFR, DC&P and management information systems.	✓	✓	✓	✓
iv. Oversee management's certification of ICFR and DC&P.	✓	✓	✓	✓
v. Spending authority and approval of limits.	✓	✓	✓	✓
6. Information Technology – Cyber Security				
6.1 Receive annually (or more frequently as the Committee may request) a system status update with respect to the Corporation's core IT operating systems.				✓
6.2 Review annually (or more frequently as the Committee may request) the Corporation's cyber security programs and their effectiveness.				✓
6.3 Receive as frequently as the Committee may request an update on the Corporation's compliance program for cyber threats and security.		As needed.		
6.4 Ensure significant breaches are reported in accordance with best governance practices.		As needed.		
7. Environment, Social and Governance ("ESG")				
7.1 In collaboration with the Sustainability Committee, review and assess ESG-related risks to the Corporation.	✓	✓	✓	✓
7.2 Regularly review the Corporations' risk management policies and processes for, and approach to, addressing ESG-related risks.	✓	✓	✓	✓
7.3 Review ESG disclosure.	✓	✓	✓	✓
8. General Compliance				
8.1 Oversee, and periodically review procedures for:		As needed.		
i.The confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters or other matters that could negatively affect the Corporation, such as violations of the Code of Business Conduct and Ethics.				
ii.Treatment of complaints regarding accounting, internal accounting controls, or auditing matters.				
iii.The review and approval of the President and Chairman's expenses and perquisites.				
iv.The review of any transactions involving the Corporation in which directors or officers of the Corporation have a material interest.				
8.2 Review this mandate and make recommendations to the Board as appropriate.				✓

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 2023 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 2023; 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.

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 rates; 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.

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 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.

All crude oil and natural gas reserve and resource information contained in this document has been prepared and presented in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* and the Canadian Oil and Gas Evaluation Handbook. Reserves

estimates have been made assuming that development of each property in respect of which the estimate is made will occur, without regard to the likely availability of funding required for such development. The actual crude oil and natural gas reserves and future production will be greater than or less than the estimates provided in this document.

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.

Abbreviations

$M	thousand dollars
$MM	million dollars
AECO	the daily average benchmark price for natural gas at the AECO ‘C’ hub in Alberta
bbl(s)	barrel(s)
bbls/d	barrels per day
boe	barrel of oil equivalent, including: crude oil, condensate, natural gas liquids, and natural gas (converted on the basis of one boe for six mcf of natural gas)
boe/d	barrel of oil equivalent per day
GJ	gigajoules
LSB	light sour blend crude oil reference price
mbbls	thousand barrels
mcf	thousand cubic feet
mmcf/d	million cubic feet per day
NBP	the reference price paid for natural gas in the United Kingdom at the National Balancing Point Virtual Trading Point
NGLs	natural gas liquids, which includes butane, propane, and ethane
PRRT	Petroleum Resource Rent Tax, a profit based tax levied on petroleum projects in Australia
tCO2e	tonnes of carbon dioxide equivalent
TTF	the price for natural gas in the Netherlands, quoted in megawatt hours of natural gas, at the Title Transfer Facility Virtual Trading Point
WTI	West Texas Intermediate, the reference price paid for crude oil of standard grade in US dollars at Cushing, Oklahoma

Management's Discussion and Analysis

The following is Management's Discussion and Analysis ("MD&A"), dated March 8, 2023, of Vermilion Energy Inc.'s ("Vermilion", "we", "our", "us" or the "Company") operating and financial results as at and for the three months and year ended December 31, 2022 compared with the corresponding periods in the prior year.

This discussion should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022 and 2021, together with the accompanying notes. Additional information relating to Vermilion, including its Annual Information Form, is available on SEDAR at www.sedar.com or on Vermilion's website at www.vermilionenergy.com.

The audited consolidated financial statements for the year ended December 31, 2022 and comparative information have been prepared in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS" or, alternatively, "GAAP") as issued by the International Accounting Standards Board ("IASB").

This MD&A includes references to certain financial and performance measures which do not have standardized meanings prescribed by IFRS. These measures include:

- Fund flows from operations: Fund flows from operations (FFO) is a total of segments measure most directly comparable to net earnings and is comprised of sales excluding royalties, transportation, operating, G&A, corporate income tax, PRRT, windfall taxes, interest expense, realized loss on derivatives, realized foreign exchange gain (loss), and realized other income. The measure is used to assess the contribution of each business unit to Vermilion's ability to generate income necessary to pay dividends, repay debt, fund asset retirement obligations and make capital investments. A reconciliation to Net Earnings can be found within the "Non-GAAP and Other Specified Financial Measures" section of this MD&A.
- Free cash flow: Free cash flow (FCF) is a non-GAAP financial measure most directly comparable to Cash flows used in investing activities and is comprised of FFO less drilling and development costs and exploration and evaluation costs. The measure is used to determine the funding available for investing and financing activities including payment of dividends, repayment of long-term debt, reallocation into existing business units and deployment into new ventures. A reconciliation to Cash flows used in investing activities can be found within the "Non-GAAP and Other Specified Financial Measures" section of this MD&A.
- Net debt: Net debt is a capital management measure in accordance with IAS 1 "Presentation of Financial Statements" and is most directly comparable to long-term debt. Net debt is comprised 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), and represents Vermilion's net financing obligations after adjusting for the timing of working capital fluctuations. Net debt excludes lease obligations which are secured by a corresponding right-of-use asset. A reconciliation to long term-debt can be found within the "Financial Position Review" section of this MD&A.
- Operating Netbacks: Operating Netbacks is a non-GAAP financial measure most directly comparable to net earnings and is calculated as sales less royalties, operating expense, transportation costs, PRRT, and realized hedging gains and losses presented on a per unit basis. Management assesses operating netback as a measure of the profitability and efficiency of our field operations. A reconciliation to the primary financial statement measures can be found within "Supplemental Table 1: Netbacks" of this MD&A.
- Fund flows from operations per boe: Fund flows from operations per boe includes general and administration expense. Fund flows from operations netback is used by management to assess the profitability of our business units and Vermilion as a whole. A reconciliation to the primary financial statement measures can be found within "Supplemental Table 1: Netbacks" of this MD&A.

In addition, this MD&A includes references to certain financial measures which are not specified, defined, or determined under IFRS and are therefore considered non-GAAP and other specified financial measures. These financial measures are unlikely to be comparable to similar financial measures presented by other issuers. For a full description of these non-GAAP and other specified financial measures and a reconciliation of these measures to their most directly comparable GAAP measures, please refer to "Non-GAAP and Other Specified Financial Measures".

Product Type Disclosure

Under National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities", disclosure of production volumes should include segmentation by product type as defined in the instrument. In this report, references to "crude oil" and "light and medium crude oil" mean "light crude oil and medium crude oil" and references to "natural gas" mean "conventional natural gas".

In addition, in Supplemental Table 4 "Production", Vermilion provides a reconciliation from total production volumes to product type and also a reconciliation of "crude oil and condensate" and "NGLs" to the product types "light crude oil and medium crude oil" and "natural gas liquids".

Production volumes reported are based on quantities as measured at the first point of sale.

Guidance

On November 29, 2021, we released our 2022 capital budget and associated production guidance. On March 28, 2022, we increased our 2022 capital expenditure guidance to $500 million and our 2022 annual production guidance to 86,000 to 88,000 boe/d to reflect the post-closing impact of the acquisition of Leucrotta Exploration Inc. On August 11, 2022, as a result of forest fire related downtime in France and offshore drilling delays in Australia, combined with inflationary pressure, we increased our 2022 budget by $50 million to $550 million.

The following table summarizes our 2022 guidance:

	Date	Capital Expenditures ($MM)	Production (boe/d)
2022 Guidance			
2022 Guidance	November 29, 2021	425	83,000 - 85,000
2022 Guidance	March 28, 2022	500	86,000 - 88,000
2022 Guidance	August 11, 2022	550	86,000 - 88,000
2022 Actual Results	March 8, 2023	552	85,187

On January 6, 2023, we released our 2023 capital budget and associated production guidance. Our 2023 guidance assumes the Corrib acquisition will close on March 31, 2023. On March 8, 2023, we decreased annual production guidance to 82,000 to 86,000 boe/d to reflect the southeast Saskatchewan asset sale and unplanned downtime in Australia, and decreased operating expense guidance to reflect the southeast Saskatchewan asset sale and lower European gas prices. Revisions to other guidance items reflect the assumptions used in management's most recent forecast. The Company's guidance for 2023 is as follows:

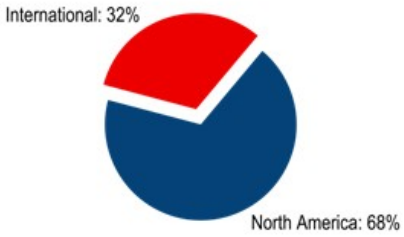
Category	Prior [1]	Revised [1]
Production (boe/d)	87,000 - 91,000	82,000 - 86,000
E&D Capital Expenditures ($MM)	570	570
Royalty rate (%) [2]	8 - 10 %	9 - 11 %
Operating ($/boe)	$ 17.50 - 18.50	$ 16.50 - 17.50
Transportation ($/boe)	$ 2.75 - 3.25	$ 3.00 - 3.50
General and administration ($/boe)	$ 2.00 - 2.50	$ 2.00 - 2.50
Cash taxes (% of pre-tax FFO)	11 - 13 %	7 - 9 %
Windfall tax (% of pre-tax FFO) [3]	14 - 16 %	12 - 14 %

(1) Revised 2023 guidance reflects foreign exchange assumptions of CAD/USD 1.35, CAD/EUR 1.45, and CAD/AUD 0.92. Prior 2023 guidance reflected foreign exchange assumptions of CAD/USD 1.36, CAD/EUR 1.46, and CAD/AUD 0.92.
(2) Royalty rate guidance excludes windfall royalties paid as part of the European Solidarity Contribution.
(3) Windfall tax guidance is based on forward prices as at February 27, 2023 (prior as at December 30, 2022), and incorporates all forms of solidarity payments including windfall taxes and windfall royalties net of tax.

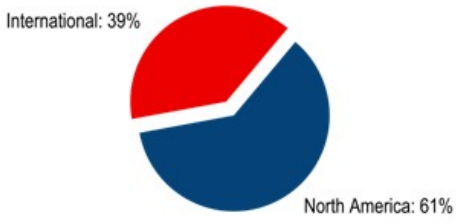
Vermilion's Business

Vermilion is a Calgary, Alberta-based international oil and gas producer focused on the acquisition, exploration, development, and optimization of producing properties in North America, Europe, and Australia. We manage our business through our Calgary head office and our international business unit offices.

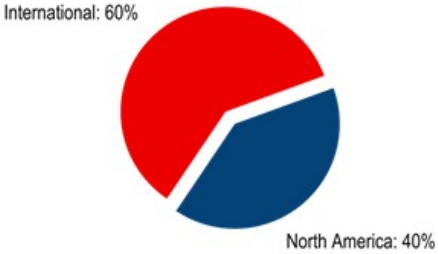
2022 production of 85,187 boe/d



2022 capital expenditures of $551.8MM



2022 fund flows from operations of $1,634.9MM



Consolidated Results Overview

	Q4 2022	Q4 2021	Q4/22 vs. Q4/21	2022	2021	2022 vs. 2021
Production [1]						
Crude oil and condensate (bbls/d)	**38,915**	36,264	7 %	**37,530**	38,143	(2)%
NGLs (bbls/d)	**7,497**	8,461	(11)%	**7,961**	8,325	(4)%
Natural gas (mmcf/d)	**234.23**	238.16	(2)%	**238.18**	233.64	2 %
Total (boe/d)	**85,450**	84,417	1 %	**85,187**	85,408	— %
(Draw) build in inventory (mbbls)	**(242)**	(144)		**39**	44	
Financial metrics						
Fund flows from operations ($M) [2]	**284,220**	322,173	(12)%	**1,634,865**	919,862	78 %
Per share ($/basic share)	**1.74**	1.99	(13)%	**10.00**	5.71	75 %
Net earnings ($M)	**395,408**	344,588	15 %	**1,313,062**	1,148,696	14 %
Per share ($/basic share)	**2.42**	2.12	14 %	**8.03**	7.13	13 %
Cash flows from operating activities ($M)	**495,195**	250,352	98 %	**1,814,220**	834,453	117 %
Free cash flow ($M) [3]	**114,915**	176,366	(35)%	**1,083,048**	545,066	99 %
Long-term debt ($M)	**1,081,351**	1,651,569	(35)%	**1,081,351**	1,651,569	(35)%
Net debt ($M) [4]	**1,344,586**	1,644,786	(18)%	**1,344,586**	1,644,786	(18)%
Activity						
Capital expenditures ($M)[5]	**169,305**	145,807	16 %	**551,817**	374,796	47 %
Acquisitions ($M)[6]	**4,558**	23,633		**539,713**	130,965	

(1) Please refer to Supplemental Table 4 "Production" for disclosure by product type.

(2) Fund flows from operations (FFO) and FFO per share are a total of segments measure and supplementary financial measure respectively most directly comparable to net earnings and net earnings per share, respectively. The measures do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. FFO is comprised of sales excluding royalties, transportation, operating, G&A, corporate income tax, PRRT, windfall taxes, interest expense, and realized loss (gain) on derivatives, plus realized gain (loss) on foreign exchange and realized other income. The measure is used to assess the contribution of each business unit to Vermilion's ability to generate income necessary to pay dividends, repay debt, fund asset retirement obligations and make capital investments. A reconciliation to the primary financial statement measures can be found within the "Non-GAAP and Other Specified Financial Measures" section of this MD&A.

(3) Free cash flow (FCF) is a non-GAAP financial measure most directly comparable to cash flows from operating activities; it does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. FCF is comprised of fund flows from operations less drilling and development costs and exploration and evaluation costs. The measure is used to determine the funding available for investing and financing activities including payment of dividends, repayment of long-term debt, reallocation into existing business units and deployment into new ventures. A reconciliation to primary financial statement measures can be found within the "Non-GAAP and Other Specified Financial Measures" section of this MD&A.

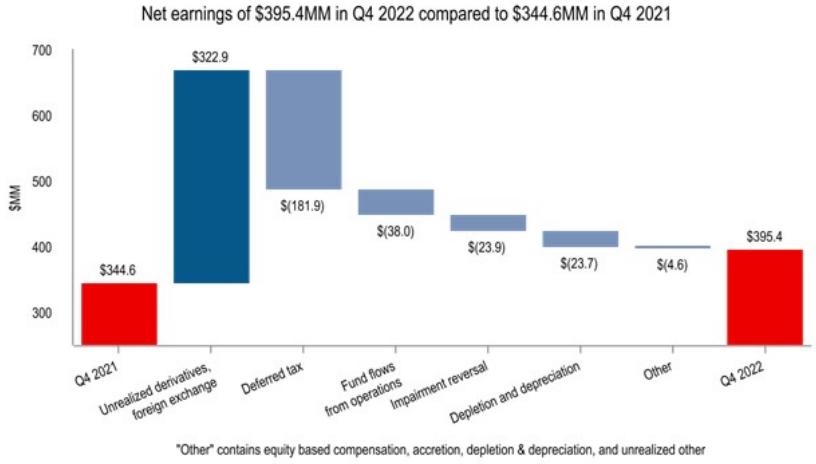
(4) Net debt is a capital management measure in accordance with IAS 1 "Presentation of Financial Statements" and is most directly comparable to long-term debt. Net debt is comprised of long-term debt (excluding unrealized foreign exchange on swapped USD borrowings) plus adjusted working capital (defined as current assets less current liabilities, excluding current derivatives and current lease liabilities), and represents Vermilion's net financing obligations after adjusting for the timing of working capital fluctuations. Net debt excludes lease obligations which are secured by a corresponding right-of-use asset. A reconciliation to the primary financial statement measures can be found within the "Financial Position Review" section of this MD&A.

(5) Capital expenditures is a non-GAAP financial measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The measure is calculated as the sum of drilling and development costs and exploration and evaluation costs from the Consolidated Statements of Cash Flows. We consider capital expenditures to be a useful measure of our investment in our existing asset base. Capital expenditures are also referred to as E&D capital. A reconciliation to the primary financial statement measures can be found within the "Non-GAAP and Other Specified Financial Measures" section of this MD&A.

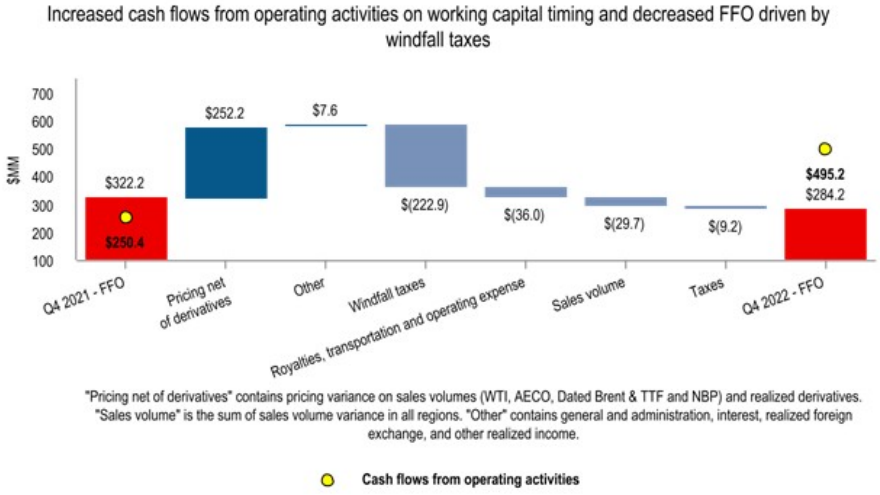
(6) Acquisitions is a non-GAAP financial measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The measure is calculated as the sum of acquisitions from the Consolidated Statements of Cash Flows, Vermilion common shares issued as consideration, the estimated value of contingent consideration, the amount of acquiree's outstanding long-term debt assumed plus or net of acquired working capital deficit or surplus. We believe that including these components provides a useful measure of the economic investment associated with our acquisition activity. A reconciliation to the acquisitions line item in the Consolidated Statements of Cash Flows can be found in "Supplemental Table 3: Capital Expenditures and Acquisitions" section of this MD&A.

Financial performance review

Q4 2022 vs. Q4 2021

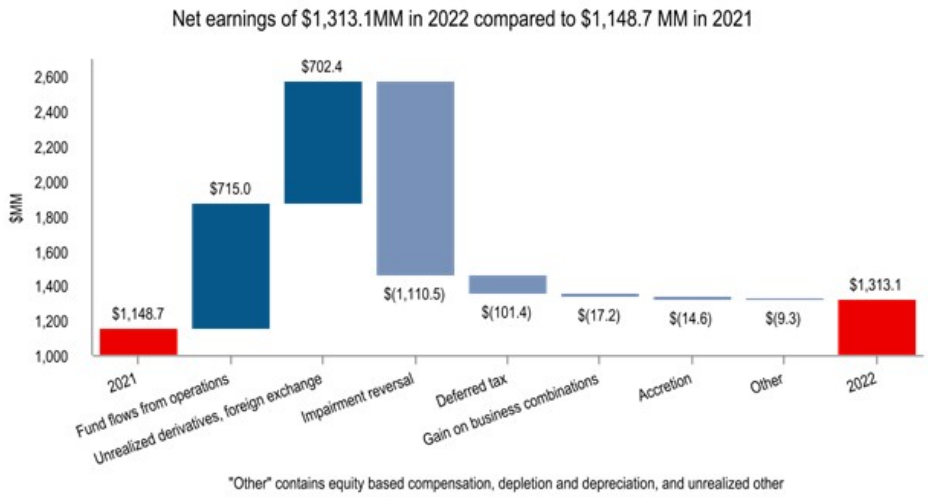


· We recorded net earnings of $395.4 million ($2.42/basic share) for Q4 2022 compared to $344.6 million ($2.12/basic share) in Q4 2021. The increase in net earnings was primarily due to a change in the position of unrealized derivative loss in Q4 2022 by $377.4 million driven by changes in our mark-to-market position and settlements. This was partially offset by deferred taxes resulting from increased taxable income and lower fund flows from operations as the full year impact of 2022 windfall taxes ($222.9 million) was accrued in Q4, 2022.

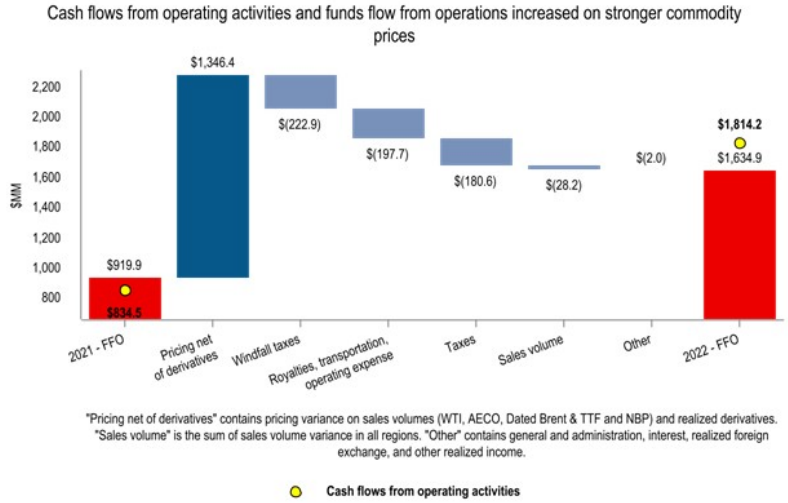


- We generated cash flows from operating activities of $495.2 million in Q4 2022 compared to $250.4 million in Q4 2021 and fund flows from operations of $284.2 million in Q4 2022 compared to $322.2 million in Q4 2021. The decrease in fund flows from operations was primarily due to the recognition of the full year impact of 2022 windfall taxes ($222.9 million) in Q4 2022. These decreases were partially offset by higher commodity prices. The variance between cash flows from operating activities and fund flows from operations is primarily due to non-cash working capital impacts of the windfall taxes payable.

2022 vs. 2021



· For the year ended December 31, 2022, we recorded net earnings of $1,313.1 million compared $1,148.7 million for the comparable period in 2021. The increase in net earnings was primarily due to higher fund flows from operations driven by increased consolidated realized pricing and changes in our unrealized derivative position of $721.9 million driven by changes in the mark-to-market position. The increases were partially offset by lower impairment reversals recorded in 2022 of $144.4 million (net of $47.7 million deferred income tax expense), compared to impairment reversals recorded in 2021 of $987.1 million (net of $315.5 million deferred income tax expense).



· For the year ended December 31, 2022 as compared to 2021, cash flows from operating activities increased by $979.8 million to $1,814.2 million and fund flows from operations increased by $715.0 million to $1,634.9 million. The increase in fund flows from operations were primarily driven by a 68% increase in our consolidated realized price from $66.81/boe to $111.95/boe and were partially offset by increased contributions to the jurisdictions we operate in the form of windfall taxes, increased current taxes, and increased royalties. The variance between cash flows from operating activities and fund flows from operations is primarily driven by non-cash working capital impact of the windfall taxes payable.

Production review

Q4 2022 vs. Q4 2021

· Consolidated average production of 85,450 boe/d in Q4 2022 increased slightly compared to Q4 2021 production of 84,417 boe/d. Production increased in Germany and Canada due to acquisitions in 2021 and 2022, respectively, as well as in Australia primarily due to new wells coming online in 2022. The increases were partially offset by natural decline in the Netherlands, France, and Ireland.

2022 vs. 2021

· Consolidated average production of 85,187 boe/d in the year ended December 31, 2022 decreased slightly from 85,408 boe/d in the prior year comparative period. Production decreased in the Netherlands, France, and Ireland primarily due to natural decline. This was partially offset by an increase in Canada, Germany and the United States primarily due to acquisition activity in 2021 and 2022.

Activity review

- For the three months ended December 31, 2022, capital expenditures of $169.3 million were incurred.
- In our North America core region, we incurred capital expenditures of $113.9 million. In Canada, capital expenditures totaled $111.5 million as we drilled seven (5.5 net) wells, completed ten (6.9 net) wells, and brought on production twelve (6.7 net) wells in southeast Saskatchewan, and drilled twelve (10.6 net), completed ten (8.2 net), and brought on production seven (6.9 net) Mannville liquids-rich gas wells, we drilled one (1.0

net) Mica well, and brought on production the wells on our first 6.0 (6.0 net) well Montney pad in Alberta. In the United States, $2.4 million was incurred primarily related to preparation for the 2023 drilling program which will commence in Q2 2023.

- In our International core region, capital expenditures of $55.4 million were incurred during Q4 2022. Our activities included $15.7 million incurred in France primarily on facilities and subsurface maintenance activities, $14.2 million incurred in the Netherlands primarily on drilling activities, and $10.1 million incurred in Germany primarily on drilling and facilities activity along with various other costs associated with support work for our Q4 2022 drilling campaign in Europe.

Financial sustainability review

Free cash flow

- Free cash flow of $1,083.0 million increased by $538.0 million for the year ended December 31, 2022 compared to the prior year period which was primarily driven by increased fund flows from operations on higher realized prices, partially offset by higher expenditure on drilling and development activities.

Long-term debt and net debt

- Long-term debt decreased to $1.1 billion as at December 31, 2022 from $1.7 billion as at December 31, 2021 as a result of net repayments of $622.8 million, partially offset by unrealized foreign exchange losses of $50.8 million due to the US dollar strengthening.
- Net debt as at December 31, 2022 decreased to $1.3 billion from $1.6 billion at December 31, 2021 primarily due to decreases in long-term debt, partially offset by increases in income taxes payable as a result of $222.9 million of windfall taxes in Q4 2022.
- The ratio of net debt to four quarter trailing fund flows from operations [(1)] decreased to 0.8 as at December 31, 2022 (December 31, 2021 - 1.8) primarily due to higher four quarter trailing fund flows from operations.

(1) Net debt to four quarter trailing fund flows from operations is a supplementary financial measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. It is calculated as net debt (capital measure) over the FFO from the preceding 4 quarters (total of segments measure). The measure is used to assess our ability to repay debt.

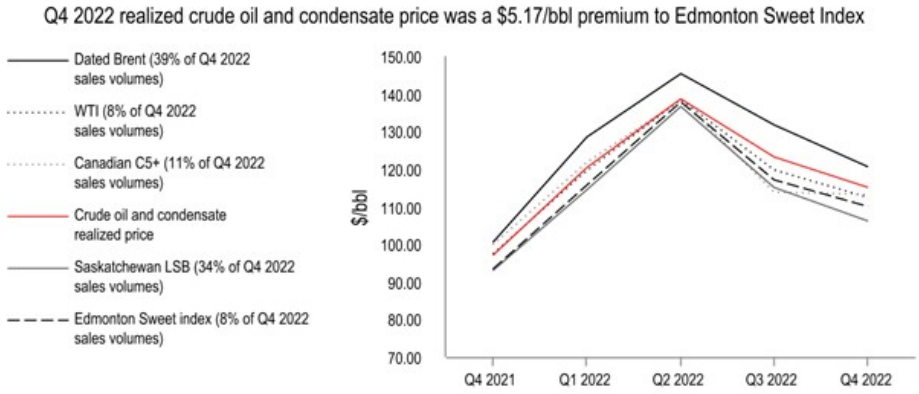
Benchmark Commodity Prices

	Q4 2022	Q4 2021	Q4/22 vs. Q4/21	2022	2021	2022 vs. 2021
Crude oil						
WTI ($/bbl)	**112.24**	97.21	16 %	**122.62**	85.14	44 %
WTI (US $/bbl)	**82.65**	77.19	7 %	**94.23**	67.92	39 %
Edmonton Sweet index ($/bbl)	**109.85**	93.30	18 %	**120.25**	80.27	50 %
Edmonton Sweet index (US $/bbl)	**80.89**	74.09	9 %	**92.41**	64.03	44 %
Saskatchewan LSB index ($/bbl)	**106.05**	92.90	14 %	**118.22**	80.12	48 %
Saskatchewan LSB index (US $/bbl)	**78.09**	73.77	6 %	**90.85**	63.91	42 %
Canadian C5+ Condensate index ($/bbl)	**113.19**	99.65	14 %	**121.96**	85.50	43 %
Canadian C5+ Condensate index (US $/bbl)	**83.35**	79.13	5 %	**93.72**	68.20	37 %
Dated Brent ($/bbl)	**120.47**	100.40	20 %	**131.68**	88.67	49 %
Dated Brent (US $/bbl)	**88.71**	79.73	11 %	**101.19**	70.73	43 %
Natural gas						
North America						
AECO 5A ($/mcf)	**4.64**	4.66	— %	**5.25**	3.62	45 %
Henry Hub ($/mcf)	**8.50**	7.34	16 %	**8.67**	4.82	80 %
Henry Hub (US $/mcf)	**6.26**	5.83	7 %	**6.66**	3.85	73 %
Europe[1]						
NBP Day Ahead ($/mmbtu)	**26.09**	37.76	(31)%	**31.78**	19.62	62 %
NBP Month Ahead ($/mmbtu)	**43.51**	41.00	6 %	**41.44**	20.61	101 %
NBP Day Ahead (€/mmbtu)	**18.82**	26.21	(28)%	**23.21**	13.22	76 %
NBP Month Ahead (€/mmbtu)	**31.38**	28.46	10 %	**30.26**	13.89	118 %
TTF Day Ahead ($/mmbtu)	**38.36**	38.86	(1)%	**48.35**	19.86	144 %
TTF Month Ahead ($/mmbtu)	**49.98**	40.25	24 %	**52.59**	20.35	158 %
TTF Day Ahead (€/mmbtu)	**27.67**	26.97	3 %	**35.30**	13.39	164 %
TTF Month Ahead (€/mmbtu)	**36.05**	27.94	29 %	**38.40**	13.72	180 %
Average exchange rates						
CDN $/US $	**1.36**	1.26	8 %	**1.30**	1.25	4 %
CDN $/Euro	**1.39**	1.44	(4)%	**1.37**	1.48	(7)%
Realized prices						
Crude oil and condensate ($/bbl)	**115.02**	96.88	19 %	**123.89**	83.78	48 %
NGLs ($/bbl)	**39.93**	47.27	(16)%	**45.95**	34.44	33 %
Natural gas ($/mcf)	**17.43**	17.89	(3)%	**18.99**	9.53	99 %
Total ($/boe)	**103.99**	96.82	7 %	**111.95**	66.81	68 %

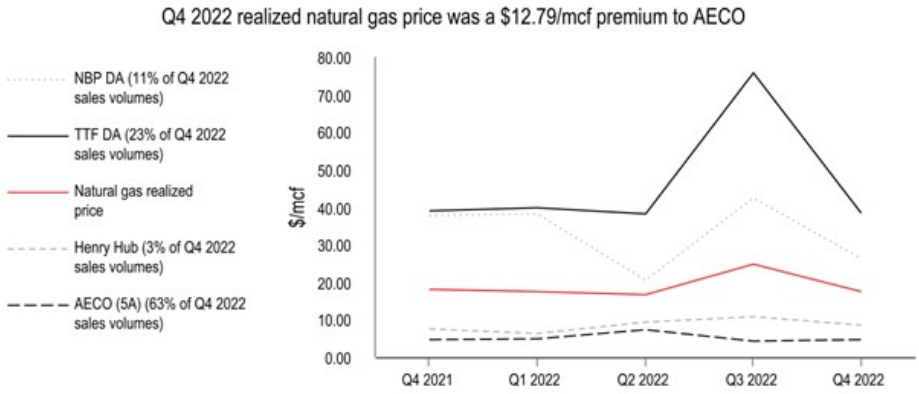
[1] NBP and TTF pricing can occur on a day-ahead ("DA") or month-ahead ("MA") basis. DA prices in a period reflect the average current day settled price on the next days' delivery and MA prices in a period represent daily one month futures contract prices which are determined at the end of each month. In a rising price environment, the DA price will tend to be greater than the MA price and vice versa. Natural gas in the Netherlands and Germany is benchmarked to the TTF and production is generally equally split between DA and MA contracts. Natural gas in Ireland is benchmarked to the NBP and is sold on DA contracts.

As an internationally diversified producer, we are exposed to a range of commodity prices. In our North America core region, our crude oil is sold at benchmarks linked to WTI (including the Edmonton Sweet index, the Saskatchewan LSB index, and the Canadian C5+ index) and our natural gas is

sold at benchmarks linked to the AECO index (in Canada) or the Henry Hub ("HH") index (in the United States). In our International core region, our crude oil is sold with reference to Dated Brent and our natural gas is sold with reference to NBP, TTF, or indices highly correlated to TTF.



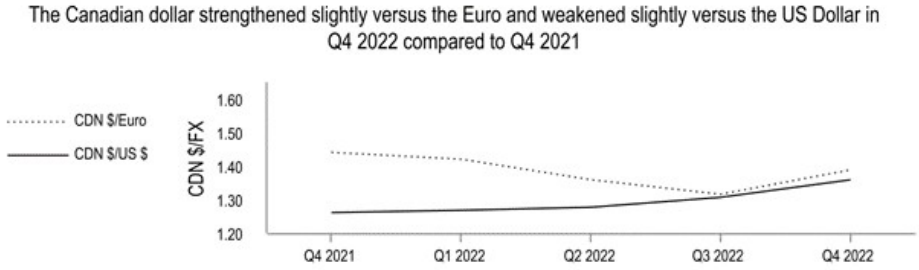
- Crude oil prices increased in Q4 2022 relative to Q4 2021 as reduced spare capacity and increased geopolitical supply risks outweighed the incremental demand concerns regarding tighter monetary policies and global recession risks. Canadian dollar WTI and Brent prices rose 16% and 20%, respectively in Q4 2022 relative to Q4 2021.
- In Canadian dollar terms, year-over-year, the Edmonton Sweet differential narrowed by $1.42/bbl to a discount of $2.49/bbl against WTI, and the Saskatchewan LSB differential widened by $1.88/bbl to a discount of $6.19/bbl against WTI.
- Approximately 39% of Vermilion's Q4 2022 crude oil and condensate production was priced at the Dated Brent index, which averaged a premium to WTI of US$6.06/bbl, while the remainder of our crude oil and condensate production was priced at the Saskatchewan LSB, Canadian C5+, Edmonton Sweet, and WTI indices.



- In Canadian dollar terms, year-over-year, prices for European natural gas linked to NBP and TTF decreased by 31% and 1% respectively on a day-ahead basis. On a month ahead basis, NBP and TTF rose by 6% and 24% respectively. While prices were off their Q3 2022 highs, they

remained slightly elevated compared to historical trends due to Russian pipeline supply decreases, elevated winter risk premium, and requirement to attract increased LNG imports.

- Natural gas prices in Canadian dollar terms at NYMEX HH increased by 16% while AECO remained flat. NYMEX HH prices benefited from temporary weather related demand increases and limited production growth in the second half of 2022. AECO year-over-year price changes were limited compared to NYMEX as basis widened on high WCSB production growth and storage levels returning to within their 5 year range levels.
- For Q4 2022, average European natural gas prices represented a $34.85/mcf premium to AECO. Approximately 34% of our natural gas production in Q4 2022 benefited from this premium European pricing.



- For the three months ended December 31, 2022, the Canadian dollar strengthened 4% against the Euro compared to Q4 2021.
- For the three months ended December 31, 2022, the Canadian dollar weakened 8% against the US Dollar compared to Q4 2021.

North America

	Q4 2022	Q4 2021	2022	2021
Production (1)				
Crude oil and condensate (bbls/d)	**25,291**	23,846	**24,393**	24,390
NGLs (bbls/d)	**7,497**	8,461	**7,961**	8,325
Natural gas (mmcf/d)	**154.26**	137.93	**151.30**	144.87
Total production volume (boe/d)	**58,499**	55,295	**57,571**	56,858

(1) Please refer to Supplemental Table 4 "Production" for disclosure by product type.

	Q4 2022		Q4 2021		2022		2021	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Sales	**360,295**	**66.95**	305,054	59.97	**1,510,517**	**71.88**	1,014,190	48.87
Royalties	**(50,945)**	**(9.47)**	(47,119)	(9.26)	**(240,432)**	**(11.44)**	(144,398)	(6.96)
Transportation	**(13,014)**	**(2.42)**	(9,447)	(1.86)	**(45,467)**	**(2.16)**	(40,100)	(1.93)
Operating	**(72,694)**	**(13.51)**	(59,425)	(11.68)	**(268,271)**	**(12.77)**	(232,370)	(11.20)
General and administration (1)	**513**	**0.10**	(10,224)	(2.01)	**(20,651)**	**(0.98)**	(27,887)	(1.34)
Corporate income tax expense (1)	**(712)**	**(0.13)**	2,140	0.42	**(1,011)**	**(0.05)**	1,451	0.07
Fund flows from operations	**223,443**	**41.52**	180,979	35.58	**934,685**	**44.48**	570,886	27.51
Drilling and development	**(113,892)**		(89,643)		**(338,556)**		(222,782)	
Free cash flow	**109,551**		91,336		**596,129**		348,104	

(1) Includes amounts from Corporate segment.

Production from our North American operations averaged 58,499 boe/d in Q4 2022, an increase of 2% from the prior quarter primarily due to new well production from our Montney assets in Canada and a full quarter contribution from our 2022 drilling program in the United States. In Alberta, we drilled twelve (10.6 net), completed ten (8.2 net), and brought on production seven (6.9 net) Mannville liquids rich gas wells, while at Mica we drilled one (1.0 net) well and brought on production the six (6.0 net) wells from our first Montney pad. The six well Montney pad was brought on production in late November and saw rates increase through the balance of the year as the wells cleaned up. Total production from our Montney assets averaged 7,500

boe/d during the month of December. In December, drilling commenced on a follow up three-well pad in Alberta which is expected to be completed and tied in during the first half of 2023. During the fourth quarter we received three permits in British Columbia, including one of the permits to construct a 16,000 boe/d battery and drill a multi-well pad in British Columbia. We also signed agreements to acquire 11 sections of adjacent land at Mica, further consolidating our contiguous land base and increasing our Tier 1 inventory.

In Saskatchewan, we drilled seven (5.5 net) wells, completed ten (6.9 net) wells, and brought on production twelve (6.7 net) wells in southeast Saskatchewan. No drilling or completion activity occurred in the United States in the fourth quarter as the team focused on preparation for the 2023 drilling program which will commence in Q2 2023.

Sales

	Q4 2022		Q4 2021		2022		2021	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Canada	**315,897**	**65.13**	270,600	59.16	**1,344,284**	**70.33**	901,775	47.54
United States	**44,398**	**83.51**	34,454	67.18	**166,233**	**87.46**	112,415	62.98
North America	**360,295**	**66.95**	305,054	59.97	**1,510,517**	**71.88**	1,014,190	48.87

Sales in North America increased on a dollar and per unit basis for the three months and year ended December 31, 2022 versus the comparable prior periods due to significantly higher realized prices across all products coupled with slightly higher production primarily related to acquisition activity.

Royalties

	Q4 2022		Q4 2021		2022		2021	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Canada	**(38,747)**	**(7.99)**	(37,064)	(8.10)	**(196,005)**	**(10.26)**	(113,651)	(5.99)
United States	**(12,198)**	**(22.94)**	(10,055)	(19.60)	**(44,427)**	**(23.38)**	(30,747)	(17.23)
North America	**(50,945)**	**(9.47)**	(47,119)	(9.26)	**(240,432)**	**(11.44)**	(144,398)	(6.96)

Royalties in North America increased on a dollar and per unit basis for the three months and year ended December 31, 2022 versus the comparable prior periods primarily due to increased sliding scale royalties driven by higher commodity prices. Royalties as a percentage of sales for the three months and year ended December 31, 2022 were 14.1% and 15.9%, respectively, compared to the prior year comparative periods of 15.4% and 14.2% respectively.

Transportation

	Q4 2022		Q4 2021		2022		2021	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Canada	**(12,919)**	**(2.66)**	(9,134)	(2.00)	**(44,849)**	**(2.35)**	(38,764)	(2.04)
United States	**(95)**	**(0.18)**	(313)	(0.61)	**(618)**	**(0.33)**	(1,336)	(0.75)
North America	**(13,014)**	**(2.42)**	(9,447)	(1.86)	**(45,467)**	**(2.16)**	(40,100)	(1.93)

Transportation expense in North America increased on a dollar and per boe basis for the three months and year ended December 31, 2022 versus the comparable prior period primarily due to increased tariffs in Saskatchewan beginning in mid-2022.

Operating expense

	Q4 2022		Q4 2021		2022		2021	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Canada	**(63,305)**	**(13.05)**	(54,695)	(11.96)	**(240,899)**	**(12.60)**	(215,378)	(11.35)
United States	**(9,389)**	**(17.66)**	(4,730)	(9.22)	**(27,372)**	**(14.40)**	(16,992)	(9.52)
North America	**(72,694)**	**(13.51)**	(59,425)	(11.68)	**(268,271)**	**(12.77)**	(232,370)	(11.20)

Operating expenses in North America increased on a dollar basis and per boe basis for the three months and year ended December 31, 2022 versus the comparable prior periods. In Canada, increases during the three months ended December 31, 2022 were primarily the result of an increase in downhole, trucking and project expenses related to our Mica assets, as well as processing fees due to higher plant rates in Saskatchewan. Increases

during the year ended December 31, 2022 were primarily the result of acquisition activity, planned maintenance, and downhole costs. In the United States, increases during the three months and year ended December 31, 2022 were primarily downhole costs and inflationary pressures.

International

	Q4 2022	Q4 2021	2022	2021
Production [1]				
Crude oil and condensate (bbls/d)	**13,624**	12,419	**13,135**	13,753
Natural gas (mmcf/d)	**79.97**	100.22	**86.88**	88.77
Total production volume (boe/d)	**26,953**	29,123	**27,616**	28,548
Total sales volume (boe/d)	**29,585**	30,689	**27,506**	28,430

(1) Please refer to Supplemental Table 4 "Production" for disclosure by product type.

	Q4 2022		Q4 2021		2022		2021	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Sales	**482,398**	**177.23**	460,861	163.23	**1,965,877**	**195.81**	1,065,571	102.69
Royalties	**(17,358)**	**(6.38)**	(11,666)	(4.13)	**(65,585)**	**(6.53)**	(41,724)	(4.02)
Transportation	**(8,962)**	**(3.29)**	(9,586)	(3.40)	**(33,429)**	**(3.33)**	(37,061)	(3.57)
Operating	**(63,553)**	**(23.35)**	(53,255)	(18.86)	**(220,763)**	**(21.99)**	(180,643)	(17.41)
General and administration	**(13,857)**	**(5.09)**	(7,150)	(2.53)	**(37,026)**	**(3.69)**	(24,990)	(2.41)
Corporate income tax expense	**(41,246)**	**(15.15)**	(34,374)	(12.17)	**(207,142)**	**(20.63)**	(31,617)	(3.05)
PRRT	**(5,045)**	**(1.85)**	(5,544)	(1.96)	**(18,318)**	**(1.82)**	(15,688)	(1.51)
Fund flows from operations	**332,377**	**122.12**	339,286	120.18	**1,383,614**	**137.82**	733,848	70.72
Drilling and development	**(43,957)**		(29,359)		**(189,500)**		(116,608)	
Exploration and evaluation	**(11,456)**		(26,805)		**(23,761)**		(35,406)	
Free cash flow	**276,964**		283,122		**1,170,353**		581,834	

Production from our International operations averaged 26,953 boe/d in Q4 2022, a decrease of 1% from the prior quarter, primarily due to natural decline in Netherlands and Germany, as well as lower than anticipated production in Australia due to unplanned downtime. This was largely offset by higher production in France and Ireland. Production from the fire-related downtime in France was gradually restored through the fourth quarter of 2022 and has been fully restored subsequent to year end. Ireland production increased 1% in Q4 2022 compared to the previous quarter as the Corrib facility experienced strong operational run time during the quarter.

During the fourth quarter we drilled one (1.0 net) oil well in Germany, which was brought on production in Q1 2023. We also continued to advance our deep well gas exploration and development plans in Germany as we prepare for our first well to be drilled in the fourth quarter of 2023. In the Netherlands, we drilled one (0.5 net) gas well which encountered a 19 metre gas column and is expected to be brought on production in the first half of 2023. We drilled two (2.0 net) exploratory wells in Croatia, however, neither of the wells encountered commercial hydrocarbons.

Sales

	Q4 2022		Q4 2021		2022		2021	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Australia	**95,420**	**139.95**	40,332	112.26	**221,187**	**148.15**	143,014	103.01
France	**77,910**	**119.68**	79,809	100.18	**365,431**	**132.90**	279,263	88.15
Netherlands	**119,668**	**281.75**	165,370	205.17	**562,857**	**279.87**	295,723	110.47
Germany	**121,011**	**218.13**	65,623	164.96	**481,260**	**231.34**	131,935	98.06
Ireland	**64,753**	**162.16**	109,352	236.78	**324,345**	**194.05**	214,425	120.51
Central and Eastern Europe	**3,636**	**356.05**	375	203.80	**10,797**	**313.02**	1,211	65.06
International	**482,398**	**177.23**	460,861	163.23	**1,965,877**	**195.81**	1,065,571	102.69

As a result of changes in inventory levels, our sales volumes for crude oil in Australia, France, and Germany may differ from our production volumes in those business units. The following table provides the crude oil sales volumes (consisting entirely of "light crude oil and medium crude oil") for those jurisdictions.

Crude oil sales volumes (bbls/d)	Q4 2022	Q4 2021	2022	2021
Australia	**7,411**	3,905	**4,090**	3,804
France	**7,076**	8,659	**7,533**	8,680
Germany	**1,721**	1,324	**1,337**	1,051
International	**16,208**	13,888	**12,960**	13,535

Sales increased on a dollar and per boe basis for the three months and year ended December 31, 2022 versus the comparable prior periods due to higher realized prices across Australia, France, Netherlands, Germany and Central and Eastern Europe business units and higher sales volume in Australia and Germany due to new wells coming online and acquisition activity. These increases were partially offset by lower realized price for the three month period in Ireland and lower sales volumes in France, Netherlands, and Ireland, due to natural decline combined with the timing of liftings in France.

Royalties

	Q4 2022		Q4 2021		2022		2021	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
France	**(9,294)**	**(14.28)**	(10,174)	(12.77)	**(40,353)**	**(14.68)**	(37,666)	(11.89)
Netherlands	**(512)**	**(1.21)**	(419)	(0.52)	**(512)**	**(0.25)**	(873)	(0.33)
Germany	**(6,403)**	**(11.54)**	(909)	(2.29)	**(21,232)**	**(10.21)**	(2,847)	(2.12)
Central and Eastern Europe	**(1,149)**	**(112.51)**	(164)	(89.13)	**(3,488)**	**(101.12)**	(338)	(18.16)
International	**(17,358)**	**(6.38)**	(11,666)	(4.13)	**(65,585)**	**(6.53)**	(41,724)	(4.02)

Royalties in our International core region are primarily incurred in France and Germany, where royalties include charges based on a percentage of sales and fixed per boe charges. Our production in Australia and Ireland is not subject to royalties.

Royalties increased on a dollar and per unit basis for the three months and year ended December 31, 2022 versus the comparable prior periods primarily due to higher sales prices.

Royalties as a percentage of sales for the three months ended December 31, 2022 of 3.6% increased versus the comparable prior period of 2.5% primarily due to an increase in royalty rate in Germany. Royalties as a percentage of sales for the year ended December 31, 2022 of 3.3% decreased versus the prior year comparable period of 3.9% primarily due to higher sales in business units that are not subject to royalties.

Transportation

	Q4 2022		Q4 2021		2022		2021	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
France	**(4,589)**	**(7.05)**	(6,574)	(8.25)	**(20,100)**	**(7.31)**	(26,497)	(8.36)
Germany	**(3,621)**	**(6.53)**	(2,076)	(5.22)	**(9,751)**	**(4.69)**	(6,359)	(4.73)
Ireland	**(752)**	**(1.88)**	(936)	(2.03)	**(3,578)**	**(2.14)**	(4,205)	(2.36)
International	**(8,962)**	**(3.29)**	(9,586)	(3.40)	**(33,429)**	**(3.33)**	(37,061)	(3.57)

Transportation expense decreased for the three months and year ended December 31, 2022 versus the comparable prior periods. This was primarily due to the lower volume of liftings in France, partially offset by increased volumes in Germany. On a per unit basis, transportation expense remained relatively flat versus prior year comparable periods.

Our production in Australia, Netherlands and Central and Eastern Europe is not subject to transportation expense.

Operating expense

	Q4 2022		Q4 2021		2022		2021	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Australia	**(21,291)**	**(31.23)**	(15,918)	(44.31)	**(57,478)**	**(38.50)**	(50,748)	(36.55)
France	**(12,638)**	**(19.41)**	(14,242)	(17.88)	**(57,588)**	**(20.94)**	(52,147)	(16.46)
Netherlands	**(11,229)**	**(26.44)**	(11,449)	(14.20)	**(45,903)**	**(22.82)**	(35,269)	(13.17)
Germany	**(13,292)**	**(23.96)**	(7,323)	(18.41)	**(41,523)**	**(19.96)**	(27,149)	(20.18)
Ireland	**(4,687)**	**(11.74)**	(4,107)	(8.89)	**(16,580)**	**(9.92)**	(14,889)	(8.37)
Central and Eastern Europe	**(416)**	**(40.74)**	(216)	(117.39)	**(1,691)**	**(49.03)**	(441)	(23.69)
International	**(63,553)**	**(23.35)**	(53,255)	(18.86)	**(220,763)**	**(21.99)**	(180,643)	(17.41)

For the three months ended December 31, 2022 versus the prior comparable period, operating expense increased on a dollar and per boe basis primarily due to asset integrity costs in Australia, increased maintenance activity and electricity charges in Germany, partially offset by a decrease in France due to a rate recovery on previous period electricity charges. Operating expense increased on a dollar and per boe basis for the year ended December 31, 2022 versus the prior year comparable period primarily due to the impact of higher fuel and electricity prices in Europe and increased costs in Germany due to 2021 acquisition activity.

Consolidated Financial Performance Review

($M except per share)	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Total assets	**6,991,058**	5,905,323	4,109,139
Long-term debt	**1,081,351**	1,651,569	1,933,848
Petroleum and natural gas sales	**3,476,394**	2,079,761	1,119,545
Net earnings (loss)	**1,313,062**	1,148,696	(1,517,427)
Net earnings (loss) per share			
Basic	**8.03**	7.13	(9.61)
Diluted	**7.80**	6.97	(9.61)
Cash dividends ($/share)	**0.28**	—	0.58

Financial performance

	Q4 2022		Q4 2021		2022		2021	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Sales	**842,693**	**103.99**	765,915	96.82	**3,476,394**	**111.95**	2,079,761	66.81
Royalties	**(68,303)**	**(8.43)**	(58,785)	(7.43)	**(306,017)**	**(9.85)**	(186,122)	(5.98)
Transportation	**(21,976)**	**(2.71)**	(19,033)	(2.41)	**(78,896)**	**(2.54)**	(77,161)	(2.48)
Operating	**(136,247)**	**(16.81)**	(112,680)	(14.24)	**(489,034)**	**(15.75)**	(413,013)	(13.27)
General and administration	**(13,344)**	**(1.65)**	(17,374)	(2.20)	**(57,677)**	**(1.86)**	(52,877)	(1.70)
Corporate income tax expense	**(41,958)**	**(5.18)**	(32,234)	(4.07)	**(208,153)**	**(6.70)**	(30,166)	(0.97)
Windfall taxes	**(222,859)**	**(27.50)**	—	—	**(222,859)**	**(7.18)**	—	—
PRRT	**(5,045)**	**(0.62)**	(5,544)	(0.70)	**(18,318)**	**(0.59)**	(15,688)	(0.50)
Interest expense	**(22,506)**	**(2.78)**	(16,279)	(2.06)	**(82,858)**	**(2.67)**	(73,075)	(2.35)
Realized loss on derivatives	**(43,940)**	**(5.42)**	(189,598)	(23.97)	**(405,894)**	**(13.07)**	(327,384)	(10.52)
Realized foreign exchange gain (loss)	**18,845**	**2.33**	(2,395)	(0.30)	**15,195**	**0.49**	(6,613)	(0.21)
Realized other (expense) income	**(1,140)**	**(0.14)**	10,180	1.29	**12,982**	**0.42**	22,200	0.71
Fund flows from operations	**284,220**	**35.08**	322,173	40.73	**1,634,865**	**52.65**	919,862	29.54
Equity based compensation	**(5,377)**		(6,666)		**(44,390)**		(41,565)	
Unrealized gain (loss) on derivative instruments [(1)]	**549,693**		172,265		**540,801**		(181,094)	
Unrealized foreign exchange (loss) gain [(1)]	**(47,405)**		7,122		**(84,464)**		(64,963)	
Accretion	**(16,501)**		(10,983)		**(58,170)**		(43,552)	
Depletion and depreciation	**(171,926)**		(148,216)		**(577,134)**		(571,688)	
Deferred tax expense	**(196,733)**		(14,834)		**(288,707)**		(187,343)	
Gain on business combinations	**—**		—		**—**		17,198	
Impairment reversal	**—**		23,922		**192,094**		1,302,619	
Unrealized other expense [(1)]	**(563)**		(195)		**(1,833)**		(778)	
Net earnings	**395,408**		344,588		**1,313,062**		1,148,696	

[(1)] Unrealized gain (loss) on derivative instruments, Unrealized foreign exchange (loss) gain, and Unrealized other expense are line items from the respective Consolidated Statements of Cash Flows.

Fluctuations in fund flows from operations may occur as a result of changes in production levels, commodity prices, and costs to produce petroleum and natural gas. In addition, fund flows from operations may be affected by the timing of crude oil shipments in Australia and France. When crude oil inventory is built up, the related operating expense, royalties, and depletion expense are deferred and carried as inventory on the consolidated balance sheet. When the crude oil inventory is subsequently drawn down, the related expenses are recognized within profit or loss.

General and administration

- General and administration expense decreased in Q4 2022 versus Q4 2021 primarily due to lower discretionary headcount costs.
- General and administration expense increased for the year ended December 31, 2022 versus the prior year comparable period primarily due to higher legal, tax, and financial advisory costs.

PRRT and corporate income taxes

- PRRT remained relatively consistent for the three months ended December 31, 2022 versus the comparable prior period. PRRT increased for the year ended December 31, 2022 versus the prior year comparable period due to higher sales partially offset by higher capital expenditures in the current period.
- Corporate income taxes for the three months and year ended December 31, 2022 increased versus the comparable prior periods primarily due to higher taxable income as a result of increased commodity prices in 2022.

Windfall taxes

- On September 30, 2022 the Council of the European Union and member states agreed to a set mandatory temporary solidarity contribution on the profits of oil and gas producers. The contribution set out minimum amounts to be calculated on taxable profits starting in 2022 and/or 2023, which are above a 20% increase of the average yearly taxable profits for 2018 to 2021. Legislation became substantively enacted during the fourth quarter of 2022 resulting in a full year of windfall taxes being booked during the fourth quarter.
- Windfall taxes recorded in 2022 are based on the rates legislated or, in the case of Ireland, announced as of December 31, 2022. In Netherlands, Germany, and France, a rate of 33% has been legislated on excess profits and a rate of 75% has been announced by the Irish Government. For the three months ended and year ended December 31, 2022, windfall tax expense was $222.9 million.

Interest expense

- Interest expense increased for the three months and year ended December 31, 2022 compared to the comparable prior periods despite lower debt levels. This was due to higher variable interest rates and an increase in the percentage of our debt with fixed interest rates following the issuance of the 2030 senior unsecured notes.

Realized gain or loss on derivatives

- For the three months and year ended December 31, 2022, we recorded realized losses on our crude oil and natural gas hedges due to higher commodity pricing compared to the strike prices on our hedges.
- A listing of derivative positions as at December 31, 2022 is included in "Supplemental Table 2" of this MD&A.

Realized other income

- Realized other income for the three months and year ended December 31, 2022 decreased versus the comparable prior periods primarily due to amounts for funding under the Saskatchewan Accelerated Site Closure program to complete abandonment and reclamation on inactive oil and gas wells and facilities.

Net earnings

Fluctuations in net earnings from period-to-period are caused by changes in both cash and non-cash based income and charges. Cash based items are reflected in fund flows from operations. Non-cash items include: equity based compensation expense, unrealized gains and losses on derivative instruments, unrealized foreign exchange gains and losses, accretion, depletion and depreciation expense, and deferred taxes. In addition, non-cash items may also include gains resulting from business combinations or charges resulting from impairment or impairment reversals.

Equity based compensation

Equity based compensation expense relates primarily to non-cash compensation expense attributable to long-term incentives granted to directors, officers, and employees under security-based arrangements. Equity based compensation expense decreased for the three months ended December 31, 2022 versus the comparable prior period primarily due to the lower value of LTIP awards outstanding in the current period. For the year ended December 31, 2022 versus the prior year comparable period, equity based compensation expense increased primarily due to higher bonuses under the employee bonus plan during the current year.

Unrealized gain or loss on derivative instruments

Unrealized gain or loss on derivative instruments arises as a result of changes in forecasts for future prices and rates. As Vermilion uses derivative instruments to manage the commodity price exposure of our future crude oil and natural gas production, we will normally recognize unrealized gains on derivative instruments when future commodity price forecasts decline and vice-versa. As derivative instruments are settled, the unrealized gain or loss previously recognized is reversed, and the settlement results in a realized gain or loss on derivative instruments.

USD-to-CAD cross currency interest rate swaps and foreign exchange swaps may be entered into to hedge the foreign exchange movements on USD borrowings on our revolving credit facility. As such, unrealized gains and losses on our cross currency interest swaps are offset by unrealized losses and gains on foreign exchange relating to the underlying USD borrowings from our revolving credit facility.

For the three months ended December 31, 2022, we recognized a net unrealized gain on derivative instruments of $549.7 million. This consists of unrealized gains of $573.4 million on our European natural gas commodity derivative instruments, $10.9 million on our North American natural gas commodity derivative instruments, and $4.2 million on our crude oil commodity derivative instruments, partially offset by unrealized losses of $21.0 million on our equity swaps and $17.8 million on our USD-to-CAD foreign exchange swaps.

For the year ended December 31, 2022, we recognized a net unrealized gain on derivative instruments of $540.8 million. This consists of unrealized gains of $509.1 million on our European natural gas commodity derivative instruments, $30.4 million on our equity swaps, $9.9 million on our crude oil commodity derivative instruments, and $5.6 million on our North American natural gas commodity derivative instruments, partially offset by unrealized losses of $14.2 million on our USD-to-CAD foreign exchange swaps.

Unrealized foreign exchange gains or losses

As a result of Vermilion's international operations, Vermilion has monetary assets and liabilities denominated in currencies other than the Canadian dollar. These monetary assets and liabilities include cash, receivables, payables, long-term debt, derivative instruments and intercompany loans. Unrealized foreign exchange gains and losses result from translating these monetary assets and liabilities from their underlying currency to the Canadian dollar.

In 2022, unrealized foreign exchange gains and losses primarily resulted from:

- The translation of Euro denominated intercompany loans from our international subsidiaries to Vermilion Energy Inc. An appreciation in the Euro against the Canadian dollar will result in an unrealized foreign exchange loss (and vice-versa). Under IFRS, the offsetting foreign exchange loss or gain is recorded as a currency translation adjustment within other comprehensive income. As a result, consolidated comprehensive income reflects the offsetting of these translation adjustments while net earnings reflects only the parent company's side of the translation.
- The translation of USD borrowings on our revolving credit facility. The unrealized foreign exchange gains or losses on these borrowings are offset by unrealized derivative gains or losses on associated USD-to-CAD cross currency interest rate swaps (discussed further below).
- The translation of our USD denominated 2025 senior unsecured notes and USD denominated 2030 senior unsecured notes. During the period between June 12, 2019 and May 5, 2020 the USD 2025 senior unsecured notes were hedged by a USD-to-CAD cross currency interest rate swap. Subsequent to the termination of these instruments, amounts previously recognized in the hedge accounting reserve will be recognized into earnings through unrealized foreign exchange loss over the period of the hedged cash flows.

For the three months ended December 31, 2022, we recognized a net unrealized foreign exchange loss of $47.4 million, driven by an unrealized loss of $73.1 million on intercompany loans due to the Euro strengthening 8.0% against the Canadian dollar in Q4 2022. This was partially offset by an unrealized gain of $15.6 million on our USD borrowings from our revolving credit facility as well as an unrealized gain of $11.2 million on our senior unsecured notes resulting from the US dollar weakening 1.2% against the Canadian dollar in Q4 2022.

For the year ended December 31, 2022, we recognized a net unrealized foreign exchange loss of $84.5 million, driven by an unrealized loss of $55.0 million on our senior unsecured notes resulting from the US dollar strengthening 6.8% against the Canadian dollar in 2022, as well as unrealized losses of $27.0 million on intercompany loans due to the Euro strengthening 0.5% against the Canadian dollar in 2022, with the majority of the unrealized loss driven by the significant Q4 strengthening of the Euro. This was partially offset by unrealized gains of $4.3 million on our USD borrowings from our revolving credit facility.

As at December 31, 2022, a $0.01 appreciation of the Euro against the Canadian dollar would result in a $5.6 million decrease to net earnings as a result of an unrealized loss on foreign exchange, while a $0.01 appreciation of the US dollar against the Canadian dollar would result in a $5.4 million decrease to net earnings as a result of an unrealized loss on foreign exchange.

Accretion

Accretion expense is recognized to update the present value of the asset retirement obligation balance. For the three months and year ended December 31, 2022, accretion expense increased versus the comparable prior periods primarily due to the impact of a higher asset retirement obligation balance at the end of 2022 compared to 2021 and slight strengthening of the Euro against the Canadian dollar.

Depletion and depreciation

Depletion and depreciation expense is recognized to allocate the cost of capital assets over the useful life of the respective assets. Depletion and depreciation expense per unit of production is determined for each depletion unit (which are groups of assets within a specific production area that have similar economic lives) by dividing the sum of the net book value of capital assets and future development costs by total proved plus probable reserves.

Fluctuations in depletion and depreciation expense are primarily the result of changes in produced crude oil and natural gas volumes, and changes in depletion and depreciation per unit. Fluctuations in depletion and depreciation per unit are the result of changes in reserves, depletable base (net book value of capital assets and future development costs), and relative production mix.

Depletion and depreciation on a per boe basis for the three months and year ended December 31, 2022 of $21.22 and $18.59, respectively increased from $18.74 and $18.36 in the comparable prior periods primarily due to a higher depletable base due to impairment reversals in 2021 and 2022, acquisitions, and the strengthening of the Euro against the Canadian dollar in Q4 2022.

Deferred tax

Deferred tax assets arise when the tax basis of an asset exceeds its accounting basis (known as a deductible temporary difference). Conversely, deferred tax liabilities arise when the tax basis of an asset is less than its accounting basis (known as a taxable temporary difference). Deferred tax assets are recognized only to the extent that it is probable that there are future taxable profits against which the deductible temporary difference can be utilized. Deferred tax assets and liabilities are measured at the enacted or substantively enacted tax rate that is expected to apply when the asset is realized, or the liability is settled.

As such, fluctuations in deferred tax expenses and recoveries primarily arise as a result of: changes in the accounting basis of an asset or liability without a corresponding tax basis change (e.g. when derivative assets and liabilities are marked-to-market or when accounting depletion differs from tax depletion), changes in available tax losses (e.g. if they are utilized to offset taxable income), changes in estimated future taxable profits resulting in a derecognition or recognition of deferred tax assets, and changes in enacted or substantively enacted tax rates.

For the three months and year ended December 31, 2022, the Company recorded deferred tax expense of $196.7 million and $288.7 million, respectively, compared to deferred tax expense of $14.8 million and $187.3 million, respectively, for the comparable prior periods. The deferred tax expense for the three months ended and year ended December 31, 2022 was primarily due to loss utilization on increased taxable income, as well as the tax impact on unrealized derivative movement.

Impairment

Impairment losses or reversals of losses are recognized when indicators of impairment or impairment reversal arise and the carrying amount of a cash generating unit ("CGU") is greater than (impairment) or less than (impairment reversal) its recoverable amount, determined as the higher of fair value less costs of disposal or value-in-use. Subsequent to the first quarter of 2022 there were no indicators of impairment and no amounts relating to previous impairments remaining to be reversed.

In the first quarter of 2022, indicators of impairment reversal were present in our Canada - Saskatchewan and France - Neocomian CGUs due to an increase in forecast oil prices. As a result of the indicators of impairment reversal, the Company performed impairment reversal calculations on the identified CGUs and the recoverable amounts were determined using fair value less costs to sell, which considered future after-tax cash flows from proved plus probable reserves and an after-tax discount rate of 12.0%. Based on the results of the impairment reversal calculations completed, recoverable amounts were determined to be greater than the carrying values of the CGUs tested and $144.4 million (net of $47.7 million deferred income tax expense) of impairment reversal was recorded.

Inputs used in the measurement of capital assets are not based on observable market data and fall within level 3 of the fair value hierarchy.

Taxes

Current income tax rates

Vermilion typically pays corporate income taxes in France, Netherlands, Australia and Germany. In addition, Vermilion pays PRRT in Australia which is a profit based tax applied at a rate of 40% on sales less operating expenses, capital expenditures, and other eligible expenditures. PRRT is deductible in the calculation of taxable income in Australia.

For 2022 and 2021, taxable income was subject to corporate income tax at the following statutory rates:

Jurisdiction	2022	2021
Canada	24.6 %	24.6 %
United States	21.0 %	21.0 %
France	25.8 %	27.4 %
Netherlands (1)	50.0 %	50.0 %
Germany	31.3 %	31.4 %
Ireland	25.0 %	25.0 %
Australia	30.0 %	30.0 %

(1) In the Netherlands, an additional 10% uplift deduction is allowed against taxable income that is applied to operating expenses, eligible general and administration expenses, and tax deductions for depletion and abandonment retirement obligations.

Windfall Taxes

On September 30, 2022 the Council of the European Union and member states agreed to a set mandatory temporary solidarity contribution on the profits of oil and gas producers. The contribution set out minimum amounts to be calculated on taxable profits starting in 2022 and/or 2023, which are above a 20% increase of the average yearly taxable profits for 2018 to 2021 period. Legislation became substantively enacted during the fourth quarter of 2022 resulting in a full year of windfall taxes being booked during the fourth quarter.

Windfall tax rates apply to taxable profits which are above a 20% increase of the average yearly profits for the 2018 to 2021 period. The following rates have been legislated as of December 31, 2022:

Jurisdiction	2023	2022
France	N/A	33.0 %
Netherlands (1)	N/A	33.0 %
Germany	33.0 %	33.0 %
Ireland (2)	N/A	N/A

(1) For 2023 and 2024, Netherlands has implemented a windfall royalty. This royalty applies if annual realized pricing (net of hedges) exceeds €0.50/Nm3. This royalty is assessed annually at a rate of 65% on realized pricing (net of hedges) less €0.50/Nm3 and payments on this royalty are deductible in calculating current income taxes.

(2) As at December 31, 2022, Ireland has not legislated a windfall tax rate. A rate of 75% was announced in November 2022.

Tax legislation changes

On December 21, 2021, the Dutch Senate approved the 2022 Tax Plan that included an increase to the Dutch corporate tax rate from 25.0% in 2021 to 25.8% in 2022. Due to the tax regime applicable to natural gas producers in the Netherlands, the increase to the corporate tax rate is not expected to have a material impact to Vermilion taxes in the Netherlands.

On December 28, 2019, the French Parliament approved the Finance Bill for 2020. The Finance Bill for 2020 provides for a progressive decrease of the French corporate income tax rate for companies with sales below €250 million from 32.0% to 25.8% by 2022.

In 2021, 136 countries and jurisdictions, including Canada, agreed to implement the Organisation for Economic Co-operation and Development's (OECD) Pillar Two rules, effective in 2023. The proposed Pillar Two rules are designed to ensure that large multinational enterprises pay a minimum level of tax (currently agreed upon at 15%) on the income arising in each jurisdiction where they operate. The proposed rules remain subject to approval and ratification in multiple countries and jurisdictions. We are monitoring developments relating to the Pillar Two rules and implementation to assess potential impacts on Vermilion.

Tax pools

As at December 31, 2022, we had the following tax pools:

($M)	Oil & Gas Assets	Tax Losses	Other	Total
Canada	1,778,803 (1)	1,374,896 (4)	27,359	3,181,058
United States	265,091 (2)	208,272 (5)	57,941	531,304
France	293,484 (2)	—	—	293,484
Netherlands	48,138 (3)	—	—	48,138
Germany	198,444 (3)	—	16,513	214,957
Ireland	—	803,763 (4)	—	803,763
Australia	175,126 (1)	15,431 (4)	—	190,557
Total	**2,759,086**	**2,402,362**	**101,813**	**5,263,261**

(1) Deduction calculated using various declining balance rates.
(2) Deduction calculated using a combination of straight-line over the assets life and unit of production method.
(3) Deduction calculated using a unit of production method.
(4) Tax losses can be carried forward and applied at 100% against taxable income.
(5) Tax losses of $47 million created prior to January 1, 2018 are carried forward and applied at 100% against taxable income, tax losses of $161 million created after January 1, 2018 are carried forward and applied to 80% of taxable income in each taxation year.

Financial Position Review

Balance sheet strategy

We regularly review whether our forecast of fund flows from operations is sufficient to finance planned capital expenditures, dividends, share buy-backs, and abandonment and reclamation expenditures. To the extent that fund flows from operations forecasts are not expected to be sufficient to fulfill such expenditures, we will evaluate our ability to finance any shortfall by reducing some or all categories of expenditures, with issuances of equity, and/or with debt (including borrowing using the unutilized capacity of our existing revolving credit facility). We have a long-term goal of achieving and maintaining a ratio of net debt to four quarter trailing fund flows from operations of approximately 1.0.

As at December 31, 2022, we have a ratio of net debt to four quarter trailing fund flows from operations of 0.8. We will continue to monitor for changes in forecasted fund flows from operations and, as appropriate, will adjust our exploration, development capital plans (and associated production targets), and return of capital plans to target optimal debt levels.

Maintaining a strong balance sheet is a core principle of Vermilion and will remain a focus going forward. As debt reduction continues, we will plan to increase the amount of free cash flow that is available for the return of capital, while taking into account other capital requirements.

Net debt

Net debt is reconciled to long-term debt, as follows:

	As at	
($M)	Dec 31,2022	Dec 31,2021
Long-term debt	**1,081,351**	1,651,569
Adjusted working capital deficit (1)	**265,111**	9,284
Unrealized FX on swapped USD borrowings	**(1,876)**	(16,067)
Net debt	**1,344,586**	1,644,786
Ratio of net debt to four quarter trailing fund flows from operations	**0.8**	1.8

(1) Adjusted working capital is a non-GAAP financial measure that is not standardized under IFRS and may not be comparable to similar measures disclosed by other issuers. It is defined as current assets less current liabilities, excluding current derivatives and current lease liabilities. The

measure is used to calculate net debt, a capital measure disclosed above. Reconciliation to the primary financial statement measures can be found in the “Non-GAAP and Other Specified Financial Measures” section of this document.

As at December 31, 2022, net debt decreased to $1.3 billion (December 31, 2021 - $1.6 billion), primarily as a result of debt repayments of $1,121.9 million, funded by the $1,083.0 million of free cash flow generated during 2022. This was partially offset by borrowings made to fund the Leucrotta acquisition, unrealized foreign exchange losses of $50.8 million on our senior unsecured notes due to the US dollar strengthening, and working capital movements. The ratio of net debt to four quarter trailing fund flows from operations decreased to 0.8 (December 31, 2021 - 1.8) due to higher four quarter trailing fund flows from operations, driven by strong commodity prices.

Long-term debt

The balances recognized on our balance sheet are as follows:

	As at	
	Dec 31,2022	Dec 31,2021
Revolving credit facility	**147,666**	1,273,755
2025 senior unsecured notes	**404,463**	377,814
2030 senior unsecured notes	**529,222**	—
Long-term debt	**1,081,351**	1,651,569

Revolving Credit Facility

As at December 31, 2022, Vermilion had in place a bank revolving credit facility maturing May 29, 2026 with terms and outstanding positions as follows:

	As at	
($M)	Dec 31,2022	Dec 31,2021
Total facility amount	**1,600,000**	2,100,000
Amount drawn	**(147,666)**	(1,273,755)
Letters of credit outstanding	**(13,527)**	(11,035)
Unutilized capacity	**1,438,807**	815,210

On April 26, 2022, contemporaneous with the issuance of the 2030 senior unsecured notes and at Vermilion's election, the maturity date of the facility was extended to May 29, 2026 (previously May 31, 2024) and the total facility amount was reduced to $1.6 billion (previously $2.1 billion).

As at December 31, 2022, the revolving credit facility was subject to the following financial covenants:

		As at	
Financial covenant	Limit	Dec 31,2022	Dec 31,2021
Consolidated total debt to consolidated EBITDA	Less than 4.0	**0.51**	1.61
Consolidated total senior debt to consolidated EBITDA	Less than 3.5	**0.07**	1.24
Consolidated EBITDA to consolidated interest expense	Greater than 2.5	**27.10**	14.78

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

- Consolidated total debt: Includes all amounts classified as “Long-term debt”, “Current portion of 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 our 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.
- 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 December 31, 2022, 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 December 31, 2022 and December 31, 2021, 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, paid semi-annually on March 15 and September 15, and mature on March 15, 2025. As direct senior unsecured obligations of Vermilion, the notes rank equally in right of payment with existing and future senior indebtedness of the Company.

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

Vermilion may redeem some or all of the senior unsecured notes at the redemption prices set forth in the following table plus any accrued and unpaid interest, if redeemed during the twelve-month period beginning on March 15 of each of the years indicated below:

Year	Redemption price
2022	101.406 %
2023 and thereafter	100.000 %

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:

- 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.
- 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.

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

Shareholders' capital

The following table outlines our dividend payment history:

Date	Frequency	Dividend per unit or share
January 2003 to December 2007	Monthly	$ 0.170
January 2008 to December 2012	Monthly	$ 0.190
January 2013 to December 2013	Monthly	$ 0.200
January 2014 to March 2018	Monthly	$ 0.215
April 2018 to February 2020	Monthly	$ 0.230
March 2020	Monthly	$ 0.115
April 2022 to July 2022	Quarterly	$ 0.060
August 2022 onwards	Quarterly	$ 0.080

In the first quarter of 2022, we announced our plan to distribute a fixed quarterly dividend due to stronger commodity prices and a strengthened balance sheet. In August 2022, we announced a 33% increase to our quarterly cash dividend effective for the Q3 2022 distribution. In January 2023, we announced our plan to increase the quarterly dividend by 25% to $0.10 per share effective for the planned Q1 2023 distribution.

The following table reconciles the change in shareholders' capital:

Shareholders' Capital	Shares ('000s)	Amount
Balance at January 1	**162,261**	**4,241,773**
Vesting of equity based awards	**2,578**	**44,811**
Shares issued for equity based compensation	**549**	**13,699**
Share-settled dividends on vested equity based awards	**178**	**4,377**
Repurchase of shares	**(2,339)**	**(60,866)**
Balance at December 31	**163,227**	**4,243,794**

As at December 31, 2022, there were approximately 5.5 million equity based compensation awards outstanding. As at March 8, 2023, there were approximately 162.1 million common shares issued and outstanding.

On July 4, 2022, the Toronto Stock Exchange approved our notice of intention to commence a normal course issuer bid ("the NCIB"). The NCIB allows Vermilion to purchase up to 16,076,666 common shares representing approximately 10% of its public float as at June 22, 2022 beginning
July 6, 2022 and ending July 5, 2023.

In 2022, Vermilion purchased and cancelled 2.34 million common shares under the NCIB for total consideration of $71.7 million. Subsequent to year end 2022 and as at March 8, 2023, Vermilion purchased and cancelled 1.14 million common shares under the NCIB for total consideration of $22.4 million.

Contractual Obligations and Commitments

As at December 31, 2022, we had the following contractual obligations and commitments:

($M)	Less than 1 year	1 - 3 years	3 - 5 years	After 5 years	Total
Long-term debt [(1)]	69,235	533,362	225,861	634,875	1,463,333
Lease obligations	46,245	49,730	29,062	8,597	133,634
Processing and transportation agreements	40,267	52,786	23,133	101,629	217,815
Purchase obligations	27,481	4,907	444	285	33,117
Drilling and service agreements	5,051	58,122	—	—	63,173
Total contractual obligations and commitments	188,279	698,907	278,500	745,386	1,911,072

(1) Interest on revolving credit facility calculated assuming an annual interest rate of 6.19%.
(2) Commitments denominated in foreign currencies have been translated using the related spot rates on December 31, 2022.

Asset Retirement Obligations

As at December 31, 2022, asset retirement obligations were $1,087.8 million compared to $1,000.6 million as at December 31, 2021. The increase in asset retirement obligations is primarily attributable to increases in inflationary market pressures and increases in estimated abandonment costs in Netherlands, France and Canada. This increase was partially offset by higher country specific risk-free rates.

The present value of the obligation is calculated using a credit-adjusted risk-free rate, calculated using a credit spread 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 risk-free rates and credit spread used as inputs to discount the obligations were as follows:

	Dec 31,2022	Dec 31,2021	Change
Credit spread added to below noted risk-free rates	**4.5 %**	**4.9 %**	(0.4)%
Country specific risk-free rate			
Canada	**3.3 %**	**1.8 %**	1.5 %
United States	**4.1 %**	**1.9 %**	2.2 %
France	**3.4 %**	**0.8 %**	2.6 %
Netherlands	**2.7 %**	**(0.3)%**	3.0 %
Germany	**2.5 %**	**0.1 %**	2.4 %
Ireland	**3.2 %**	**0.5 %**	2.7 %
Australia	**4.2 %**	**1.9 %**	2.3 %

Current cost estimates are inflated to the estimated time of abandonment using inflation rates of between 1.6% and 4.2% (as at December 31, 2021 - between 1.1% and 3.1%).

Risks and Uncertainties

Crude oil and natural gas exploration, production, acquisition and marketing operations involve a number of risks and uncertainties that have affected the financial statements and are reasonably likely to affect them in the future. These risks and uncertainties are discussed further below.

Commodity prices

Crude oil and natural gas prices have fluctuated significantly in recent years due to supply and demand factors. Changes in crude oil and natural gas prices affect the level of revenue we generate, the amount of proceeds we receive and payments we make on our commodity derivative instruments, and the level of taxes that we pay. In addition, lower crude oil and natural gas prices would reduce the recoverable amount of our capital assets and could result in impairments or impairment reversals.

Exchange rates

Exchange rate changes impact the Canadian dollar equivalent revenue and costs that we recognize. The majority of our crude oil and condensate revenue stream is priced in US dollars and as such an increase in the strength of the Canadian dollar relative to the US dollar would result in the receipt of fewer Canadian dollars for our revenue. We also incur expenses and capital costs in US dollars, Euros and Australian dollars and thus a decrease in strength of the Canadian dollar relative to those currencies may result in the payment of more Canadian dollars for our expenditures.

In addition, exchange rate changes impact the Canadian equivalent carrying balances for our assets and liabilities. For foreign currency denominated monetary assets (such as cash and cash equivalents, long-term debt, and intercompany loans), the impact of changes in exchange rates is recorded in net earnings as a foreign exchange gain or loss.

Production and sales volumes

Our production and sales volumes affect the level of revenue we generate and correspondingly the royalties and taxes that we pay. In addition, significant declines in production or sales volumes due to unforeseen circumstances may also result in an indicator of impairment and potential impairment charges.

Interest rates

Changes in interest rates impact the amount of interest expense we pay on our variable rate debt and also our ability to obtain fixed rate financing in the future.

Tax and royalty rates

Changes in tax and royalty rates in the jurisdictions that we operate in would impact the amount of current taxes and royalties that we pay. In addition, changes to substantively enacted tax rates would impact the carrying balance of deferred tax assets and liabilities, potentially resulting in a deferred tax recovery or incremental deferred tax expense.

Windfall taxes and royalties

Vermilion is exposed to increased taxation and royalties due to windfall taxes on profits. Windfall taxes have been substantively enacted within the European Union for oil and gas companies for 2022 and/or 2023 at a minimum rate of 33% calculated on taxable profits above a 20% increase in the average yearly taxable profits as compared to 2018 to 2021. Windfall tax rates have been legislated or, in the case of Ireland, announced as described in the preceding section “Taxes”. There remains uncertainty on whether the announced windfall tax rate in Ireland of 75% will change upon legislation.

In addition, there is uncertainty on whether windfall taxes will continue beyond 2023 or whether similar legislation could be enacted in other jurisdictions that Vermilion operates in.

Ukraine War

During 2022, Russian military forces invaded Ukraine resulting in a war between the two countries. The ongoing conflict between countries has impacted the supply of oil and gas from the region and has resulted in countries throughout the world imposing financial and trade sanctions against Russia which have had macroeconomic effects. The risks disclosed in our Annual Information Form for the year ended December 31, 2022 may be exacerbated as a result of the Ukraine war, including: market risks including volatility of oil and gas prices, volatility of foreign exchange rates, volatility of market price of common shares, hedging arrangements; regulatory and political risks including tax, royalty, and other government legislation; financing risks including additional financing, debt service, variations in interest rates and foreign exchange rates; acquisition and expansion risks including international operations and future geographical/industry expansion, acquisition assumptions, failure to realize anticipated benefits of prior acquisitions.

COVID-19

The extent of the risks surrounding the severity and timing of the COVID-19 pandemic is continually evolving; therefore, there is significant risk and uncertainty which may have a material and adverse effect on our operations. The following risks disclosed in our Annual Information Form for the year ended December 31, 2022 may be exacerbated as a result of the continued COVID-19 pandemic: market risks related to the volatility of oil and gas prices, volatility of foreign exchange rates, volatility of the market price of common shares, and hedging arrangements; operational risks related to increasing operating costs or declines in production levels, operator performance and payment delays, and government regulations; financing risks related to the ability to obtain additional financing, ability to service debt, and variations in interest rates and foreign exchanges rates; and other risks related to cyber-security as parts of our workforce continue to work through remote connections, accounting adjustments, effectiveness of internal controls, and reliance on key personnel, management, and labour.

In addition to the above, we are exposed to risk factors that impact our company and business. For further information on these risk factors, please refer to our Annual Information Form, available on SEDAR at www.sedar.com or on our website at www.vermilionenergy.com.

There has been no change in Vermilion's internal control over financial reporting during the period covered by this MD&A that materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Financial Risk Management

To mitigate the risks affecting our business whenever possible, we seek to hire personnel with experience in specific areas. In addition, we provide continued training and development to staff to further develop their skills. When appropriate, we use third party consultants with relevant experience to augment our internal capabilities with respect to certain risks.

We consider our commodity price risk management program as a form of insurance that protects our cash flow and rate of return. The primary objective of the risk management program is to support our return of capital and internal capital development programs. The level of commodity price risk management that occurs is dependent on the amount of debt that is carried. When debt levels are higher, we will be more active in protecting our cash flow stream through our commodity price risk management strategy.

When executing our commodity price risk management programs, we use derivative financial instruments encompassing over-the-counter financial structures as well as fixed and collar structures to economically hedge a part of our physical crude oil and natural gas production. We have strict controls and guidelines in relation to these activities and contract principally with counterparties that have investment grade credit ratings.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires us to make estimates. Critical accounting estimates are those accounting estimates that require us to make assumptions about matters that are highly uncertain at the time the estimate is made and a different estimate could have been made in the current period or the estimate could change period-to-period.

The carrying amount of asset retirement obligations

The carrying amount of asset retirement obligations ($1,087.8 million as at December 31, 2022) is the present value of estimated future costs, discounted from the estimated abandonment date using a credit-adjusted risk-free rate. Estimated future costs are based on our assessment of regulatory requirements and the present condition of our assets. The estimated abandonment date is based on the reserve life of the associated assets. The credit-adjusted risk-free rate is based on prevailing interest rates for the appropriate term, risk-free government bonds adjusted for our estimated credit spread (determined by reference to the trading prices for debt issued by similarly rated independent oil and gas producers). Changes

in these estimates would result in a change in the carrying amount of asset retirement obligations and capital assets and, to a significantly lesser degree, future accretion and depletion expense.

The estimated abandonment date may change from period to period as the estimated abandonment date changes in response to new information, such as changes in reserve life assumptions or regulations. A one year increase or decrease in the estimated abandonment date would decrease or increase asset retirement obligations (with an offsetting increase to capital assets) by approximately $54.0 million.

The estimated credit-adjusted risk-free rate may change from period to period in response to market conditions in Canada and the international jurisdictions that we operate in. A 0.5% increase or decrease in the credit-adjusted risk-free rate would decrease or increase asset retirement obligations by approximately $64.8 million.

The fair value of capital assets acquired in business combinations

In preparing the purchase price allocation for the business combinations completed in 2022, we estimate the fair value of assets acquired. Assets acquired in an acquisition primarily relates to the crude oil and natural gas reserves. The estimated fair value of the crude oil and natural gas reserves acquired is based on the present value of proved plus probable reserves and forecast commodity prices. Changes in these assumptions, including the discount rate used, would change the amount of capital assets recognized and as a result may cause rise to goodwill or gains recognized on the acquisition and future depletion and depreciation expense.

The recognition of deferred tax assets

The extent to which deferred tax assets are recognized are based on estimates of future profitability. These estimates are based on estimated future commodity prices and estimates of reserves. As at December 31, 2022, the deferred tax asset balance of $125.5 million relates to Ireland.

In Ireland, we are projected to use all tax pools based on forecasted reserves and pricing and have not recognized any contra valuation allowances against deferred tax assets. A 10% decrease in pricing or volumes would continue to result in no contra valuation allowance being recognized.

Depletion and depreciation

Capital assets are grouped into depletion units, which are groups of assets within a specific production area that have similar economic lives. Depletion units represent the lowest level of disaggregation for which costs are accumulated for the purposes of calculating depletion and depreciation.

The net carrying value of each depletion unit is depleted using the unit of production method by reference to the ratio of production in the period to the total proved and probable reserves, taking into account the future development costs necessary to bring the applicable reserves into production.

Key judgments that are made to reserve estimates such as revisions in reserves, changes in forecast commodity prices, foreign exchange rates, capital or operating costs would impact the amount of depletion and depreciation recorded in a period.

The estimated recoverable amount of cash generating units

Each reporting period, we assess our CGUs for indicators of impairment or impairment reversal. If an indicator of impairment or impairment reversal is identified, we estimate the recoverable amount of the CGU. Judgment is required when determining whether indicators of impairment or impairment reversal exist, as well as judgments made when determining the recoverable amount of a CGU. Changes in any of the key judgments, such as a revision in reserves, changes in forecast commodity prices, foreign exchange rates, capital or operating costs would impact the estimated recoverable amount.

In the first quarter of 2022, indicators of impairment reversal were present in our Canada - Saskatchewan and France - Neocomian CGUs due to an increase in forecast oil prices. As a result of the indicators of impairment reversal, the Company performed impairment reversal calculations on the identified CGUs and the recoverable amounts were determined using fair value less costs to sell, which considered future after-tax cash flows from proved plus probable reserves and an after-tax discount rate of 12.0%. Based on the results of the impairment reversal calculations completed, recoverable amounts were determined to be greater than the carrying values of the CGUs tested and $144.4 million (net of $47.7 million deferred income tax expense) of impairment reversal was recorded. A 1% increase in the assumed after-tax discount rate would reduce the estimated recoverable amount of assets tested and result in a lower impairment reversal of $123.0 million while a 5% decrease in revenues (due to a decrease in commodity price forecasts or reserve estimates) would reduce the estimated recoverable amount of assets tested and result in lower impairment reversal of $220.4 million.

In the fourth quarter of 2021, indicators of impairment reversal were present in our France - Neocomian CGU due to increases and stabilization of commodity prices resulting in increased cash flow estimates. As a result of the indicators of impairment reversal, the Company performed impairment reversal calculations on the identified CGU and the recoverable amounts were determined using fair value less costs to sell, which considered future after-tax cash flows from proved plus probable reserves and an after-tax discount rate of 12.0%. Based on the results of the impairment reversal calculations completed, recoverable amounts were determined to be greater than the carrying values of the CGU tested and $17.7 million (net of $6.2

million deferred income tax expense) of impairment reversal was recorded. A 1% increase in the assumed after-tax discount rate would reduce the estimated recoverable amount of assets tested and result in a lower impairment reversal of $6.4 million while a 5% decrease in revenues (due to a decrease in commodity price forecasts or reserve estimates) would reduce the estimated recoverable amount of assets tested and result in lower impairment reversal of $12.9 million.

In the third quarter of 2021, indicators of impairment reversal were present in our Ireland CGU due to an increase and stabilization in forecast gas prices. As a result of the indicators of impairment reversal, the Company performed impairment reversal calculations on the Ireland CGU and the recoverable amount was determined using fair value less costs to sell, which considered future after-tax cash flows from proved plus probable reserves and an after-tax discount rate of 12.0%. Based on the results of the impairment reversal calculations completed, the recoverable amount was determined to be greater than the carrying value and $16.7 million (net of $5.5 million deferred income tax expense) of impairment reversal was recorded. A 1% increase in the assumed after-tax discount rate would reduce the estimated recoverable amount of assets tested and result in an impairment of $5.6 million while a 5% decrease in revenues (due to a decrease in commodity price forecasts or reserve estimates) would reduce the estimated recoverable amount of assets tested and result in an impairment of $24.8 million. A 1% increase in the assumed after-tax discount rate or a 5% decrease in revenues (due to a decrease in commodity price forecasts or reserve estimates) would not affect the amount of impairment reversal recorded.

In the second quarter of 2021, indicators of impairment reversal were present in our Alberta, Saskatchewan, Germany, Ireland and United States CGUs due to an increase and stabilization in forecast oil and gas prices. As a result of the indicators of impairment reversal, the Company performed impairment reversal calculations on the identified CGUs and the recoverable amounts were determined using fair value less costs to sell, which considered future after-tax cash flows from proved plus probable reserves and an after-tax discount rate of 12.0%. Based on the results of the impairment reversal calculations completed, recoverable amounts were determined to be greater than the carrying values of the CGUs tested and $460.4 million (net of $133.2 million deferred income tax expense) of impairment reversal was recorded. A 1% increase in the assumed after-tax discount rate would reduce the estimated recoverable amount of assets tested and result in a lower impairment reversal of $116.8 million while a 5% decrease in revenues (due to a decrease in commodity price forecasts or reserve estimates) would reduce the estimated recoverable amount of assets tested and result in lower impairment reversal of $254.9 million.

In the first quarter of 2021, indicators of impairment reversal were present in our Australia, Alberta, Saskatchewan, and United States CGUs due to an increase and stabilization in forecast crude oil prices versus 2020 when impairment charges were taken. As a result of the indicators of impairment reversal, the Company performed impairment reversal tests on the identified CGUs and the recoverable amounts were determined using fair value less costs to sell, which considered future after-tax cash flows from proved plus probable reserves and an after-tax discount rate of 12.0%. Based on the results of the impairment reversal calculations completed, recoverable amounts were determined to be greater than the carrying values of the CGUs tested and $492.2 million (net of $170.7 million deferred income tax expense) of impairment reversal was recorded. A 1% increase in the assumed after-tax discount rate would reduce the estimated recoverable amount of assets tested and result in a lower impairment reversal of $146.4 million while a 5% decrease in revenues (due to a decrease in commodity price forecasts or reserve estimates) would reduce the estimated recoverable amount of assets tested and result in lower impairment reversal of $285.6 million.

Off Balance Sheet Arrangements

We have not entered into any guarantee or off balance sheet arrangements that would materially impact our financial position or results of operations.

Cybersecurity

Vermilion has an information security training and compliance program that is completed at least annually. We have not experienced a cybersecurity breach in the last three years.

Recently Adopted Accounting Pronouncements

Vermilion did not adopt any new accounting pronouncements as at December 31, 2022.

Health, Safety and Environment

We are committed to ensuring we conduct our activities in a manner that protects the health and safety of our employees, our contractors and the public. Our HSE Vision is to consistently apply our core values of Excellence, Trust, Respect and Responsibility. Our goal is to create a workplace free of incidents by ensuring our proactive culture and behaviours create a high-reliability organization where HSE is fully integrated into our business – it is our way of life. Our mantra is HSE: Everyone. Everywhere. Everyday.

Vermilion seeks to maintain health, safety and environmental practices and procedures that comply with or exceed regulatory requirements and industry standards. All of our personnel are expected to work safely and in accordance with established regulations and procedures, and we seek to reduce impacts to land, water and air. During 2022 we:

- Maintained clear priorities around 5 key focus areas of HSE Culture, Communication and Knowledge Management, Management Systems, Environmental & Operational Stewardship, and Health;
- Completed ongoing HSE performance monitoring through key performance indicator development, analysis and reporting;
- Continued comprehensive investigations of our incidents and near misses to ensure root causes were identified and corrective actions effectively implemented;
- Worked towards fulfilling our updated HSE Strategy and further enhanced our Visible Active Leadership program;
- Completed a comprehensive HSE Management System Assessment across the organization;
- Completed a gap assessment and action plan as part of our Process Safety Management System implementation;
- Completed our 4th HSE Perception Survey, analyzed the results and developed action plans;
- Continued reinforcement of the "Vermilion High 5", an individual safety awareness initiative aimed at keeping front-line workers safe;
- Advanced our Energy Safety Canada and International Oil and Gas Producers Life-Saving Rules implementation and competency development;
- Submitted our CDP Water and Climate reports;
- Managed our waste products by reducing, recycling and recovering;
- Reduced long-term environmental liabilities through decommissioning, abandoning and reclaiming well leases and facilities;
- Continued the development of a robust hazard identification and risk mitigation program specific to environmentally sensitive areas;
- Performed auditing, management inspections and workforce observations to measure compliance and identify potential hazards and apply risk reduction measures; and
- Assessed the effectiveness of our performance management standards across multiple business units.

We are a member of several organizations concerned with environment, health and safety, including numerous regional co-operatives and synergy groups. In the area of stakeholder relations, we work to build long-term relationships with environmental stakeholders and communities.

Task Force on Climate-related Financial Disclosure (TCFD) Environmental, Social and Governance (ESG)

As an international company, Vermilion responsibly produces essential energy while delivering long-term value to our stakeholders. We believe that integrating sustainability principles into our business increases shareholder returns, enhances development opportunities, reduces long-term risks, and supports the well-being of key stakeholders including the communities in which we operate.

Vermilion has established a leadership position in sustainability performance and disclosure, launching our first CDP Climate submission and Sustainability Report in 2014, with data to 2012, aligned with the Global Reporting Initiative (GRI). We have since adopted recommendations from the Task Force on Climate-related Financial Disclosure (TCFD), the Sustainability Accounting Standards Board (SASB), and the International Sustainability Standards Board (ISSB).

In particular, we have applied the TCFD framework in the management of climate- and other sustainability-related risks and opportunities. This recognizes the importance of climate-specific disclosure while reflecting its intersection with other environment-related risks and opportunities, social factors such as safety and community engagement, and governance issues. Our Index follows:

Governance	Information Circular
Strategy	Annual Report MD&A
Risk Management	Annual Report MD&A
Metrics and Targets	Annual Report MD&A
Consolidated Climate (TCFD) Report	www.vermilionenergy.com/sustainability/reports/

Sustainability and Climate-Related Strategy

Vermilion understands our stakeholders' expectations that we deliver strong financial results in a responsible and ethical way. As a result, we align our strategic priorities in the following order:

- the safety and health of our staff and those involved directly or indirectly in our operations;

- our responsibility to protect the environment. We follow the Precautionary Principle introduced in 1992 by the United Nations "Rio Declaration on Environment and Development" by using environmental risk as part of our development decision criteria, and by continually seeking improved environmental performance in our operations; and
- economic success through a focus on operational excellence across our business, which includes technical and process excellence, efficiency, expertise, stakeholder relations, and respectful and fair treatment of staff, contractors, partners and suppliers.

Reflecting these priorities, we have positioned Vermilion purposefully within the energy transition. Our scenario analysis has consistently demonstrated that Vermilion can best contribute by focusing on producing energy responsibly: safely, reliably and cost-effectively. Our Sustainability Report provides further details at: www.vermilionenergy.com/sustainability.

Description of Sustainability- and Climate-related Risks and Opportunities, and Impacts

Given the intersection of environmental and social issues, and their impact over varying timeframes, we have identified climate-related risks and opportunities within short-term (0-3 years), medium-term (3-6 years) and long-term (6-50 years) horizons. We describe these below, along with their potential company and financial impact (assessed using processes such as scenario analysis, cost projections and our Emissions Long-Range Planning tool), and our resulting management approach, including operations such as equipment upgrade, and capital allocation. Our annual CDP Climate Change and Water Security submissions provide additional information, including where in the value chain these risks and opportunities occur: see www.vermilionenergy.com/sustainability/reports/.

Category / Issue	Description of Impacts	Potential Financial Impact	Management Approach
Short-term Transition Risks (0-3 Years)			
Policy and Legal: Increased Pricing of GHG Emissions e.g. Carbon Tax	Short-term impact is primarily in Canada and Ireland. Canadian Federal Greenhouse Gas Pollution Pricing Act has set carbon tax rates at $50 per tCO2e in 2022, rising to $170 by 2030. Our exposure is mitigated by provincial responses to the Act, including Alberta's Technology Innovation and Emissions Reduction (TIER) regulation and Saskatchewan's Output-Based Pricing System (OBPS). Our Ireland operations are subject to the EU ETS and Ireland Carbon Tax systems. Longer-term impact rests on carbon pricing's vulnerability to changes in government policy. We note the political focus in the EU, Canada and USA on a COVID-19 economic recovery that is both climate-focused and responsive to social justice issues such as labour practices.	With our recent Montney acquisition, our Canadian carbon tax liability increased to approximately $0.7MM in 2022, and is forecasted to exceed $1MM/year in the near term. Our Ireland EU ETS liability is forecast to be approximately $0.8MM in 2022, increasing to approximately $2.6MM in 2025 and $3.5MM in 2030. The Ireland Carbon Tax liability is expected to be an additional approximately $0.1MM/year over this period. All of the liability estimates are net Vermilion.	We voluntarily opted into Alberta's TIER regulation, which provides tax exemptions contingent on emissions reduction activities that Vermilion is in the process of implementing. Our ongoing efforts to reduce the energy and emissions intensity of our operations are integral to managing this risk, including our announcement of two emission reduction targets in 2021. Vermilion continues to monitor and comply with taxation requirements, engaging external subject matter experts and in-house experts in engineering, asset integrity, optimization, health safety & environment, and sustainability that assess our operations.
Policy and Legal: Enhanced Emissions & Other ESG Reporting Obligations	Climate and other ESG reporting obligations are evolving rapidly, with Vermilion potentially subject to European Sustainability Reporting Standards, U.S. Securities and Exchange Commission Climate-Related Disclosure Rules, and Canadian Securities Administrators Climate-Related Disclosure Rule, much of which is founded on the work of TCFD, SASB and the International Sustainability Standards Board. Although Vermilion's existing sustainability-related disclosure provides a sound foundation for compliance with these proposed rules, there are costs to monitor developments and respond to the final versions, particularly potential requirements for increased levels of audit. The impact to Vermilion would be a decreased netback per BOE, due to increased expenses for staff time and system development and implementation.	The financial impact is an increase in operational cost associated with the management and quantification of emissions to meet new reporting requirements, and the administrative costs associated with reporting and audit obligations. This is built into Vermilion's budgeting and is currently estimated at $0.5MM annually.	Regulations in all of our business units are monitored on an ongoing basis, and assumptions/scenario planning is used annually to assess risk. In Canada, we implemented an external emission data gathering software in 2021 to support the evolving regulatory landscape. Vermilion also engages stakeholders relating to emissions reporting obligations. Management of this risk is built into Vermilion's operations and our ERM. In addition, we expect to automate our emissions data gathering, aggregation and calculation processes in 2023-2024, while ensuring audit-ready processes for all ESG data points to align with proposed regulatory requirements.

Category / Issue	Description of Impacts	Potential Financial Impact	Management Approach
Policy and Legal and Technology: Mandates on and Regulation of Existing Products and Service, and Changes in Emissions Regulations; and Market and Reputational: Changing Customer Behaviour	Vermilion's operations are subject to regional regulatory changes that result in changes to equipment requirements such as engineering and equipment modifications to reduce carbon emissions and / or emissions of criteria air contaminants. The most likely short-term impact is regulations in Canada to reduce methane emissions, in France to reduce flaring and in Netherlands to reduce NOx. From a macro perspective, geopolitical impacts (e.g. war in Ukraine) have escalated diverging government and consumer viewpoints on the need for energy security vs energy transition. We expect that demand for oil and natural gas to remain strong in the short term, while safety and environmental regulations governing its production will increase. We have identified these risks as interconnected and existing in the short-term; however, they should be seen as medium- to long-term risks as well.	Operational changes to comply with existing methane reduction regulations is expected at approx. $1.5MM in the short term, with those associated with eliminating routine flaring in France subject to continuing review in 2023. The cost of compliance with proposed regulations, such as Canada's proposed regulatory framework for reducing oil and gas methane emissions to achieve a 75% reduction by 2030 is not yet established, and will depend on the final version of the framework.	Vermilion is closely monitoring regulatory and market changes to ensure its approach to resilience under evolving conditions remains appropriate. We provide feedback to governments on proposed regulations, as per our lobbying disclosures, and allocate resources, including staff and capital, to ensure that required operational changes can be effectively actioned. In the short term, tying in vented equipment to flaring infrastructure in Canada is an example of projects to address this risk; in Netherlands we have used NOx scrubbers and purchased NOx certificates to comply with new regulations. Our ongoing efforts to proactively reduce the energy and emissions intensity of our operations are integral to managing this risk, including our announcement of two emission reduction targets in 2021, and our work in 2022-2023 to establish a clear net zero to 2050 plan and 2030 emissions reduction target. We are also working with external partners to further implement and develop emission reduction technologies that are economic to the Company, in part due to the potential generation of carbon credits. Based on stakeholder engagement, Vermilion believes that independent assessments of our operations by third parties are an important tool to demonstrate our responsible approach to production of essential energy. As a result, we have sought and achieved Equitable Origin responsible gas producer certification for 3 of our Canadian sites, the AFNOR CSR Committed label in France, and the Business Working Responsibly mark in Ireland.
	Medium-term Physical Risks (3-6 Years)		
Acute: Increased Severity of Extreme Weather Events such as Cyclones and Floods	Vermilion owns and operates an offshore platform in the Wandoo field off northwestern Australia, co-owns and operates the Corrib project off the Irish coast, and owns and operates oil fields in the coastal area of SW France. Extreme weather events have the potential to directly impact our offshore operations resulting in down time or damage to infrastructure, and can impact the downstream handling capacity of our partners, resulting in a limitation to the distribution and sale of our products.	Based on the value of the Wandoo Platform and a 1-in-10,000-year cyclonic event, the financial implications associated with damage due to a severe weather event is estimated at $274MM (total impact before insurance). The third-party costs associated with potential damages from extreme weather events are not tracked.	Vermilion maintains insurance as a mitigative measure to reduce the financial impact associated with damage to our assets due to severe weather events. We also have a robust asset integrity program that maintains our offshore facilities to their original design specifications of CAT 5 hurricane force. We also have protocols for monitoring and preparing for cyclones, and have invested in our emergency response capabilities in the event of damage to our assets due to severe weather.

Category / Issue	Description of Impacts	Potential Financial Impact	Management Approach
		Long-term Transition Risks (6-50 Years)	
Technology: Substitution of existing products and services with lower emissions options	Although we see demand for oil and natural gas remaining robust in the short- to mid-term, it is likely that demand for oil and, to a lesser degree, natural gas will eventually fall as the energy transition evolves and various alternatives for renewable energy options become technologically and economically available. This could impact the need for our products in the longer term, post 2030 for oil and even further out for natural gas. As 2021 and 2022 have demonstrated, it will be critical to maintain adequate supplies of both oil and natural gas during the energy transition, to provide both accessibility and affordability.	Given the uncertain timeline and progression of the energy transition, and supply-demand dynamics, we are not using a financial forecast for impact. We are, however, using our scenario analysis to identify potential opportunities that would mitigate the risk to our products.	Based on our scenario analysis, we identified the need to explore new and evolving technologies and processes to identify synergistic fits for our business in both traditional and renewable energy production. We are pursuing this via our established track record in geothermal energy from produced water, for which our internal expertise in engineering, geoscience and drilling is particularly well suited. We are also investing in early R&D in other areas, such as biogas and the conversion of traditional oil and gas assets to geothermal and hydrogen production, to better understand the long-term potential.
		Long-term Physical Risks (6-50 Years)	
Chronic: Changes in Temperature Extremes, Including Rising Mean Temperatures	A decrease or increase in the temperature extremes experienced in winter/summer months (i.e. lower seasonal lows, higher seasonal highs) could result in an increase in fuel gas for a variety of equipment essential for safe production, along with additional equipment (e.g. building heaters, line heaters). This would require additional resources (infrastructure) as well as increase our carbon footprint. Temperature extremes also have the potential to increase capital costs associated with drilling, completion and workover operations due to increased timelines, decreased productivity, equipment breakdown, etc.	For example, an overall increase in seasonal lows (warmer winters) would have a direct impact on Vermilion's more northern onshore operations, via a decreased ability to access lands and an increase in construction capital requirements. The financial implications on an annual basis are difficult to quantify; however, based on Vermilion's experience, the most significant financial implications would result from shutdowns in drilling or completions locations. The estimated cost of this would be $0.5MM per day of delay.	As weather extremes cannot be controlled, Vermilion uses our Management Systems and processes to protect the health and safety of our workers, contractors and the public, and to protect the environment from adverse effect. For example, we have reduced the potential impact related to access in remote assets by using multi-well pads wherever possible. This would significantly decrease capital considerations in the event that limited frost days occurred. Each risk associated with weather is assessed on a case-by-case basis.
Chronic: Changes In Precipitation Patterns and Extreme Variability in Weather Patterns	Vermilion holds assets inland, in coastal regions, and offshore, where a change in precipitation could negatively impact on operations due to drought or flooding. Flooding could result in limited access to locations / facilities, and poses a risk to our corporate headquarters. Alternatively, drought conditions could impact the availability of surface and / or groundwater, which Vermilion, in part, relies on for drilling and completion activities. This could negatively impact forecasted growth by increasing the timelines and capital costs to bring new infrastructure onto production.	The financial implications of a single time event (i.e. wildfire) have been assessed on a case-specific basis, and are believed to be substantive (impact > $10.0MM). Vermilion maintains insurance to mitigate the potential impact of precipitation-related extreme events (i.e. Wildfire, Flooding).	As these incidents are out of Vermilion's control, we take all measures possible to ensure effective emergency response to extreme weather events, to ensure the protection of the health and safety of our workers, contractors and the public, the protection of the environment and limiting the financial impact of the event. In the case of a longer term extreme precipitation event or drought, Vermilion would implement water management programs to reduce our reliance on fresh water sources to limit the potential impact on operations.
Chronic: Rising Sea Levels	Vermilion owns and operates assets in the Netherlands, where we have assessed the potential risk associated with rising sea levels. This could physically impact our operations due to issues such as flooding, transportation difficulties and supply chain interruptions. Rising sea levels also pose a threat related to the salinization of groundwater.	We have estimated that a rise in sea level could have a financial impact of $571MM before insurance at our main gas processing facility Garijp (GTC) in the Netherlands, caused by an extreme 1-in-10000-years tide/extreme wind event.	Other than conventional berm protection, there is no measure available to protect Vermilion's assets in the Netherlands if water levels rise to a level resulting in one of our main facilities being temporarily invaded by sea water. Based on Vermilion's assessment of the probability of these events occurring over the next 5 years being less than 0.05%, Vermilion has accepted this level of risk exposure. Vermilion currently includes a review of this risk in our annual risk management process.

Category / Issue	Description of Impacts	Potential Financial Impact	Management Approach
		Short-term Opportunities (0-3 Years)	
Products and Services, and Resilience: Development of New Products and Services through R&D and Innovation; participation in renewable energy programs	Directly related to the long-term transitional risk associated with the substitution of low-carbon products, we have the opportunity to participate in the development of those products. This has the potential to reuse our current infrastructure to provide alternative products, such as biogas or hydrogen, or to develop new products such as geothermal energy, creating new revenue streams. An example of this opportunity is the geothermal heat we are providing heat from the produced water in our oil operations to develop sustainable agriculture and residential projects near our operations.	As this opportunity is in the early stage of assessment, it is difficult to quantify the financial impact, but it is estimated at up to $2.0MM per year in revenue and returns on investment. Potential also exists for significant cost adjustments, as assets slated for abandonment would be repurposed to enable them to continue to generate energy.	We are leveraging our technical experts and partnerships to provide input into alternative and renewable energy projects as they are identified. An example of the development of low emission goods/services is our France-based industry partnership with Avenia to expand the use of geothermal energy production in oil production, and a geothermal association in Germany. We have also developed criteria for approving the move of these ideas into our Vermilion Opportunity Development Process, which provides clear gates and criteria for considering and implementing such projects.
Products and Services: Access to New Markets	More stringent global measures to reduce emissions from individual ships by 30% by 2030, established through amendments to MARPOL Annex VI, came into force on Jan 1 2020, limiting the sulphur content of bunker fuel to a maximum of 0.5%. Vermilion's Australian Wando facility produces 4500 bbl/d of low sulphur crude oil that meets the needs of refineries in the short term to meet IMO regulations.	Vermilion conservatively foresees achieving a premium of $10/bbl for its Wandoo production over the next three years for cumulative incremental revenue of $49.3MM.	Vermilion continues to access local markets for our low sulphur production, while exploring regions to expand our operations. Our Marketing group ensures that Vermilion meets its contractual obligation with our buyers in terms of volumes, delivery dates and crude quality.
Products and Services: Ability to Diversify Business Activities; Shift in Consumer Preferences	Vermilion maintains a diverse, stable global portfolio of oil and gas assets. Our strong record of safe and socially conscious development of energy resources has provided opportunities to access and develop these resources. We see our commitment to sustainability as core to our business, which has provided important organizational focus on emissions quantification and management. As consumers become more aware of and involved in the selection of their energy sources and associated carbon intensity, we believe that Vermilion will continue to be a top quartile choice, providing us with opportunities not available to peer organizations.	The financial impact of changing consumer preferences in difficult to quantify. We foresee revenue opportunities in two distinct areas. (1) In consumers selecting premium energy products, with these products demanding a higher price than other energy sources on the market; currently we estimate the potential impact of premium pricing in the long-term to be $1-5 per BOE, or $31.1MM/year based on $1 at 2022 production levels. (2) Access to more stringent markets, supported by our environmental and sustainability performance. Vermilion has entered into German, Hungarian, Croatian and Slovak oil and gas operations, which our sustainability performance has supported.	Based on stakeholder engagement, Vermilion believes that independent assessments of our operations by third parties are an important tool to demonstrate our responsible approach to production of essential energy, and generate premium. As a result, we have sought and achieved Equitable Origin responsible gas producer certification for 3 of our Canadian sites, the AFNOR CSR Committed label in France, and the Business Working Responsibly mark in Ireland. We are currently assessing the potential to expand these certifications.
		Medium-term Opportunities (3-6 Years)	
Energy Source: Participation in Carbon Market	Under the revised EU ETS Directive in effect 2021-2030, it is anticipated that there will be an active market and consumers for the offset credits generated at some of Vermilion's sustainability initiatives around the world. This shift in the cap and trade scheme may provide opportunities for Vermilion to generate certified energy reduction / offset credits through our geothermal cogeneration projects in France; however, current carbon markets are experiencing significant volatility, including reputational impacts to voluntary markets.	Vermilion is not accounting for any short term financial impact due to the volatility in current markets.	We will continue to evaluate the benefit that certified offset credits from various emission reduction projects across our operations could provide. Examples of projects that have the potential to generate credits include four geothermal co-production projects in France. Vermilion's project assessment framework is applied to each identified opportunity, including considerations associated with emissions offset.

Category / Issue	Description of Impacts	Potential Financial Impact	Management Approach
	Long-term Opportunities (6-50 Years)		
Products and Services: Shift in Consumer Preferences	Under the Canadian Environmental Protection Act and based on commitments made by the Canadian and Alberta governments and energy utilities relating to COP21, there is a commitment to reduce emissions for coal-fired power generation. Based on this and with a number of power generating facilities in Alberta nearing the end of their service life, the demand for natural gas is likely to increase due to increased use of combined cycle gas turbine (CCGT) power generation.	The short term impact of this regulatory change on gas pricing is anticipated to be low and increase to medium in the mid- to long-term. Once the regulations have come into effect and the implementation period has occurred, there is a potential to see an impact on the marketable price and demand for natural gas. As a natural gas and oil producer, Vermilion would benefit from an increase in marketable prices for natural gas in our Canadian operations.	As we move further into the energy transition, we foresee natural gas playing an impactful role as a less carbon intense fuel than other options (i.e. coal). Vermilion continues to focus on the identification of resources and assets where we have the opportunity to apply our industry leading expertise to optimize production while reducing emissions. An example of our strategy to realize this opportunity is our asset base in Alberta, which currently includes a large liquids rich gas play. Vermilion's marketing team is also actively pursuing options for our natural gas production that will enable Vermilion to achieve the best netbacks on production.
Energy Source: Shift Toward Decentralized Energy Generation	The carbon intensity of energy used around the world has a direct relationship to where the energy product was generated. Vermilion's business unit structure supports production and distribution of energy products into local markets. This strategy results in the significant reduction of the carbon footprint of our energy when compared to non-local sources.	The long-term financial impact of decentralized energy generation will depend on the speed of the energy transition balanced against the need for energy security. As such, we believe it is not possible to predict the financial impact at this time.	Vermilion continues to assess where we can access local markets for our production, while exploring regions to expand our operations. The actions taken in the past several years to realize this opportunity include alterations to our structure, our strategic objectives and our operational development plans to support Vermilion as a distributed energy provider, and exploration and development programs in regions with relatively low energy production as compared to consumption (i.e. Hungary).

Resilience of the Company's Strategy

Countries in all of our operating regions have implemented policies to support a low-carbon future for the world's economy, consistent with a 1.5-2C or lower scenario. As a global energy producer, we contribute to the supply of safe, reliable and affordable energy during this transition; our strategy is therefore based on our risk and opportunity identification, which in turn contributes to our materiality analysis. This analysis is based on double materiality, considering issues based on both external and internal impacts. The Board of Directors and senior leadership used these analyses in our scenario analysis. Vermilion uses two energy transition scenarios from the World Economic Forum. These compare a Gradual versus Rapid low-carbon transition based on inputs that include the International Energy Agency's New Policies Scenario (Gradual) and Sustainable Development Scenario (Rapid), which meets the Paris Agreement's goal to limit global temperature increases to 1.5 to 2ºC. Vermilion examines key factors impacting the speed of the transition – including the influence of new energy technologies; potential speed of their adoption; anticipated changes in policy and regulation; and emerging market pathways such as India – and resulting factors that could impact the Company, including economics (demand, supply, consumer behaviour, and costs of energy); technological advancement; capital availability; government policy; and Company reputation. Among these, government policy is seen as most influential in the near to mid-term.

We applied these findings to Vermilion's strategy to 2050 and beyond, described below. In particular, the scenario analysis led us to develop two emission-related targets that were announced in 2021: an aspirational commitment to net zero emissions in our own operations, including Scope 1 and Scope 2 emissions, by 2050, and a near-term target to reduce Scope 1 emissions intensity from our operations by 15 to 20% by 2025, using a baseline year of 2019. See Metrics and Targets, below, for more information.

In 2022, we furthered this commitment by establishing high-level approaches to net zero, including: reducing emissions; converting production by replacing end-of-life fields with lower intensity production; adapting to new technology such as carbon capture and storage and renewable energy; and — when no other options exist — a careful approach to offsetting. We are building out this plan in 2023, including establishing our next emissions reduction target, for 2030.

Overall, our strategy to ensure our resilience under various scenarios rests on three strategic activities:

- **Focusing on efficient and responsible production of oil and natural gas,** viewing emissions as potential energy sources:
  - Lower carbon fuels. Since 2012, we have shifted our production mix towards natural gas as a cleaner burning fuel than other fossil fuels. We also sell our fuels within the country of production wherever possible, reducing the carbon footprint associated with transportation of the fuel to consumers while increasing national energy security.
  - Socially responsible fuels. We are committed to ensuring that our products are produced in an environmentally and socially responsible manner, respecting worker rights and community engagement. We operate in regions noted for their stable, well-developed fiscal and regulatory policies related to oil and gas exploration and development, and for their robust health, safety, environmental and human rights legislation.
  - Transparency and reporting. We have established a strong record of reporting on greenhouse gas emissions, energy usage and other key environmental metrics, which has supported our emission reduction targets.
- **Implementing technically and economically feasible options for emission reduction**, covering combustion, flaring, venting and fugitive emissions:
  - Greater energy efficiency. Many energy and operational efficiency initiatives go hand-in-hand, which in turn helps us minimize our carbon footprint and reduce greenhouse gas emissions.
  - Lower greenhouse gas emission intensity. We are committed to reducing the greenhouse gas emissions associated with our production, with particular focus on methane.
- **Exploring new and evolving technologies and processes** to identify synergistic fits for our business in both traditional and renewable energy production:
  - Alternative energy. We are continuing to develop our knowledge and use of alternative energy sources, including geothermal energy, for which our internal expertise in engineering, geoscience and drilling is particularly well suited. This work has begun with the geothermal potential of our produced water, supporting a circular economy model that conserves, reuses and recycles resources to better protect our environment. It is also expanding into areas such as biogas and the conversion of traditional oil and gas assets to geothermal and hydrogen production.

In addition, we identified two further pillars of our sustainability strategy that are integral to managing sustainability- and climate-related issues:

Conservation

We are committed to reducing the impact our operations have, beginning with regulatory compliance across all business units. Our conservation efforts are further focused in three areas:

- **Water:** We recognize water as a basic human right, and as a vital resource that is shared among many stakeholders in our communities. We are therefore committed to protecting both the supply and the quality of water sources in our areas of operation by:
  - Proactively preventing harm and supporting healthy surface and groundwater bodies
  - Reducing potable and freshwater usage to the lowest level practical, and
  - Taking a lifecycle and circular economy approach to water, exploring opportunities to reuse and recycle products such as produced water
- **Asset Retirement Obligations:** We are adapting our long-term Asset Retirement Obligation management to include revitalizing or reusing assets to benefit our environment and our communities.
- **Biodiversity:** We are focusing on protecting the species and habitats around us by proactively identifying biodiversity risks and opportunities, and implementing associated plans.

Community

Our communities comprise a wide diversity of people and organizations, but they have one key thing in common: they care deeply about the safety, environmental stewardship and corporate citizenship that we bring to our local operations. In addition, our people care deeply about their communities - whether we work there or live there, these are the places we call home. We therefore steward our operations and relationships to demonstrate our commitment to being a responsible producer and a valued and trusted neighbor and business partner, including:

- Transparency with respect to safe and environmentally responsible operations, including our potential impacts on local communities
- Maintaining strong, genuine relationships with our communities, with engagement based on respect, listening and openness, and
- Creating a shared value focused on local economic and social development

Sustainability and Climate-Related Risk Management

Process for Identifying, Assessing and Managing Sustainability- and Climate-related Risks, and

Integration into the Company's Enterprise Risk Management (ERM) System

Sustainability-related risks and opportunities, including those related to climate, are integrated into multi-disciplinary Company-wide risk identification, assessment, and management processes as part of our ERM system, based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. This provides an integrated approach to managing risk as it impacts strategy and performance, and includes Operational, Market & Financial, Credit, Organizational, Political, Regulatory Compliance, Strategic and Reputational, and Sustainability categories. Our sustainability materiality analysis, which assesses issues with impact for both the Company and our key stakeholders, is integrated into our ERM system using the Corporate Risk Register through a collaboration between our Finance, HSE and Sustainability teams.

Overall, risk management is the responsibility of the Board and the Executive Committee based on a Top-Down, Bottom-Up approach to engage all staff. Top-Down begins with our Board and its committees with clear terms of reference, including oversight for identification and management of specific allocations of risk type. This is translated into action by our Executive Committee, which reviews and manages the ERM process through implementation of associated policies and procedures. Our staff help develop systems, standards and procedures. Bottom-Up is how staff implement, maintain and improve risk management processes, applying the hazard-risk-mitigation process in every part of our business.

Risks are identified by key staff across our Company, including our Operations, Finance, Health, Safety and Environment, Economics, Government and Public Relations, and Sustainability teams at corporate, business unit and asset levels. These employees have significant experience, and use a wide array of inputs, including operational and facility assessments, technical and research reports, external stakeholder organizations, government policy and regulation changes, industry initiatives, communities and landowners, and non-governmental entities.

The results are incorporated into our Corporate Risk Register, which provides a consistent framework to ensure the effective tracking and communication of our material risks. Using our Risk Matrix as a prioritization tool, Teams assess severity, likelihood, speed of onset, and vulnerability using scales from 1 to 5 for each factor, described in terms of human, environment, financial, social license and cybersecurity impacts. Every risk case has also been assessed to determine where sustainability- or climate-related risk is a contributing factor. The results are provided annually at minimum to senior management, the Executive Committee and the Board and its Committees as appropriate, who further assess the risks including interdependencies.

Our risk management approach focuses on reducing the risk to a level as low as reasonably practicable, accepting the risk, and/or controlling it (such as insuring it). For example, if direct mitigation is not possible (e.g. changes in temperature extremes), we would adapt our business processes to reduce the potential impact (e.g. changing work hours to avoid extreme mid-day heat). In other situations (e.g. increasing risk of flood), we may take measures to protect against the risk (e.g. flood controls) while also insuring our operations.

To support climate risk identification and management, we developed a Carbon Liability Assessment Tool, with Scope 1 emissions quantification and regulatory information for each business unit. We assessed the price of carbon on both a realized cost and shadow pricing basis, and have identified likely carbon pricing scenarios for all our operating areas. The Tool provides the basis for developing carbon liability risk cases for all business units, supports ongoing identification of carbon opportunities, and supports activities such as business development, taxation review and marginal abatement cost curve preparation. In 2022, we built on this approach by developing our Emissions Long-Range Planning Tool. This is based on our long-range planning tool for production, and allows us to forecast emissions, carbon taxes and the impact of various emission reduction projects. This supports our decision-making on production, capital allocation, and mergers and acquisitions.

Sustainability and Climate-Related Metrics and Targets

Metrics Used to Assess Sustainability- and Climate-Related Risks and Opportunities

Our sustainability reporting (www.vermilionenergy.com/sustainability) continues to describe significant economic, environmental, social and governance measures, which are reported with reference to TCFD, SASB and GRI. These include but are not limited to:

- Climate: energy consumption and intensity; investment in and generation of renewable energy; greenhouse gas emission and intensity, including flaring and venting, and avoided emissions; and water withdrawal, including from areas of high baseline water stress, and discharge.
- Environment: Waste generation and management; Asset integrity and spills; and Environmental investment
- Social: Health and Safety; People; and Community investment
- Governance: Ethics

These metrics contribute to our performance for CDP Climate, and S&P Global Corporate Sustainability Assessment and Sustainalytics, which comprise 10% of the Corporate Performance Scorecard for our Long-term Incentive Plan. In addition, HSE metrics comprise 25% of the scorecard for our Short-Term Incentive Plan. These plans apply to all employees, including our executive team.

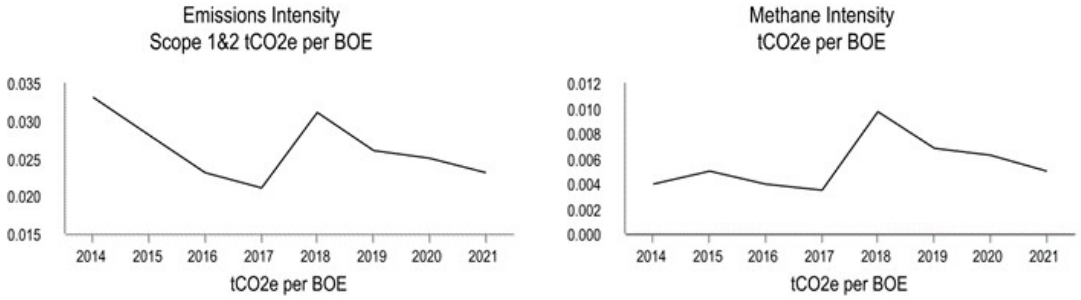
We also track carbon pricing, and have identified actual and likely pricing scenarios for all of our operations based on current government policies and published research relating to the Paris Agreement. For example, in Canada, the 2022 carbon tax was $50 per tCO2e, and in Ireland, carbon pricing was 41 € per tCO2e. Further information is available in our CDP Climate submission, available at vermilionenergy.com/sustainability/reports/.

In addition, we benchmark our performance via third-party ESG rating agencies, including:

- **CDP Climate Change and Water Security:** Climate Score of A- and Water score of "B" in 2022.
- **ISS ESG QualityScore:** Decile rating of "1" for Environmental and Social practices as of March 2023.
- **MSCI ESG Rating:** AAA in 2022.
- **S&P Global Corporate Sustainability Assessment:** Top of our peer group in 2022.

Scope 1, 2 and 3 GHG Emissions Disclosure

We report Scopes 1, 2 and 3 emissions, which are externally verified under ISO 14064-3. Historical, corporate and business unit data can be found in the Energy and Emissions Performance Metric document available at www.vermilionenergy.com/sustainability/, summarized in the charts below. The 2018 increase in emissions was associated with the acquisition of southeast Saskatchewan assets. Our Scope 1 and 2 emissions intensity and methane emissions intensity decreased in 2019 and 2020, primarily related to our first full year of operatorship for the Corrib gas asset in Ireland, and our focus on reducing post-acquisition emissions over time through superior operations, as we did in 2014 to 2017 following the acquisition of previous Saskatchewan assets. This has been achieved through a variety of gas conservation and recovery initiatives including construction of new infrastructure, operational changes and increased infrastructure runtimes. Additional decreases have been achieved through improved measurement and methodologies, projects such as replacing diesel or propane with compressed natural gas for boilers and water heating for the drilling program in Alberta, converting pneumatic devices from high- to low-bleed, installing solar-powered chemical injection pumps, and the purchase of renewable energy certificates for electricity use in Netherlands and Ireland.



Related Targets and Performance

Vermilion has committed to two emission-related targets:

- Net zero emissions in our own operations, including Scope 1 and Scope 2 emissions, by 2050. We are transparent that this is an aspirational goal, and that we will continue building the plan to achieve this target over time.
- As a first step, we set a near-term target to reduce Scope 1 emissions intensity from our operations by 15 to 20% by 2025, using a baseline year of 2019. We will set new targets every five years at minimum, building on this foundation while exploring broader options, including the potential to reduce Scope 3 emissions.
- In 2022, we furthered this commitment by establishing high-level approaches to net zero, including: reducing emissions; converting production by replacing end-of-life fields with lower intensity production; adapting to new technology such as carbon capture and storage and renewable energy; and — when no other options exist — a careful approach to offsetting. We continue to build out this plan in 2023, including establishing our next emissions reduction target, for 2030.

We are tracking our performance using Scope 1 and 2 absolute and intensity emission metrics, and were on track as of end of year 2021 with a 5% decrease in Scope 1 emissions intensity. Fiscal year 2022 environmental reporting will be available in mid-2022 at https://www.vermilionenergy.com/sustainability/, where additional targets to reduce emissions and methane in our southeast Saskatchewan assets, reduce Scope 2 emissions in our Netherlands and Ireland Business Units, and generate renewable energy in our France Business Unit can also be found.

For more information on our sustainability- and climate-related performance, please see our 2023 Proxy Statement and Information Circular, online sustainability reporting, particularly the Index and Performance Metrics sections, and 2022 CDP Responses.

Corporate Governance

We are committed to a high standard of corporate governance practices, a dedication that begins at the Board level and extends throughout the Company. We believe good corporate governance is in the best interest of our shareholders, and that successful companies are those that deliver growth and a competitive return along with a commitment to the environment, to the communities where they operate, and to their employees.

We comply with the objectives and guidelines relating to corporate governance adopted by the Canadian Securities Administrators and the Toronto Stock Exchange ("TSX"). In addition, the Board monitors and considers the implementation of corporate governance standards proposed by various regulatory and non-regulatory authorities in Canada. A discussion of corporate governance policies is included each year in our proxy materials for our annual general meeting of shareholders, copies of which are available on SEDAR (www.sedar.com).

As a Canadian reporting issuer with securities listed on the TSX and the New York Stock Exchange (“NYSE”), Vermilion is required to comply with all applicable Canadian requirements adopted by the Canadian Securities Administrators and the TSX, and applicable rules for foreign private issuers adopted by the U.S. Securities and Exchange Commission that give effect to the provisions of the Sarbanes-Oxley Act of 2002.

Our corporate governance practices also incorporate many “best practices” derived from those required to be followed by US domestic companies under the NYSE listing standards. We are required by Section 303A.11 of the NYSE Listed Company Manual to identify any significant ways in which our corporate governance practices differ from those required to be followed by US domestic companies under NYSE listing standards. We believe that there are no such significant differences in our corporate governance practices, except as follows:

- *Shareholder Approval of Equity Compensation Plans.* Section 303A.8 of the NYSE Listed Company Manual requires shareholder approval of all “equity compensation plans” and material revisions to those plans. The definition of “equity compensation plans” covers plans that provide for the delivery of newly issued securities, and also plans which rely on securities reacquired on the market by the issuing company for the purpose of redistribution to employees and directors. The TSX rules provide that equity compensation plans and material amendments thereto require shareholder approval only if they involve newly issued securities and the amendments are not otherwise addressed in the plan’s amendment procedures. In addition, the TSX rules require that every three years after institution, all unallocated options, rights or other entitlements under equity compensation plans which do not have a fixed maximum aggregate of securities issuable must be approved by shareholders. Vermilion follows the TSX rules with respect to shareholder approval of equity compensation plans and material revisions to those plans.

Disclosure Controls and Procedures

Our officers have established and maintained disclosure controls and procedures and evaluated the effectiveness of these controls in conjunction with our filings.

As of December 31, 2022, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded and certified that our disclosure controls and procedures are effective.

Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

The Chief Executive Officer and the Chief Financial Officer of Vermilion have assessed the effectiveness of Vermilion's internal control over financial reporting as defined in Rule 13a-15 under the US Securities Exchange Act of 1934 and as defined in Canada by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings. The assessment was based on the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Chief Executive Officer and the Chief Financial Officer of Vermilion have concluded that Vermilion's internal control over financial reporting was effective as of December 31, 2022. The effectiveness of Vermilion's internal control over financial reporting as of December 31, 2022 has been audited by Deloitte LLP, as reflected in their report included in the 2022 audited annual financial statements filed with the US Securities and Exchange Commission. No changes were made to Vermilion's internal control over financial reporting during the year ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting.

Vermilion has limited the scope of design controls and procedures ("DC&P") and internal controls over financial reporting to exclude controls, policies
and procedures of Leucrotta Exploration Inc., which was acquired on May 31, 2022. The scope limitation is in accordance with section 3.3(1)(b) of NI 52-109 which allows an issuer to limit the design of DC&P and ICFR to exclude controls, policies, and procedures of a business that the issuer acquired not more than 365 days before the end of the fiscal period.

The table below presents the summary financial information of Leucrotta Exploration Inc. included in Vermilion's financial statements as at and for the year ended December 31, 2022:

($M)	As at Dec 31, 2022
Non-current assets	659,047
Non-current liabilities	100,697
Net assets	558,350

($M)	Year Ended Dec 31, 2022
Revenue net of royalties	55,696
Net earnings	17,055

Supplemental Table 1: Netbacks

The following table includes financial statement information on a per unit basis by business unit. Liquids includes crude oil, condensate, and NGLs. Natural gas sales volumes have been converted on a basis of six thousand cubic feet of natural gas to one barrel of oil equivalent.

	Q4 2022			2022			Q4 2021	2021
	Liquids $/bbl	Natural Gas $/mcf	Total $/boe	Liquids $/bbl	Natural Gas $/mcf	Total $/boe	Total $/boe	Total $/boe
Canada								
Sales	90.58	5.96	**65.13**	99.07	6.07	**70.33**	59.16	47.54
Royalties	(14.09)	(0.16)	**(7.99)**	(16.56)	(0.47)	**(10.26)**	(8.10)	(5.99)
Transportation	(3.10)	(0.36)	**(2.66)**	(2.92)	(0.28)	**(2.35)**	(2.00)	(2.04)
Operating	(17.05)	(1.41)	**(13.05)**	(16.30)	(1.37)	**(12.60)**	(11.96)	(11.35)
Operating netback	56.34	4.03	**41.43**	63.29	3.95	**45.12**	37.10	28.16
General and administration			**(1.37)**			**(1.50)**	(0.71)	(0.97)
Fund flows from operations ($/boe)			**40.06**			**43.62**	36.39	27.19
United States								
Sales	96.51	6.00	**83.51**	102.22	6.36	**87.46**	67.18	62.98
Royalties	(26.18)	(1.85)	**(22.94)**	(27.00)	(1.88)	**(23.38)**	(19.60)	(17.23)
Transportation	(0.23)	—	**(0.18)**	(0.42)	—	**(0.33)**	(0.61)	(0.75)
Operating	(17.98)	(2.75)	**(17.66)**	(14.59)	(2.29)	**(14.40)**	(9.22)	(9.52)
Operating netback	52.12	1.40	**42.73**	60.21	2.19	**49.35**	37.75	35.48
General and administration			**(4.28)**			**(3.08)**	(3.10)	(2.56)
Fund flows from operations ($/boe)			**38.45**			**46.27**	34.65	32.92
France								
Sales	119.68	—	**119.68**	132.90	—	**132.90**	100.18	88.15
Royalties	(14.27)	—	**(14.28)**	(14.67)	—	**(14.68)**	(12.77)	(11.89)
Transportation	(7.05)	—	**(7.05)**	(7.31)	—	**(7.31)**	(8.25)	(8.36)
Operating	(19.41)	—	**(19.41)**	(20.94)	—	**(20.94)**	(17.88)	(16.46)
Operating netback	78.95	—	**78.94**	89.98	—	**89.97**	61.28	51.44
General and administration			**(7.73)**			**(5.98)**	(3.02)	(3.46)
Current income taxes			**(7.69)**			**(10.87)**	(4.12)	2.88
Fund flows from operations ($/boe)			**63.52**			**73.12**	54.14	50.86
Netherlands								
Sales	(6.47)	47.47	**281.75**	87.13	47.04	**279.87**	205.17	110.47
Royalties	—	(0.20)	**(1.21)**	—	(0.04)	**(0.25)**	(0.52)	(0.33)
Operating	—	(4.45)	**(26.44)**	—	(3.85)	**(22.82)**	(14.20)	(13.17)
Operating netback	(6.47)	42.82	**254.10**	87.13	43.15	**256.80**	190.45	96.97
General and administration			**(4.75)**			**(2.12)**	(0.88)	(0.46)
Current income taxes			**(86.02)**			**(74.91)**	(41.66)	(17.40)
Fund flows from operations ($/boe)			**163.33**			**179.77**	147.91	79.11
Germany								
Sales	114.67	43.24	**218.13**	128.00	43.84	**231.34**	164.96	98.06
Royalties	(2.64)	(2.52)	**(11.54)**	(2.66)	(2.09)	**(10.21)**	(2.29)	(2.12)
Transportation	(13.67)	(0.61)	**(6.53)**	(10.69)	(0.47)	**(4.69)**	(5.22)	(4.73)
Operating	(17.53)	(4.42)	**(23.96)**	(19.57)	(3.35)	**(19.96)**	(18.41)	(20.18)
Operating netback	80.83	35.69	**176.10**	95.08	37.93	**196.48**	139.04	71.03
General and administration			**(5.36)**			**(3.34)**	(3.80)	(3.91)
Current income taxes			**(3.53)**			**(15.15)**	—	—
Fund flows from operations ($/boe)			**167.21**			**177.99**	135.24	67.12
Ireland								
Sales	—	27.02	**162.16**	—	32.34	**194.05**	236.78	120.51
Transportation	—	(0.31)	**(1.88)**	—	(0.36)	**(2.14)**	(2.03)	(2.36)
Operating	—	(1.96)	**(11.74)**	—	(1.65)	**(9.92)**	(8.89)	(8.37)
Operating netback	—	24.75	**148.54**	—	30.33	**181.99**	225.86	109.78
General and administration			**(0.78)**			**0.07**	(0.81)	0.01
Fund flows from operations ($/boe)			**147.76**			**182.06**	225.05	109.79

	Q4 2022				2022		Q4 2021	2021
	Liquids $/bbl	Natural Gas $/mcf	Total $/boe	Liquids $/bbl	Natural Gas $/mcf	Total $/boe	Total $/boe	Total $/boe
Australia								
Sales	139.95	—	**139.95**	148.15	—	**148.15**	112.26	103.01
Operating	(31.23)	—	**(31.23)**	(38.50)	—	**(38.50)**	(44.31)	(36.55)
PRRT [1]	(7.40)	—	**(7.40)**	(12.27)	—	**(12.27)**	(15.43)	(11.30)
Operating netback	101.32	—	**101.32**	97.38	—	**97.38**	52.52	55.16
General and administration			**(2.93)**			**(3.32)**	(3.07)	(2.49)
Current income taxes			**3.47**			**3.36**	6.73	4.15
Fund flows from operations ($/boe)			**101.86**			**97.42**	56.18	56.82
Total Company								
Sales	103.54	17.43	**103.99**	110.22	18.99	**111.95**	96.82	66.81
Realized hedging (loss) gain	(0.68)	(1.90)	**(5.42)**	(5.82)	(3.56)	**(13.07)**	(23.97)	(10.52)
Royalties	(12.69)	(0.51)	**(8.43)**	(15.24)	(0.62)	**(9.85)**	(7.43)	(5.98)
Transportation	(3.30)	(0.33)	**(2.71)**	(3.39)	(0.26)	**(2.54)**	(2.41)	(2.48)
Operating	(19.62)	(2.21)	**(16.81)**	(18.99)	(2.01)	**(15.75)**	(14.24)	(13.27)
PRRT [1]	(1.12)	—	**(0.62)**	(1.11)	—	**(0.59)**	(0.70)	(0.50)
Operating netback	66.13	12.48	**70.00**	65.67	12.54	**70.15**	48.07	34.06
General and administration			**(1.65)**			**(1.86)**	(2.20)	(1.70)
Interest expense			**(2.78)**			**(2.67)**	(2.06)	(2.35)
Realized foreign exchange			**2.33**			**0.49**	(0.30)	(0.21)
Other income			**(0.14)**			**0.42**	1.29	0.71
Corporate income taxes			**(5.18)**			**(6.70)**	(4.07)	(0.97)
Windfall taxes			**(27.50)**			**(7.18)**	—	—
Fund flows from operations ($/boe)			**35.08**			**52.65**	40.73	29.54

(1) Vermilion considers Australian PRRT to be an operating item and, accordingly, has included PRRT in the calculation of operating netbacks. Current income taxes presented above excludes PRRT.

Supplemental Table 2: Hedges

The prices in these tables may represent the weighted averages for several contracts with foreign currency amounts translated to the disclosure currency using forward rates as at the month-end date. The weighted average price for the portfolio of options listed below may not have the same payoff profile as the individual contracts. As such, the presentation of the weighted average prices is purely for indicative purposes.

The following tables outline Vermilion's outstanding risk management positions as at December 31, 2022:

	Unit	Currency	Daily Bought Put Volume	Weighted Average Bought Put Price	Daily Sold Call Volume	Weighted Average Sold Call Price	Daily Sold Put Volume	Weighted Average Sold Put Price	Daily Sold Swap Volume	Weighted Average Sold Swap Price	Daily Bought Swap Volume	Weighted Average Bought Swap Price
AECO												
Q1 2023	mcf	CAD	4,739	3.69	4,739	7.70	—	—	28,435	4.95	—	—
Q2 2023	mcf	CAD	—	—	—	—	—	—	14,217	4.19	—	—
Q3 2023	mcf	CAD	—	—	—	—	—	—	14,217	4.19	—	—
Q4 2023	mcf	CAD	—	—	—	—	—	—	4,791	4.19	—	—
AECO Basis (AECO less NYMEX Henry Hub)												
Q2 2023	mcf	USD	—	—	—	—	—	—	23,000	(1.13)	—	—
Q3 2023	mcf	USD	—	—	—	—	—	—	23,000	(1.13)	—	—
Q4 2023	mcf	USD	—	—	—	—	—	—	7,750	(1.13)	—	—
NYMEX Henry Hub												
Q1 2023	mcf	USD	24,000	4.00	24,000	8.44	—	—	—	—	—	—
Q2 2023	mcf	USD	5,000	4.00	5,000	8.75	—	—	—	—	—	—
Q3 2023	mcf	USD	5,000	4.00	5,000	8.75	—	—	—	—	—	—
Q4 2023	mcf	USD	1,685	4.00	1,685	8.75	—	—	—	—	—	—

	Unit	Currency	Daily Bought Put Volume	Weighted Average Bought Put Price	Daily Sold Call Volume	Weighted Average Sold Call Price	Daily Sold Put Volume	Weighted Average Sold Put Price	Daily Sold Swap Volume	Weighted Average Sold Swap Price	Daily Bought Swap Volume	Weighted Average Bought Swap Price
NBP												
Q1 2023	mcf	EUR	18,426	11.76	18,426	19.54	14,740	4.10	—	—	—	—
Q2 2023	mcf	EUR	7,370	11.48	7,370	17.46	4,913	4.40	—	—	—	—
Q3 2023	mcf	EUR	2,457	22.71	2,457	35.90	—	—	—	—	—	—
Q1 2024	mcf	EUR	4,913	41.03	4,913	84.26	—	—	—	—	—	—
TTF												
Q1 2023	mcf	EUR	14,740	24.01	14,740	46.12	2,457	3.52	—	—	—	—
Q2 2023	mcf	EUR	19,654	34.53	19,654	53.21	—	—	—	—	—	—
Q3 2023	mcf	EUR	19,654	34.53	19,654	53.21	—	—	—	—	—	—
Q4 2023	mcf	EUR	12,284	44.84	12,284	84.99	—	—	3,685	67.41	—	—
Q1 2024	mcf	EUR	31,938	40.69	31,938	78.00	—	—	3,685	67.41	—	—
Q2 2024	mcf	EUR	3,593	37.56	3,593	74.66	—	—	—	—	—	—
Q3 2024	mcf	EUR	3,593	37.56	3,593	74.66	—	—	—	—	—	—

VET Equity Swaps		Initial Share Price		Share Volume
Swap	Jan 2020 - Apr 2023	20.9788	CAD	2,250,000
Swap	Jan 2020 - Jul 2024	22.4587	CAD	1,500,000

Cross Currency Interest Rate		Receive Notional Amount		Receive Rate	Pay Notional Amount		Pay Rate
Swap	January 2023	111,600,000	USD	SOFR + 1.35%	150,000,000	CAD	CDOR + 0.88%

Supplemental Table 3: Capital Expenditures and Acquisitions

By classification ($M)	Q4 2022	Q4 2021	2022	2021
Drilling and development	**157,849**	119,002	**528,056**	339,390
Exploration and evaluation	**11,456**	26,805	**23,761**	35,406
Capital expenditures	**169,305**	145,807	**551,817**	374,796
Acquisitions	**3,594**	26,848	**510,309**	131,628
Acquisition of securities	**964**	—	**23,282**	—
Contingent consideration	**—**	—	**—**	330
Working capital assumed	**—**	(3,215)	**6,122**	(993)
Acquisitions	**4,558**	23,633	**539,713**	130,965

By category ($M)	Q4 2022	Q4 2021	2022	2021
Drilling, completion, new well equip and tie-in, workovers and recompletions	**112,755**	97,833	**418,284**	252,734
Production equipment and facilities	**49,286**	30,919	**105,722**	93,901
Seismic, studies, land and other	**7,264**	17,055	**27,811**	28,161
Capital expenditures	**169,305**	145,807	**551,817**	374,796
Acquisitions	**4,558**	23,633	**539,713**	130,965
Total capital expenditures and acquisitions	**173,863**	169,440	**1,091,530**	505,761

Capital expenditures by country ($M)	Q4 2022	Q4 2021	2022	2021
Canada	**111,483**	86,051	**275,203**	190,242
United States	**2,409**	3,592	**63,353**	32,540
France	**15,704**	15,030	**44,252**	39,708
Netherlands	**14,232**	12,432	**21,652**	27,037
Germany	**10,089**	10,883	**26,157**	20,307
Ireland	**1,323**	105	**3,030**	1,261
Australia	**5,753**	8,755	**95,173**	34,785
Central and Eastern Europe	**8,312**	8,959	**22,997**	28,916
Total capital expenditures	**169,305**	145,807	**551,817**	374,796

Acquisitions by country ($M)	Q4 2022	Q4 2021	2022	2021
Canada	**1,985**	1,191	**531,348**	1,699
United States	**—**	78	**1,075**	94,248
Netherlands	**—**	—	**707**	—
Germany	**(11)**	20,485	**3,857**	33,139
Ireland	**2,584**	1,879	**2,726**	1,879
Total acquisitions	**4,558**	23,633	**539,713**	130,965

Supplemental Table 4: Production

	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20
Canada												
Light and medium crude oil (bbls/d)	**17,448**	16,835	17,042	15,980	16,388	16,809	16,868	17,767	19,301	19,847	22,545	22,767
Condensate [1] (bbls/d)	**4,525**	4,204	4,873	4,892	4,785	4,426	5,558	4,556	4,662	5,200	5,047	4,634
Other NGLs [1] (bbls/d)	**6,279**	6,870	7,155	7,286	7,073	6,862	7,767	7,016	7,334	8,350	8,248	6,943
NGLs (bbls/d)	**10,804**	11,074	12,028	12,178	11,858	11,288	13,325	11,572	11,996	13,550	13,295	11,577
Conventional natural gas (mmcf/d)	**146.81**	145.04	143.94	140.55	128.85	138.42	146.55	138.41	135.27	155.15	164.08	151.16
Total (boe/d)	**52,720**	52,080	53,060	51,584	49,720	51,168	54,618	52,407	53,840	59,256	63,187	59,537
United States												
Light and medium crude oil (bbls/d)	**3,282**	2,824	2,846	2,675	2,647	3,520	1,888	2,322	2,495	3,243	3,971	2,481
Condensate [1] (bbls/d)	**36**	35	40	24	26	2	2	—	1	6	6	6
Other NGLs [1] (bbls/d)	**1,218**	1,031	958	1,056	1,388	1,206	928	1,058	1,294	1,158	1,340	1,079
NGLs (bbls/d)	**1,254**	1,066	998	1,080	1,414	1,208	930	1,058	1,295	1,164	1,346	1,085
Conventional natural gas (mmcf/d)	**7.45**	7.03	6.74	7.56	9.09	6.75	5.51	5.95	6.87	7.94	8.35	6.72
Total (boe/d)	**5,779**	5,062	4,967	5,014	5,575	5,854	3,736	4,373	4,934	5,730	6,708	4,685
France												
Light and medium crude oil (bbls/d)	**7,247**	6,818	8,126	8,389	8,453	8,677	9,013	9,062	9,255	9,347	7,046	9,957
Total (boe/d)	**7,247**	6,818	8,126	8,389	8,453	8,677	9,013	9,062	9,255	9,347	7,046	9,957
Netherlands												
Light and medium crude oil (bbls/d)	**—**	—	1	1	—	6	1	6	1	—	1	3
Condensate [1] (bbls/d)	**49**	74	60	83	97	104	95	92	99	83	86	84
NGLs (bbls/d)	**49**	74	60	83	97	104	95	92	99	83	86	84
Conventional natural gas (mmcf/d)	**27.41**	29.15	35.22	39.03	51.98	42.48	37.59	41.45	42.95	46.09	47.31	48.33
Total (boe/d)	**4,617**	4,933	5,930	6,589	8,761	7,190	6,362	7,006	7,257	7,764	7,972	8,143
Germany												
Light and medium crude oil (bbls/d)	**1,481**	1,764	1,331	1,158	1,127	1,043	1,093	911	960	964	1,039	909
Conventional natural gas (mmcf/d)	**25.86**	26.54	25.36	26.95	18.00	16.19	15.60	13.40	11.50	11.25	13.23	14.64
Total (boe/d)	**5,791**	6,187	5,558	5,650	4,127	3,741	3,694	3,144	2,876	2,839	3,244	3,349
Ireland												
Conventional natural gas (mmcf/d)	**26.04**	25.74	27.93	30.26	30.12	22.67	30.19	34.14	34.76	35.12	38.57	41.38
Total (boe/d)	**4,340**	4,290	4,655	5,043	5,020	3,778	5,031	5,690	5,793	5,853	6,428	6,896
Australia												
Light and medium crude oil (bbls/d)	**4,847**	4,763	2,465	3,888	2,742	4,190	3,835	4,489	3,781	4,549	5,299	4,041
Total (boe/d)	**4,847**	4,763	2,465	3,888	2,742	4,190	3,835	4,489	3,781	4,549	5,299	4,041
Central and Eastern Europe												
Conventional natural gas (mmcf/d)	**0.67**	0.63	0.64	0.34	0.12	0.22	0.28	0.63	0.67	0.80	2.89	3.27
Total (boe/d)	**111**	104	106	57	20	36	46	104	111	132	483	546
Consolidated												
Light and medium crude oil (bbls/d)	**34,305**	33,003	31,811	32,091	31,356	34,245	32,698	34,556	35,793	37,951	39,899	40,157
Condensate [1] (bbls/d)	**4,610**	4,312	4,973	4,999	4,908	4,532	5,656	4,648	4,762	5,289	5,142	4,724
Other NGLs [1] (bbls/d)	**7,497**	7,901	8,113	8,342	8,461	8,068	8,695	8,074	8,627	9,509	9,588	8,022
NGLs (bbls/d)	**12,107**	12,213	13,086	13,341	13,369	12,600	14,351	12,722	13,389	14,798	14,730	12,746
Conventional natural gas (mmcf/d)	**234.23**	234.12	239.83	244.69	238.16	226.73	235.72	233.98	232.00	256.34	274.42	265.51
Total (boe/d)	**85,450**	84,237	84,868	86,213	84,417	84,633	86,335	86,276	87,848	95,471	100,366	97,154

	2022	2021	2020	2019	2018	2017
Canada						
Light and medium crude oil (bbls/d)	**16,830**	16,954	21,106	23,971	17,400	6,015
Condensate [1] (bbls/d)	**4,621**	4,831	4,886	4,295	3,754	3,036
Other NGLs [1] (bbls/d)	**6,895**	7,179	7,719	6,988	5,914	4,144
NGLs (bbls/d)	**11,516**	12,010	12,605	11,283	9,668	7,180
Conventional natural gas (mmcf/d)	**144.10**	138.03	151.38	148.35	129.37	97.89
Total (boe/d)	**52,364**	51,968	58,942	59,979	48,630	29,510
United States						
Light and medium crude oil (bbls/d)	**2,908**	2,597	3,046	2,514	1,069	662
Condensate [1] (bbls/d)	**34**	8	5	18	8	4
Other NGLs [1] (bbls/d)	**1,066**	1,146	1,218	996	452	50
NGLs (bbls/d)	**1,100**	1,154	1,223	1,014	460	54
Conventional natural gas (mmcf/d)	**7.20**	6.84	7.47	6.89	2.78	0.39
Total (boe/d)	**5,207**	4,890	5,514	4,675	1,992	781
France						
Light and medium crude oil (bbls/d)	**7,639**	8,799	8,903	10,435	11,362	11,084
Conventional natural gas (mmcf/d)	**—**	—	—	0.19	0.21	—
Total (boe/d)	**7,639**	8,799	8,903	10,467	11,396	11,084
Netherlands						
Light and medium crude oil (bbls/d)	**—**	3	1	3	—	—
Condensate [1] (bbls/d)	**66**	97	88	88	90	90
NGLs (bbls/d)	**66**	97	88	88	90	90
Conventional natural gas (mmcf/d)	**32.66**	43.40	46.16	49.10	46.13	40.54
Total (boe/d)	**5,510**	7,334	7,782	8,274	7,779	6,847
Germany						
Light and medium crude oil (bbls/d)	**1,435**	1,044	968	917	1,004	1,060
Conventional natural gas (mmcf/d)	**26.18**	15.81	12.65	15.31	15.66	19.39
Total (boe/d)	**5,798**	3,679	3,076	3,468	3,614	4,291
Ireland						
Conventional natural gas (mmcf/d)	**27.48**	29.25	37.44	46.57	55.17	58.43
Total (boe/d)	**4,579**	4,875	6,240	7,762	9,195	9,737
Australia						
Light and medium crude oil (bbls/d)	**3,995**	3,810	4,416	5,662	4,494	5,770
Total (boe/d)	**3,995**	3,810	4,416	5,662	4,494	5,770
Central and Eastern Europe						
Conventional natural gas (mmcf/d)	**0.57**	0.31	1.90	0.42	1.02	—
Total (boe/d)	**95**	51	317	70	169	—
Consolidated						
Light and medium crude oil (bbls/d)	**32,809**	33,208	38,441	43,502	35,329	24,591
Condensate [1] (bbls/d)	**4,721**	4,936	4,980	4,400	3,853	3,130
Other NGLs [1] (bbls/d)	**7,961**	8,325	8,937	7,984	6,366	4,194
NGLs (bbls/d)	**12,682**	13,261	13,917	12,384	10,219	7,324
Conventional natural gas (mmcf/d)	**238.18**	233.64	256.99	266.82	250.33	216.64
Total (boe/d)	**85,187**	85,408	95,190	100,357	87,270	68,021

[1] Under National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities", disclosure of production volumes should include segmentation by product type as defined in the instrument. This table provides a reconciliation from "crude oil and condensate", "NGLs" and "natural gas" to the product types. In this report, references to "crude oil" and "light and medium crude oil" mean "light crude oil and medium crude oil" and references to "natural gas" mean "conventional natural gas". Production volumes reported are based on quantities as measured at the first point of sale.

Supplemental Table 5: Segmented Financial Results

	Three Months Ended December 31, 2022								
($M)	Canada	USA	France	Netherlands	Germany	Ireland	Australia	Corporate	Total
Drilling and development	111,483	2,409	15,704	13,897	9,844	1,323	5,753	(2,564)	157,849
Exploration and evaluation	—	—	—	335	245	—	—	10,876	11,456
Crude oil and condensate sales	213,382	34,786	77,910	(29)	18,153	15	95,420	—	439,637
NGL sales	22,043	5,496	—	—	—	—	—	—	27,539
Natural gas sales	80,472	4,116	—	119,697	102,858	64,738	—	3,636	375,517
Sales of purchased commodities	—	—	—	—	—	—	—	50,215	50,215
Royalties	(38,747)	(12,198)	(9,294)	(512)	(6,403)	—	—	(1,149)	(68,303)
Revenue from external customers	277,150	32,200	68,616	119,156	114,608	64,753	95,420	52,702	824,605
Purchased commodities	—	—	—	—	—	—	—	(50,215)	(50,215)
Transportation	(12,919)	(95)	(4,589)	—	(3,621)	(752)	—	—	(21,976)
Operating	(63,305)	(9,389)	(12,638)	(11,229)	(13,292)	(4,687)	(21,291)	(416)	(136,247)
General and administration	(6,661)	(2,274)	(5,033)	(2,016)	(2,972)	(313)	(2,000)	7,925	(13,344)
PRRT	—	—	—	—	—	—	(5,045)	—	(5,045)
Corporate income taxes	(10)	—	(5,008)	(36,536)	(1,959)	—	2,366	(811)	(41,958)
Windfall taxes	—	—	—	—	—	—	—	(222,859)	(222,859)
Interest expense	—	—	—	—	—	—	—	(22,506)	(22,506)
Realized loss on derivative instruments	—	—	—	—	—	—	—	(43,940)	(43,940)
Realized foreign exchange gain	—	—	—	—	—	—	—	18,845	18,845
Realized other expense	—	—	—	—	—	—	—	(1,140)	(1,140)
Fund flows from operations	**194,255**	**20,442**	**41,348**	**69,375**	**92,764**	**59,001**	**69,450**	**(262,415)**	**284,220**

	Year Ended December 31, 2022								
($M)	Canada	USA	France	Netherlands	Germany	Ireland	Australia	Corporate	Total
Total assets	3,612,487	618,116	823,544	240,276	398,612	465,643	249,253	583,127	6,991,058
Drilling and development	275,203	63,353	44,250	21,629	25,087	3,030	95,173	331	528,056
Exploration and evaluation	—	—	2	23	1,070	—	—	22,666	23,761
Crude oil and condensate sales	910,863	130,150	365,431	2,119	62,464	15	221,187	—	1,692,229
NGL sales	114,128	19,385	—	—	—	—	—	—	133,513
Natural gas sales	319,293	16,698	—	560,738	418,796	324,330	—	10,797	1,650,652
Sales of purchased commodities	—	—	—	—	—	—	—	244,834	244,834
Royalties	(196,005)	(44,427)	(40,353)	(512)	(21,232)	—	—	(3,488)	(306,017)
Revenue from external customers	1,148,279	121,806	325,078	562,345	460,028	324,345	221,187	252,143	3,415,211
Purchased commodities	—	—	—	—	—	—	—	(244,834)	(244,834)
Transportation	(44,849)	(618)	(20,100)	—	(9,751)	(3,578)	—	—	(78,896)
Operating	(240,899)	(27,372)	(57,588)	(45,903)	(41,523)	(16,580)	(57,478)	(1,691)	(489,034)
General and administration	(28,643)	(5,863)	(16,444)	(4,255)	(6,949)	122	(4,964)	9,319	(57,677)
PRRT	—	—	—	—	—	—	(18,318)	—	(18,318)
Corporate income taxes	(10)	—	(29,889)	(150,647)	(31,513)	—	5,016	(1,110)	(208,153)
Windfall taxes	—	—	—	—	—	—	—	(222,859)	(222,859)
Interest expense	—	—	—	—	—	—	—	(82,858)	(82,858)
Realized loss on derivative instruments	—	—	—	—	—	—	—	(405,894)	(405,894)

Realized foreign exchange gain	—	—	—	—	—	—	—	15,195	15,195
Realized other income	—	—	—	—	—	—	—	12,982	12,982
Fund flows from operations	**833,878**	**87,953**	**201,057**	**361,540**	**370,292**	**304,309**	**145,443**	**(669,607)**	**1,634,865**

Supplemental Table 6: Operational and Financial Data by Core Region

Production volumes [1]

	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20
North America												
Crude oil and condensate (bbls/d)	25,291	23,898	24,801	23,571	23,846	24,757	24,316	24,645	26,459	28,296	31,569	29,888
NGLs (bbls/d)	7,497	7,901	8,113	8,342	8,461	8,068	8,695	8,074	8,628	9,508	9,588	8,022
Natural gas (mmcf/d)	154.26	152.07	150.68	148.11	137.93	145.18	152.06	144.36	142.13	163.09	172.43	157.88
Total (boe/d)	**58,499**	**57,142**	**58,027**	**56,598**	**55,295**	**57,022**	**58,354**	**56,780**	**58,774**	**64,986**	**69,895**	**64,222**
International												
Crude oil and condensate (bbls/d)	13,624	13,419	11,983	13,519	12,419	14,020	14,037	14,560	14,096	14,943	13,471	14,994
Natural gas (mmcf/d)	79.97	82.05	89.15	96.58	100.22	81.55	83.66	89.62	89.86	93.25	101.99	107.63
Total (boe/d)	**26,953**	**27,095**	**26,840**	**29,616**	**29,123**	**27,612**	**27,981**	**29,495**	**29,073**	**30,484**	**30,472**	**32,932**
Consolidated												
Crude oil and condensate (bbls/d)	38,915	37,315	36,784	37,090	36,264	38,777	38,354	39,204	40,555	43,240	45,041	44,881
NGLs (bbls/d)	7,497	7,901	8,113	8,342	8,461	8,068	8,695	8,074	8,627	9,509	9,588	8,022
Natural gas (mmcf/d)	234.23	234.12	239.83	244.69	238.16	226.73	235.72	233.98	232.00	256.34	274.42	265.51
Total (boe/d)	**85,450**	**84,237**	**84,868**	**86,213**	**84,417**	**84,633**	**86,335**	**86,276**	**87,848**	**95,471**	**100,366**	**97,154**

(1) Please refer to Supplemental Table 4 "Production" for disclosure by product type.

Sales volumes

	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20
North America												
Crude oil and condensate (bbls/d)	25,291	23,897	24,801	23,571	23,845	24,757	24,316	24,645	26,459	28,297	31,569	29,888
NGLs (bbls/d)	7,497	7,901	8,113	8,342	8,461	8,068	8,695	8,074	8,628	9,508	9,588	8,022
Natural gas (mmcf/d)	154.26	152.07	150.68	148.11	137.93	145.18	152.06	144.36	142.13	163.09	172.43	157.88
Total (boe/d)	**58,499**	**57,142**	**58,027**	**56,598**	**55,295**	**57,022**	**58,354**	**56,780**	**58,774**	**64,986**	**69,895**	**64,222**
International												
Crude oil and condensate (bbls/d)	16,257	11,493	11,720	12,615	13,985	15,227	13,859	11,421	15,359	15,689	12,202	17,090
Natural gas (mmcf/d)	79.97	82.05	89.15	96.58	100.22	81.55	83.66	89.62	89.86	93.25	101.99	107.63
Total (boe/d)	**29,585**	**25,169**	**26,578**	**28,712**	**30,689**	**28,820**	**27,802**	**26,357**	**30,336**	**31,229**	**29,201**	**35,028**
Consolidated												
Crude oil and condensate (bbls/d)	41,547	35,391	36,522	36,186	37,830	39,985	38,174	36,066	41,818	43,985	43,771	46,977
NGLs (bbls/d)	7,497	7,901	8,113	8,342	8,461	8,068	8,695	8,074	8,627	9,509	9,588	8,022
Natural gas (mmcf/d)	234.23	234.12	239.83	244.69	238.16	226.73	235.72	233.98	232.00	256.34	274.42	265.51
Total (boe/d)	**88,083**	**82,312**	**84,607**	**85,310**	**85,984**	**85,841**	**86,156**	**83,138**	**89,111**	**96,217**	**99,096**	**99,250**

Financial results

	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20
North America												
Crude oil and condensate sales ($/bbl)	106.66	114.82	134.72	111.42	92.99	82.23	75.43	66.31	51.06	49.79	28.94	50.25
NGL sales ($/bbl)	39.93	44.64	51.86	46.94	47.26	35.55	25.43	29.39	19.20	15.04	8.94	8.92
Natural gas sales ($/mcf)	5.96	6.41	7.13	4.80	5.07	3.80	2.72	3.98	2.77	2.02	1.60	1.92
Sales ($/boe)	66.95	71.24	83.34	65.88	59.97	50.40	42.30	43.08	32.51	28.94	18.24	29.22
Royalties ($/boe)	(9.47)	(12.58)	(12.51)	(11.24)	(9.26)	(7.14)	(5.98)	(5.49)	(3.64)	(3.58)	(1.67)	(3.54)
Transportation ($/boe)	(2.42)	(2.16)	(2.15)	(1.91)	(1.86)	(1.92)	(1.90)	(2.05)	(1.92)	(1.74)	(1.72)	(1.91)
Operating ($/boe)	(13.51)	(14.00)	(11.58)	(11.95)	(11.68)	(11.02)	(10.89)	(11.21)	(10.94)	(7.82)	(9.60)	(11.93)
General and administration ($/boe)	0.10	(1.27)	(1.52)	(1.26)	(2.01)	(1.14)	(0.91)	(1.34)	(1.94)	(0.78)	(1.52)	(0.84)
Corporate income taxes ($/boe)	(0.13)	(0.03)	—	(0.02)	0.42	(0.05)	(0.04)	(0.04)	0.04	(0.02)	(0.02)	(0.04)
Fund flows from operations ($/boe)	**41.52**	**41.20**	**55.58**	**39.50**	**35.58**	**29.13**	**22.58**	**22.95**	**14.11**	**15.00**	**3.71**	**10.96**
Fund flows from operations	223,443	216,579	293,470	201,193	180,979	152,764	119,916	117,227	76,375	89,635	23,639	64,048
Drilling and development	(113,892)	(112,238)	(54,913)	(57,513)	(89,643)	(35,179)	(38,847)	(59,113)	(33,781)	(9,575)	(23,979)	(197,926)
Free cash flow	**109,551**	**104,341**	**238,557**	**143,680**	**91,336**	**117,585**	**81,069**	**58,114**	**42,594**	**80,060**	**(340)**	**(133,878)**
International												
Crude oil and condensate sales ($/bbl)	128.02	140.09	146.67	136.69	103.53	94.91	85.41	81.40	62.65	58.19	50.27	73.35
Natural gas sales ($/mcf)	39.54	58.55	32.33	36.75	35.54	18.82	9.83	7.98	6.27	2.91	2.28	4.44
Sales ($/boe)	177.23	254.86	173.14	183.66	163.23	103.39	72.16	62.39	50.30	37.94	28.98	49.42
Royalties ($/boe)	(6.38)	(7.21)	(7.23)	(5.43)	(4.13)	(4.52)	(3.83)	(3.53)	(3.02)	(3.32)	(2.16)	(3.27)
Transportation ($/boe)	(3.29)	(3.51)	(3.64)	(2.91)	(3.40)	(3.47)	(4.64)	(2.76)	(2.40)	(2.28)	(2.04)	(1.94)
Operating ($/boe)	(23.35)	(22.63)	(22.11)	(19.86)	(18.86)	(17.55)	(16.56)	(16.42)	(16.99)	(15.18)	(14.35)	(16.13)
General and administration ($/boe)	(5.09)	(3.34)	(3.16)	(3.02)	(2.53)	(2.40)	(2.61)	(2.06)	(2.92)	(2.53)	(2.72)	(2.63)
Corporate income taxes ($/boe)	(15.15)	(21.97)	(28.73)	(17.63)	(12.17)	0.64	(0.19)	0.66	2.25	0.04	(0.02)	(0.11)
PRRT ($/boe)	(1.85)	(1.96)	(0.83)	(2.60)	(1.96)	(2.74)	(0.58)	(0.60)	(1.45)	(1.27)	(1.21)	(2.90)
Fund flows from operations ($/boe)	**122.12**	**194.24**	**107.44**	**132.21**	**120.18**	**73.35**	**43.75**	**37.68**	**25.77**	**13.40**	**6.48**	**22.44**
Fund flows from operations	332,377	449,771	259,840	341,626	339,286	194,505	110,654	89,403	71,934	38,498	17,193	71,526
Drilling and development	(43,957)	(65,640)	(54,575)	(25,328)	(29,359)	(27,994)	(38,856)	(20,399)	(19,122)	(20,187)	(18,404)	(29,507)
Exploration and evaluation	(11,456)	(6,137)	(3,665)	(2,503)	(26,805)	(3,277)	(1,473)	(3,851)	(6,991)	(1,568)	109	(6,271)
Free cash flow	**276,964**	**377,994**	**201,600**	**313,795**	**283,122**	**163,234**	**70,325**	**65,153**	**45,821**	**16,743**	**(1,102)**	**35,748**

	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20
Consolidated												
Crude oil and condensate sales ($/bbl)	115.02	123.02	138.55	120.23	96.88	87.05	79.06	71.09	55.31	52.79	34.89	58.66
NGL sales ($/bbl)	39.93	44.64	51.86	46.94	47.26	35.55	25.43	29.39	19.20	15.04	8.94	8.92
Natural gas sales ($/mcf)	17.43	24.68	16.50	17.41	17.89	9.20	5.24	5.51	4.13	2.34	1.85	2.94
Sales ($/boe)	103.99	127.39	111.55	105.52	96.82	68.19	51.93	49.20	38.57	31.86	21.40	36.35
Royalties ($/boe)	(8.43)	(10.94)	(10.85)	(9.29)	(7.43)	(6.26)	(5.29)	(4.87)	(3.43)	(3.50)	(1.81)	(3.45)
Transportation ($/boe)	(2.71)	(2.57)	(2.62)	(2.25)	(2.41)	(2.44)	(2.78)	(2.27)	(2.08)	(1.92)	(1.81)	(1.92)
Operating ($/boe)	(16.81)	(16.64)	(14.89)	(14.61)	(14.24)	(13.21)	(12.72)	(12.86)	(13.00)	(10.21)	(11.00)	(13.41)
General and administration ($/boe)	(1.65)	(1.90)	(2.04)	(1.85)	(2.20)	(1.56)	(1.46)	(1.57)	(2.27)	(1.35)	(1.88)	(1.47)
Corporate income taxes ($/boe)	(5.18)	(6.74)	(9.03)	(5.95)	(4.07)	0.18	(0.09)	0.18	0.80	—	(0.02)	(0.06)

Windfall taxes ($/boe)	(27.50)	—	—	—	—	—	—	—	—	—	—	—
PRRT ($/boe)	(0.62)	(0.60)	(0.26)	(0.87)	(0.70)	(0.92)	(0.19)	(0.19)	(0.49)	(0.41)	(0.36)	(1.02)
Interest ($/boe)	(2.78)	(3.23)	(2.74)	(1.93)	(2.06)	(2.37)	(2.41)	(2.57)	(2.42)	(1.97)	(1.98)	(2.21)
Realized derivatives ($/boe)	(5.42)	(18.22)	(10.36)	(18.78)	(23.97)	(9.19)	(5.05)	(3.43)	0.10	0.47	6.07	5.47
Realized foreign exchange ($/boe)	2.33	(0.28)	(0.30)	0.10	(0.30)	0.37	(0.25)	(0.69)	0.16	(0.31)	0.44	0.94
Realized other ($/boe)	(0.14)	0.80	0.36	0.70	1.29	0.48	0.35	0.73	0.56	0.29	0.03	(0.37)
Fund flows from operations ($/boe)	**35.08**	**67.07**	**58.82**	**50.79**	**40.73**	**33.27**	**22.04**	**21.66**	**16.50**	**12.95**	**9.08**	**18.85**
Fund flows from operations	284,220	507,876	452,901	389,868	322,173	262,696	172,942	162,051	135,212	114,776	81,852	170,225
Drilling and development	(157,849)	(177,878)	(109,488)	(82,841)	(119,002)	(63,173)	(77,703)	(79,512)	(52,903)	(29,762)	(42,383)	(227,433)
Exploration and evaluation	(11,456)	(6,137)	(3,665)	(2,503)	(26,805)	(3,277)	(1,473)	(3,851)	(6,991)	(1,568)	109	(6,271)
Free cash flow	**114,915**	**323,861**	**339,748**	**304,524**	**176,366**	**196,246**	**93,766**	**78,688**	**75,318**	**83,446**	**39,578**	**(63,479)**

Non-GAAP and Other Specified Financial Measures

This MD&A includes references to certain financial measures which do not have standardized meanings and may not be comparable to similar measures presented by other issuers. These financial measures include fund flows from operations, a total of segments measure of profit or loss in accordance with IFRS 8 "Operating Segments" (please see Segmented Information in the Notes to the condensed Consolidated Financial Statements) and net debt, a capital management measure in accordance with IAS 1 "Presentation of Financial Statements" (please see Capital Disclosures in the Notes to the condensed Consolidated Financial Statements).

In addition, this MD&A includes financial measures which are not specified, defined, or determined under IFRS and are therefore considered non-GAAP financial measures and may not be comparable to similar measures presented by other issuers. These non-GAAP financial measures include:

Total of Segments Measure

Fund flows from operations (FFO): Most directly comparable to net earnings, FFO is comprised of sales excluding royalties, transportation, operating, G&A, corporate income tax, PRRT, windfall taxes, interest expense, realized loss on derivatives, realized foreign exchange gain (loss), and realized other income. The measure is used to assess the contribution of each business unit to Vermilion's ability to generate income necessary to pay dividends, repay debt, fund asset retirement obligations and make capital investments. Reconciliation to the primary financial statement measures can be found below.

	Q4 2022		Q4 2021		2022		2021	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Sales	**842,693**	**103.99**	765,915	96.82	**3,476,394**	**111.95**	2,079,761	66.81
Royalties	**(68,303)**	**(8.43)**	(58,785)	(7.43)	**(306,017)**	**(9.85)**	(186,122)	(5.98)
Transportation	**(21,976)**	**(2.71)**	(19,033)	(2.41)	**(78,896)**	**(2.54)**	(77,161)	(2.48)
Operating	**(136,247)**	**(16.81)**	(112,680)	(14.24)	**(489,034)**	**(15.75)**	(413,013)	(13.27)
General and administration	**(13,344)**	**(1.65)**	(17,374)	(2.20)	**(57,677)**	**(1.86)**	(52,877)	(1.70)
Corporate income tax expense	**(41,958)**	**(5.18)**	(32,234)	(4.07)	**(208,153)**	**(6.70)**	(30,166)	(0.97)
Windfall taxes	**(222,859)**	**(27.50)**	—	—	**(222,859)**	**(7.18)**	—	—
PRRT	**(5,045)**	**(0.62)**	(5,544)	(0.70)	**(18,318)**	**(0.59)**	(15,688)	(0.50)
Interest expense	**(22,506)**	**(2.78)**	(16,279)	(2.06)	**(82,858)**	**(2.67)**	(73,075)	(2.35)
Realized loss on derivatives	**(43,940)**	**(5.42)**	(189,598)	(23.97)	**(405,894)**	**(13.07)**	(327,384)	(10.52)
Realized foreign exchange gain (loss)	**18,845**	**2.33**	(2,395)	(0.30)	**15,195**	**0.49**	(6,613)	(0.21)
Realized other (expense) income	**(1,140)**	**(0.14)**	10,180	1.29	**12,982**	**0.42**	22,200	0.71
Fund flows from operations	**284,220**	**35.08**	322,173	40.73	**1,634,865**	**52.65**	919,862	29.54
Equity based compensation	**(5,377)**		(6,666)		**(44,390)**		(41,565)	
Unrealized gain (loss) on derivative instruments [1]	**549,693**		172,265		**540,801**		(181,094)	
Unrealized foreign exchange (loss) gain [1]	**(47,405)**		7,122		**(84,464)**		(64,963)	
Accretion	**(16,501)**		(10,983)		**(58,170)**		(43,552)	
Depletion and depreciation	**(171,926)**		(148,216)		**(577,134)**		(571,688)	
Deferred tax expense	**(196,733)**		(14,834)		**(288,707)**		(187,343)	
Gain on business combinations	**—**		—		**—**		17,198	
Impairment reversal	**—**		23,922		**192,094**		1,302,619	
Unrealized other expense [1]	**(563)**		(195)		**(1,833)**		(778)	
Net earnings	**395,408**		344,588		**1,313,062**		1,148,696	

(1) Unrealized gain (loss) on derivative instruments, Unrealized foreign exchange (loss) gain, and Unrealized other expense are line items from the respective Consolidated Statements of Cash Flows.

Non-GAAP Financial Measures and Non-GAAP Ratios

Free cash flow: Most directly comparable to cash flows from operating activities and is comprised of fund flows from operations less drilling and development costs and exploration and evaluation costs. The measure is used to determine the funding available for investing and financing activities including payment of dividends, repayment of long-term debt, reallocation into existing business units and deployment into new ventures. Reconciliation to the primary financial statement measures can be found in the following table.

($M)	Q4 2022	Q4 2021	2022	2021
Cash flows from operating activities	**495,195**	250,352	**1,814,220**	834,453
Changes in non-cash operating working capital	**(227,483)**	58,782	**(216,869)**	56,884
Asset retirement obligations settled	**16,508**	13,039	**37,514**	28,525
Fund flows from operations	**284,220**	322,173	**1,634,865**	919,862
Drilling and development	**(157,849)**	(119,002)	**(528,056)**	(339,390)
Exploration and evaluation	**(11,456)**	(26,805)	**(23,761)**	(35,406)
Free cash flow	**114,915**	176,366	**1,083,048**	545,066

Capital expenditures: Calculated as the sum of drilling and development costs and exploration and evaluation costs from the Consolidated Statements of Cash Flows that is most directly comparable to cash flows used in investing activities. We consider capital expenditures to be a useful measure of our investment in our existing asset base. Capital expenditures are also referred to as E&D capital. Reconciliation to the primary financial statement measures can be found below.

($M)	Q4 2022	Q4 2021	2022	2021
Drilling and development	**157,849**	119,002	**528,056**	339,390
Exploration and evaluation	**11,456**	26,805	**23,761**	35,406
Capital expenditures	**169,305**	145,807	**551,817**	374,796

Payout and payout % of FFO: A non-GAAP financial measure and non-GAAP ratio respectively, most directly comparable to dividends declared. Payout is comprised of dividends declared plus drilling and development costs, exploration and evaluation costs, and asset retirement obligations settled, and payout % of FFO is calculated as payout over FFO (total of segments measure). The measure is used to assess the amount of cash distributed back to shareholders and reinvested in the business for maintaining production and organic growth. The reconciliation of the measure to the primary financial statement measure can be found below.

($M)	Q4 2022	Q4 2021	2022	2021
Dividends declared	**13,058**	—	**45,769**	—
Drilling and development	**157,849**	119,002	**528,056**	339,390
Exploration and evaluation	**11,456**	26,805	**23,761**	35,406
Asset retirement obligations settled	**16,508**	13,039	**37,514**	28,525
Payout	**198,871**	158,846	**635,100**	403,321
% of fund flows from operations	**70 %**	49 %	**39 %**	44 %

Return on capital employed (ROCE): A non-GAAP ratio, ROCE is a measure that we use to analyze our profitability and the efficiency of our capital allocation process; the comparable primary financial statement measure is earnings before income taxes. ROCE is calculated by dividing net earnings before interest and taxes ("EBIT") by average capital employed over the preceding twelve months. Capital employed is calculated as total assets less current liabilities while average capital employed is calculated using the balance sheets at the beginning and end of the twelve-month period.

	Twelve Months Ended	
($M)	Dec 31, 2022	Dec 31, 2021
Net earnings	**1,313,062**	1,148,696
Taxes	**738,037**	233,197
Interest expense	**82,858**	73,075
EBIT	**2,133,957**	1,454,968
Average capital employed	**5,628,762**	4,417,260
Return on capital employed	**38 %**	33 %

Adjusted working capital: Defined as current assets less current liabilities, excluding current derivatives and current lease liabilities. The measure is used to calculate net debt, a capital management measure disclosed below.

	As at	
($M)	Dec 31, 2022	Dec 31, 2021
Current assets	**714,446**	472,845
Current derivative asset	**(162,843)**	(19,321)
Current liabilities	**(892,045)**	(746,813)
Current lease liability	**19,486**	15,032
Current derivative liability	**55,845**	268,973
Adjusted working capital	**(265,111)**	(9,284)

Capital Management Measure

Net debt: Is in accordance with IAS 1 "Presentation of Financial Statements" that is most directly comparable to long-term debt. Net debt is comprised 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), and represents Vermilion's net financing obligations after adjusting for the timing of working capital fluctuations. Net debt excludes lease obligations which are secured by a corresponding right-of-use asset.

	As at	
($M)	Dec 31, 2022	Dec 31, 2021
Long-term debt	**1,081,351**	1,651,569
Adjusted working capital	**265,111**	9,284
Unrealized FX on swapped USD borrowings	**(1,876)**	(16,067)
Net debt	**1,344,586**	1,644,786

Ratio of net debt to four quarter trailing fund flows from operations	**0.8**	1.8

Supplementary Financial Measures

Diluted shares outstanding: The sum of shares outstanding at the period end plus outstanding awards under the LTIP, based on current estimates of future performance factors and forfeiture rates.

('000s of shares)	Q4 2022	Q4 2021
Shares outstanding	**163,227**	162,261
Potential shares issuable pursuant to the LTIP	**5,389**	6,485
Diluted shares outstanding	**168,616**	168,746

Fund flows from operations per basic and diluted share: Management assesses fund flows from operations on a per share basis as we believe this provides a measure of our operating performance after taking into account the issuance and potential future issuance of Vermilion common shares. Fund flows from operations per basic share is calculated by dividing fund flows from operations (total of segments measure) by the basic weighted average shares outstanding as defined under IFRS. Fund flows from operations per diluted share is calculated by dividing fund flows from operations by the sum of basic weighted average shares outstanding and incremental shares issuable under the equity based compensation plans as determined using the treasury stock method.

Operating netback: Most directly comparable to net earnings that is calculated as sales less royalties, operating expense, transportation costs, PRRT, and realized hedging gains and losses presented on a per unit basis. Management assesses operating netback as a measure of the profitability and efficiency of our field operations.

Fund flows from operations per boe: Calculated as FFO (total of segments measure) by boe production. Fund flows from operations netback is used by management to assess the profitability of our business units and Vermilion as a whole.

Net debt to four quarter trailing fund flows from operations: Calculated as net debt (capital management measure) over the FFO (total of segments measure) from the preceding four quarters. The measure is used to assess the ability to repay debt.

Acquisitions: The sum of acquisitions from the Consolidated Statements of Cash Flows, Vermilion common shares issued as consideration, the estimated value of contingent consideration, the amount of acquiree's outstanding long-term debt assumed plus or net of acquired working capital deficit or surplus. We believe that including these components provides a useful measure of the economic investment associated with our acquisition activity. A reconciliation to the acquisitions line item in the Consolidated Statements of Cash Flows can be found in Supplemental Table 3 of this MD&A.

Cash dividends per share: Represents cash dividends declared per share that is a useful measure of the dividends a common shareholder was entitled to during the period.

Covenants: The financial covenants on our revolving credit facility contain non-GAAP measures. The definitions for these financial covenants are included in Financial Position Review.

DIRECTORS

Robert Michaleski [1,3,5]
Calgary, Alberta

Dion Hatcher
Calgary, Alberta

James J. Kleckner Jr. [7,9]
Edwards, Colorado

Carin Knickel [4,7,11]
Golden, Colorado

Stephen P. Larke [3,5,10]
Calgary, Alberta

Timothy R. Marchant [6,9,11]
Calgary, Alberta

William Roby [7,8,11]
Katy, Texas

Manjit Sharma [2,5]
Toronto, Ontario

Myron Stadnyk [7,9]
Calgary, Alberta

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 Independent Reserves Committee Chair (Independent)
9 Independent Reserves 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

Terry Hergott
Vice President Marketing

Yvonne Jeffery
Vice President Sustainability

Darcy Kerwin *
Vice President International & HSE

Bryce Kremnica *
Vice President North America

Geoff MacDonald
Vice President Geosciences

Kyle Preston
Vice President Investor Relations

Averyl Schraven
Vice President People and Culture

Jenson Tan *

Vice President Business Development

Gerard Schut *
Vice President European Operations
Robert (Bob) J. Engbloom
Corporate Secretary
* Executive Committee

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

EVALUATION ENGINEERS

GLJ Petroleum Consultants Ltd.

Calgary, Alberta

LEGAL COUNSEL

Norton Rose Fulbright Canada LLP
Calgary, Alberta

TRANSFER AGENT

Odyssey Trust Company

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange (“VET”)
The New York Stock Exchange (“VET”)

INVESTOR RELATIONS
Kyle Preston
Vice President Investor Relations
403-476-8431 TEL
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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 2023 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 2023; 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.

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 rates; 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.

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 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.

All crude oil and natural gas reserve and resource information contained in this document has been prepared and presented in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* and the Canadian Oil and Gas Evaluation Handbook. Reserves estimates have been made assuming that development of each property in respect of which the estimate is made will occur, without regard to the likely availability of funding required for such development. The actual crude oil and natural gas reserves and future production will be greater than or less than the estimates provided in this document.

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.

Abbreviations

$M	thousand dollars
$MM	million dollars
AECO	the daily average benchmark price for natural gas at the AECO ‘C’ hub in Alberta
bbl(s)	barrel(s)
bbls/d	barrels per day
boe	barrel of oil equivalent, including: crude oil, condensate, natural gas liquids, and natural gas (converted on the basis of one boe for six mcf of natural gas)
boe/d	barrel of oil equivalent per day
GJ	gigajoules
LSB	light sour blend crude oil reference price
mbbls	thousand barrels
mcf	thousand cubic feet
mmcf/d	million cubic feet per day
NBP	the reference price paid for natural gas in the United Kingdom at the National Balancing Point Virtual Trading Point
NGLs	natural gas liquids, which includes butane, propane, and ethane
PRRT	Petroleum Resource Rent Tax, a profit based tax levied on petroleum projects in Australia
tCO2e	tonnes of carbon dioxide equivalent
TTF	the price for natural gas in the Netherlands, quoted in megawatt hours of natural gas, at the Title Transfer Facility Virtual Trading Point
WTI	West Texas Intermediate, the reference price paid for crude oil of standard grade in US dollars at Cushing, Oklahoma

Management's Report to Shareholders

Management's Responsibility for Financial Statements

The accompanying consolidated financial statements of Vermilion Energy Inc. are the responsibility of management and have been approved by the Board of Directors of Vermilion Energy Inc. The consolidated financial statements have been prepared in accordance with the accounting policies detailed in the notes to the consolidated financial statements and are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Where necessary, management has made informed judgments and estimates of transactions that were not yet completed at the balance sheet date. Financial information throughout the Annual Report is consistent with the consolidated financial statements.

Management ensures the integrity of the consolidated financial statements by maintaining high-quality systems of internal control. Procedures and policies are designed to provide reasonable assurance that assets are safeguarded and transactions are properly recorded, and that the financial records are reliable for preparation of the consolidated financial statements. Deloitte LLP, Vermilion's Independent Registered Public Accounting Firm, have conducted an audit of the consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and have provided their report.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Board carries out this responsibility principally through the Audit Committee, which is appointed by the Board and is comprised entirely of independent Directors. The Committee meets periodically with management and Deloitte LLP to satisfy itself that each party is properly discharging its responsibilities and to review the consolidated financial statements, Management's Discussion and Analysis and the Report of the Independent Registered Public Accounting Firm before they are presented to the Board of Directors.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Management, under the supervision and with the participation of the principal executive officer and principle financial officer, conducted an evaluation of the effectiveness of the system of internal control over financial reporting based on the criteria established in *"Internal Control - Integrated Framework (2013)"* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has assessed the effectiveness of Vermilion's internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the US Securities Exchange Act of 1934 and as defined in Canada by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings. Management concluded that Vermilion's internal control over financial reporting was effective as of December 31, 2022. Vermilion has limited the scope of design controls and procedures ("DC&P") and internal controls over financial reporting to exclude controls, policies and procedures of Leucrotta Exploration Inc., which was acquired on May 31, 2022. The scope limitation is in accordance with section 3.3(1)(b) of NI 52-109 which allows an issuer to limit the design of DC&P and ICFR to exclude controls, policies, and procedures of a business that the issuer acquired not more than 365 days before the end of the fiscal period. Total assets and revenues excluded from management's assessment of internal control over financial reporting represents 8% and 2%, respectively, of the related Consolidated Financial Statement amounts as at and for the year ended December 31, 2022.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even those systems determined to be effective can provide only reasonable assurance with respect to the financial statement preparation and presentation.

The effectiveness of Vermilion's internal control over financial reporting as of December 31, 2022 has been audited by Deloitte LLP, the Company's Independent Registered Public Accounting Firm, who also audited the Company's consolidated financial statements for the year ended December 31, 2022.

("Dion Hatcher")

Dion Hatcher
President & Chief Executive Officer
March 8, 2023

("Lars Glemser")

Lars Glemser
Vice President & Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Vermilion Energy Inc.

Opinion on Internal Control over Financial Reporting
We have audited the internal control over financial reporting of Vermilion Energy Inc. and subsidiaries (the "Company") as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022, of the Company and our report dated March 8, 2023, expressed an unqualified opinion on those financial statements.

As described in Management's Report to Shareholders, management excluded from its assessment the internal control over financial reporting at Leucrotta Exploration Inc., which was acquired on May 31, 2022, and whose financial statements constitute 8% of total assets and 2% of total revenues of the consolidated financial statement amounts as of and for the year ended December 31, 2022. Accordingly, our audit did not include the internal control over financial reporting at Leucrotta Exploration Inc.

Basis for Opinion
The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report to Shareholders. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte LLP
Chartered Professional Accountants
Calgary, Canada
March 8, 2023

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Vermilion Energy Inc.

Opinion on the Financial Statements
We have audited the accompanying consolidated balance sheet of Vermilion Energy Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of net earnings and comprehensive income, consolidated statements of cash flows and consolidated statements of changes in shareholders' equity for each of the two years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 8, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion
These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters
The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of capital assets acquired from Leucrotta Exploration Inc. - Refer to Notes 2 and 4 to the financial statements
Critical Audit Matter Description

The Company completed the acquisition of Leucrotta Exploration Inc. for $500 million on May 31, 2022. The Company accounted for the acquisition as a business combination, which required that assets acquired, and liabilities assumed to be measured at fair value on the acquisition date. Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their respective fair values, including capital assets of $559 million. The fair value of capital assets is estimated based on the future after-tax cash flows of the underlying proved and probable oil, natural gas liquids and natural gas reserves. The Company engages an independent reservoir engineer to estimate oil and natural gas reserves using estimates, assumptions, and engineering data. The development of the Company’s reserves and the related future after-tax cash flows used to evaluate the fair value requires management to make significant estimates and assumptions related to future oil, natural gas liquids and natural gas prices, discount rate, reserves, and future operating and development costs.

Given the significant judgments made by management related to future oil, natural gas liquids and natural gas prices, discount rate, reserves, and future operating and development costs, these estimates and assumptions are subject to a high degree of estimation uncertainty. Auditing these estimates and assumptions required a high degree of auditor judgment in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort, including the involvement of fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to future oil, natural gas liquids and natural gas prices, discount rate, reserves and future operating and development costs used to determine the fair value of capital assets included the following, among others:

- Evaluated the effectiveness of the relevant controls, including those over the determination of the future oil, natural gas liquids and natural gas prices, discount rate, reserves, and future operating and development costs.
- Evaluated the Company's independent reservoir engineer by:
  - Examining reports and assessing their scope of work and findings; and
  - Assessing the competence, capability, and objectivity by evaluating their relevant professional qualifications and experience.
- Evaluated the reasonableness of reserves by testing the source financial information underlying the reserves and comparing the reserve volumes to historical production volumes.
- Evaluated the reasonableness of future operating and development costs by testing the source financial information underlying the estimate as of December 31, 2022 and performing rollback procedures to May 31, 2022 to assess any significant changes in assumptions, comparing future operating and development costs to historical results, and evaluating whether they are consistent with evidence obtained in other areas of the audit.
- With the assistance of fair value specialists:
  - Evaluated the future oil, natural gas liquids and natural gas prices by independently developing a reasonable range of forecasts based on reputable third-party forecasts and market data and comparing those to the future prices selected by management; and
  - Evaluated the reasonableness of the discount rate by testing the source information underlying the determination of the discount rate and developing a range of independent estimates and comparing to the discount rate determined by management.

Capital asset impairment reversal – Refer to Note 2 and 6 to the financial statements

Critical Audit Matter Description

The Company reviews all Cash Generating Units ("CGUs") for indicators of potential impairment or reversal of impairment at each reporting date. As a result of increasing commodity price forecasts during the year, indicators of impairment reversal were identified for those CGUs where impairment loss was recognized in prior years. An impairment reversal is recognized if the carrying amount of the CGU is less than its recoverable amount. The recoverable amount of a CGU is estimated based on the higher of its fair value less cost of disposal and its value-in-use, using future after-tax cash flows of the underlying proved and probable oil and natural gas reserves. The Company engages an independent reservoir engineer to estimate oil and natural gas reserves using estimates, assumptions, and engineering data. The development of the Company's reserves and the related future after-tax cash flows used to evaluate the impairment reversal requires management to make significant estimates and assumptions related to future oil, natural gas liquids and natural gas prices, discount rate, reserves, and future operating and development costs. Impairment reversals totaling $192 million were recorded for the year ended December 31, 2022.

Given the significant judgments made by management related to future oil, natural gas liquids and natural gas prices, discount rate, reserves, and future operating and development costs, these estimates and assumptions are subject to a high degree of estimation uncertainty. Auditing these estimates and assumptions are subject to a high degree of auditor judgment in applying audit procedures and in evaluation of the results of those procedures. This resulted in an increased extent of audit effort, including the involvement of fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to future oil, natural gas liquids and natural gas prices, discount rate, reserves, and future operating and development costs used to determine the recoverable amount of the CGUs included the following, among others:

- Evaluate management's assessment and independently assess petroleum natural gas assets for indicators of impairment or impairment reversal.
- Evaluated the effectiveness of the relevant controls, including those over the determination of the future oil, natural gas liquids and natural gas prices, discount rate, reserves, and future operating and development costs.
- Evaluated the Company's independent reservoir engineer by:
  - Examining reports and assessing their scope of work and findings; and
  - Assessing the competence, capability, and objectivity by evaluating their relevant professional qualifications and experience.
- Evaluated the reasonableness of reserves by testing the source financial information underlying the reserves and comparing the reserve volumes to historical production volumes.
- Evaluated the reasonableness of future operating and development costs by testing the source financial information underlying the estimate, comparing future operating and development costs to historical results, and evaluating whether they are consistent with evidence obtained in other areas of the audit.

- With the assistance of fair value specialists:
    - Evaluated the future oil, natural gas liquids and natural gas prices by independently developing a reasonable range of forecasts based on reputable third-party forecasts and market data and comparing those to the future prices selected by management; and
    - Evaluated the reasonableness of the discount rate by testing the source information underlying the determination of the discount rate and developing a range of independent estimates and comparing those to the discount rate determined by management.

Valuation of deferred tax asset - Refer to Notes 2 and 11 to the financial statements

Critical Audit Matter Description

The Company recognizes deferred income taxes for differences between the financial statement and tax basis of assets and liabilities at substantively enacted statutory tax rates in effect for the years in which the differences are expected to reverse.

Deferred income tax assets are reduced to the amounts expected to be realized based on forecasts of future taxable income, specifically forecasts of future revenue (commodity price forecasts and forecasted reserves). The Company recorded a deferred income tax asset for Ireland primarily arising from past taxable losses in this jurisdiction.

To determine whether it is probable that the deferred income tax assets in Ireland will be realized, management makes assumptions related to the forecasts of future taxable income, specifically forecasts of future revenue (commodity price forecasts and forecasted reserves). As such, auditing the probability of the deferred income tax assets being realized and management's commodity price forecasts and forecasted reserves involved a high degree of auditor judgement as the estimations made by management contain significant measurement uncertainty. This resulted in an increased extent of audit effort, which included the need to involve income tax specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to assessing the probability of the deferred income tax assets being realized and management's forecasts of taxable income, specifically forecasts of future revenue (commodity price forecasts and forecasted reserves) to evaluate the deferred income tax assets in Ireland included the following, among others:

- Evaluated the effectiveness of relevant controls, including those over the determination of the forecasts of future revenue, specifically commodity price forecasts and forecasted reserves in Ireland.
- Evaluated management's ability to accurately forecast future taxable income by comparing management's assumptions to historical data and available market trends.
- Evaluated the reasonableness of management's forecasts of future revenue by:
    - Comparing the forecasts prepared by management's expert to third party forecasts; and,
    - Evaluating whether management's estimates of commodity price forecasts and estimated reserves were consistent with the requirements of IAS 12 - Income taxes relating to the probability of forecasted future revenue and the length of the forecast period.

/s/ Deloitte LLP
Chartered Professional Accountants
Calgary, Canada
March 8, 2023

We have served as the Company's auditor since 2000.

Consolidated Financial Statements

Consolidated Balance Sheet

thousands of Canadian dollars

	Note	December 31, 2022	December 31, 2021
Assets			
Current			
Cash and cash equivalents	19	**13,836**	6,028
Accounts receivable	19	**373,651**	328,584
Crude oil inventory	19	**19,657**	20,070
Derivative instruments	9	**162,843**	19,321
Prepaid expenses	19	**144,459**	98,842
Total current assets		**714,446**	472,845
Derivative instruments	9	**132,598**	—
Investment in securities	5	**56,366**	—
Deferred taxes	11	**125,533**	374,993
Exploration and evaluation assets	4, 7	**270,593**	233,290
Capital assets	4, 6	**5,691,522**	4,824,195
Total assets		**6,991,058**	5,905,323
Liabilities			
Current			
Accounts payable and accrued liabilities	19	**481,444**	440,658
Dividends payable	13	**13,058**	—
Derivative instruments	9	**55,845**	268,973
Income taxes payable	19	**341,698**	37,182
Total current liabilities		**892,045**	746,813
Derivative instruments	9	**—**	51,213
Long-term debt	12	**1,081,351**	1,651,569
Lease obligations	10	**51,507**	60,190
Asset retirement obligations	8	**1,087,757**	1,000,554
Deferred taxes	11	**477,340**	328,839
Total liabilities		**3,590,000**	3,839,178
Shareholders' Equity			
Shareholders' capital	13	**4,243,794**	4,241,773
Contributed surplus		**35,409**	49,529
Accumulated other comprehensive income		**123,505**	28,467
Deficit		**(1,001,650)**	(2,253,624)
Total shareholders' equity		**3,401,058**	2,066,145
Total liabilities and shareholders' equity		**6,991,058**	5,905,323

Approved by the Board

(Signed "Robert Michaleski")

Robert Michaleski, Director

(Signed "Manjit Sharma")

Manjit Sharma, Director

Consolidated Statements of Net Earnings and Comprehensive Income

thousands of Canadian dollars, except share and per share amounts

	Note	Year Ended Dec 31, 2022	Dec 31, 2021
Revenue			
Petroleum and natural gas sales		**3,476,394**	2,079,761
Royalties		**(306,017)**	(186,122)
Sales of purchased commodities		**244,834**	147,091
Petroleum and natural gas revenue		**3,415,211**	2,040,730
Expenses			
Purchased commodities		**244,834**	147,091
Operating	19	**489,034**	413,013
Transportation		**78,896**	77,161
Equity based compensation	15	**44,390**	41,565
(Gain) loss on derivative instruments	9	**(134,907)**	508,478
Interest expense		**82,858**	73,075
General and administration	19	**57,677**	52,877
Foreign exchange loss		**69,269**	71,576
Other income		**(11,149)**	(21,422)
Accretion	8	**58,170**	43,552
Depletion and depreciation	6	**577,134**	571,688
Impairment reversal	6	**(192,094)**	(1,302,619)
Gain on business combinations		**—**	(17,198)
		1,364,112	658,837
Earnings before income taxes		**2,051,099**	1,381,893
Income tax expense			
Deferred	11	**288,707**	187,343
Current		**226,471**	45,854
Windfall taxes	11	**222,859**	—
		738,037	233,197
Net earnings		**1,313,062**	1,148,696
Other comprehensive income			
Currency translation adjustments		**60,543**	(55,632)
Hedge accounting reserve		**5,599**	6,113
Fair value adjustment on investment in securities, net of tax	5	**28,896**	—
Comprehensive income		**1,408,100**	1,099,177
Net earnings per share	16		
Basic		**8.03**	7.13
Diluted		**7.80**	6.97
Weighted average shares outstanding ('000s)	16		
Basic		**163,489**	161,172
Diluted		**168,426**	164,765

Consolidated Statements of Cash Flows

thousands of Canadian dollars

	Note	Year Ended Dec 31, 2022	Dec 31, 2021
Operating			
Net earnings		**1,313,062**	1,148,696
Adjustments:			
Accretion	8	**58,170**	43,552
Depletion and depreciation	6, 7	**577,134**	571,688
Impairment reversal	6	**(192,094)**	(1,302,619)
Gain on business combinations		**—**	(17,198)
Unrealized (gain) loss on derivative instruments	9	**(540,801)**	181,094
Equity based compensation	15	**44,390**	41,565
Unrealized foreign exchange loss		**84,464**	64,963
Unrealized other expense		**1,833**	778
Deferred tax expense	11	**288,707**	187,343
Asset retirement obligations settled	8	**(37,514)**	(28,525)
Changes in non-cash operating working capital	19	**216,869**	(56,884)
Cash flows from operating activities		**1,814,220**	834,453
Investing			
Drilling and development	6	**(528,056)**	(339,390)
Exploration and evaluation	7	**(23,761)**	(35,406)
Acquisitions, net of cash acquired	3, 5	**(510,309)**	(131,628)
Acquisition of securities	5	**(23,282)**	—
Changes in non-cash investing working capital	19	**26,116**	36,724
Cash flows used in investing activities		**(1,059,292)**	(469,700)
Financing			
Repayments on the revolving credit facility	12	**(1,121,868)**	(341,259)
Issuance of senior unsecured notes	12	**499,037**	—
Payments on lease obligations	10	**(21,168)**	(22,187)
Repurchase of shares	13	**(71,659)**	—
Cash dividends	13	**(32,711)**	—
Cash flows used in financing activities		**(748,369)**	(363,446)
Foreign exchange gain (loss) on cash held in foreign currencies		**1,249**	(2,183)
Net change in cash and cash equivalents		**7,808**	(876)
Cash and cash equivalents, beginning of year		**6,028**	6,904
Cash and cash equivalents, end of year	19	**13,836**	6,028
Supplementary information for cash flows from operating activities			
Interest paid		**75,042**	71,369
Income taxes paid		**144,814**	13,212

Consolidated Statements of Changes in Shareholders' Equity

thousands of Canadian dollars

	Note	Year Ended Dec 31, 2022	Dec 31, 2021
Shareholders' capital	13		
Balance, beginning of year		**4,241,773**	4,181,160
Vesting of equity based awards		**44,811**	49,922
Equity based compensation		**13,699**	8,365
Share-settled dividends on vested equity based awards		**4,377**	2,326
Repurchase of shares		**(60,866)**	—
Balance, end of year		**4,243,794**	4,241,773
Contributed surplus	13		
Balance, beginning of year		**49,529**	66,250
Equity based compensation		**30,691**	33,201
Vesting of equity based awards		**(44,811)**	(49,922)
Balance, end of year		**35,409**	49,529
Accumulated other comprehensive income			
Balance, beginning of year		**28,467**	77,986
Currency translation adjustments		**60,543**	(55,632)
Hedge accounting reserve		**5,599**	6,113
Fair value adjustment on investment in securities, net of tax	5	**28,896**	—
Balance, end of year		**123,505**	28,467
Deficit			
Balance, beginning of year		**(2,253,624)**	(3,399,994)
Net earnings		**1,313,062**	1,148,696
Dividends declared		**(45,769)**	—
Share-settled dividends on vested equity based awards		**(4,377)**	(2,326)
Repurchase of shares	13	**(10,942)**	—
Balance, end of year		**(1,001,650)**	(2,253,624)
Total shareholders' equity		**3,401,058**	2,066,145

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. If the price paid to repurchase common shares is less than the carrying value of the shares repurchased, the difference is recorded to contributed surplus. If the price paid to repurchase common shares exceeds the carrying value of the shares repurchased, the difference is recorded as an increase to 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. For the year ended December 31, 2022, accumulated losses of $4.3 million and $1.3 million were recognized in the consolidated statement of net earnings on the cash flow hedges and net investment hedges, respectively, and will be recognized in net earnings through 2025 when the senior unsecured notes mature.

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.

1. Basis of presentation

Vermilion Energy Inc. and its subsidiaries (the "Company" or "Vermilion") are engaged in the business of petroleum and natural gas exploration, development, acquisition, and production.

Vermilion was incorporated in Canada and the Company's registered office and principal place of business is located at 3500, 520, 3rd Avenue SW, Calgary, Alberta, Canada.

These consolidated financial statements were approved and authorized for issuance by Vermilion's Board of Directors on March 8, 2023.

2. Significant accounting policies

Accounting framework
The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Principles of consolidation
The consolidated financial statements include the accounts of Vermilion Energy Inc. and its subsidiaries. Vermilion's subsidiaries include entities in each of the jurisdictions that Vermilion operates as described in Note 3 (Segmented information) including: Canada, France, Netherlands, Germany, Ireland, Australia, the United States, and Central and Eastern Europe (Hungary, Slovakia, and Croatia). Vermilion Energy Inc. directly or indirectly through holding companies owns all of the voting securities of each material subsidiary. Transactions between Vermilion Energy Inc. and its subsidiaries have been eliminated.

Vermilion accounts for joint operations by recognizing the Company's share of assets, liabilities, income, and expenses.

Exploration and evaluation assets
Vermilion classifies costs as exploration and evaluation ("E&E") assets when they relate to exploring and evaluating an area for which the Company has the license or right to explore and extract resources. E&E costs may include: geological and geophysical costs; land and license acquisition costs; and costs for the drilling, completion, and testing of exploration wells.

E&E costs are reclassified to capital assets if the technical feasibility and commercial viability of the area can be determined. E&E assets are assessed for impairment prior to any reclassification. The technical feasibility and commercial viability of extracting the reserves is considered to be determinable when proved and probable reserves are identified.

Costs incurred prior to the acquisition of the legal rights to explore an area are expensed as incurred. If reserves are not found within the license area or the area is abandoned, the related E&E costs are depreciated over a period not greater than five years. If an exploration license expires prior to the commencement of exploration activities, the cost of the exploration license is written off through depreciation in the year of expiration.

Capital assets
Vermilion recognizes capital assets at cost less accumulated depletion, depreciation, and impairment losses. Costs include directly attributable costs incurred for the drilling, completion, and tie-in of wells and the construction of production and processing facilities.

When components of capital assets are replaced, disposed of, or no longer in use, they are derecognized. Gains and losses on disposal of capital assets are determined by comparing the proceeds of disposal compared to the carrying amount.

Depletion and depreciation
Capital assets are grouped into depletion units, which are groups of assets within a specific production area that have similar economic lives. Depletion units represent the lowest level of disaggregation for which costs are accumulated for the purposes of calculating depletion and depreciation.

The net carrying value of each depletion unit is depleted using the unit of production method by reference to the ratio of production in the period to the total proved and probable reserves, taking into account the future development costs necessary to bring the applicable reserves into production.

For the purposes of the depletion calculations, oil and gas reserves are converted to a common unit of measure on the basis of their relative energy content based on a conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent.

Impairment of capital assets and exploration and evaluation assets
Depletion units are aggregated into cash generating units ("CGUs") for impairment testing. CGUs are the lowest level for which there are identifiable cash inflows that are largely independent of cash inflows of other groups of assets. CGUs are reviewed for indicators of potential impairment at each reporting date.

E&E assets are tested for impairment when reclassified to capital assets or when indicators of potential impairment are identified. E&E assets are reviewed for indicators of potential impairment at each reporting date. If indicators of potential impairment are identified, E&E assets are tested for impairment as part of the CGU attributable to the jurisdiction in which the exploration area resides.

If an indicator of potential impairment exists, the CGU's carrying value is compared to its recoverable amount. A CGU's recoverable amount is the higher of its fair value less costs of disposal and its value-in-use. If the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized to reduce the carrying value of the CGU to its recoverable amount.

If an impairment loss has been recognized in a prior period, an assessment is performed at each reporting date to determine if there are indicators that the circumstances which led to the impairment loss have reversed. If the change in circumstances results in the recoverable amount being higher than the carrying value after the impairment loss, then the impairment loss (net of depletion that would otherwise have been recorded) is reversed.

Lease obligations and right-of-use assets
A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the lease commencement date, a lease obligation is recognized at the present value of future lease payments, typically using the applicable incremental borrowing rate. A corresponding right-of-use asset is recognized at the amount of the lease obligation, adjusted for lease incentives received and initial direct costs. Vermilion does not recognize leases for short-term leases with a lease term of 12 months or less, or leases for low-value assets.

Payments are applied against the lease obligation and interest expense is recognized on the lease obligations using the effective interest rate method. Depreciation is recognized on the right-of-use asset over the lease term.

Cash and cash equivalents
Cash and cash equivalents include cash on deposit with financial institutions and guaranteed investment certificates.

Crude oil inventory
Crude oil inventory is valued at the lower of cost or net realizable value. The cost of crude oil inventory produced includes related operating expense, royalties, and depletion determined on a weighted-average basis.

Asset retirement obligations
Vermilion recognizes a provision for asset retirement obligations when an event occurs giving rise to an obligation of uncertain timing or amount. Asset retirement obligations are recognized on the consolidated balance sheet as a long-term liability with a corresponding increase to E&E or capital assets.

Asset retirement obligations reflect the present value of estimated future settlement costs. The discount rate used to calculate the present value is specific to the jurisdiction the obligation relates to and is reflective of current market assessment of the time value of money and risks specific to the liabilities that have not been reflected in the cash flow estimates.

Asset retirement obligations are remeasured at each reporting period to reflect changes in market rates and estimated future settlement costs. Asset retirement obligations are increased each reporting period to reflect the passage of time with a corresponding charge to accretion expense.

Revenue recognition
Revenue associated with the sale of crude oil and condensate, natural gas, and natural gas liquids is measured based on the consideration specified in contracts with customers.

Revenue from contracts with customers is recognized when or as Vermilion satisfies a performance obligation by transferring control of crude oil and condensate, natural gas, or natural gas liquids to a customer at contractually specified transfer points. This transfer coincides with title passing to the customer and the customer taking physical possession of the commodity. Vermilion principally satisfies its performance obligations at a point in time and the amounts of revenue recognized relating to performance obligations satisfied over time are not significant.

Vermilion invoices customers for delivered products monthly and payment occurs shortly thereafter. Vermilion does not have any contracts where the period between the transfer of control of the commodity to the customer and payment by the customer exceeds one year. As a result, Vermilion does not adjust its revenue transactions to reflect significant financing components.

Financial instruments
On initial recognition, financial instruments are measured at fair value. Measurement in subsequent periods depends on the classification of the financial instrument as described below:

- Fair value through profit or loss ("FVTPL"): Financial instruments under this classification include cash and cash equivalents and derivative assets and liabilities. Transaction costs under this classification are expensed as incurred.
- Fair value through other comprehensive income ("FVTOCI"): Financial instruments under this classification include derivative assets, investment in securities, and liabilities where hedge accounting is applied. Transaction costs under this classification are expensed as incurred.
- Amortized cost: Financial instruments under this classification include accounts receivable, accounts payable and accrued liabilities, dividends payable, lease obligations, and long-term debt. Transaction costs under this classification are included in the measurement of the financial instrument.

Accounts receivable are measured net of a loss allowance equal to the lifetime expected credit loss.

Hedge accounting
Hedge accounting is applied to financial instruments designated as hedging instruments in qualifying hedging relationships. Qualifying hedge relationships may include cash flow hedges, fair value hedges, and hedges of net investments in foreign operations. The purpose of hedge accounting is to represent the effect of Vermilion's risk management activities to manage exposures arising from specific risks that affect net earnings such as foreign currency risk.

In order to apply hedge accounting, the eligible hedging instrument must be highly effective in offsetting the exposure to changes in the eligible hedged item. This effectiveness is assessed at inception and at the end of each reporting period thereafter. At inception, formal designation and documentation of the hedging relationship, risk management objective and strategy is required for undertaking the hedge.

For cash flow and net investment hedges, gains and losses on the hedging instrument are recognized in the consolidated statement of earnings in the same period in which the transaction associated with the hedged item occurs. Where the hedging instrument is a derivative instrument, a derivative asset or liability is recognized on the balance sheet at fair value (included in "Derivative instruments") with the effective portion of the gain or loss recorded to other comprehensive income. Any gain or loss associated with the ineffective portion of the hedging relationship is recognized in the consolidated statement of net earnings as other income or expense.

If a hedging relationship no longer qualifies for hedge accounting, any gain or loss resulting from the discontinuation of hedge accounting is deferred in other comprehensive income until the forecasted transaction date. If the forecasted transaction is no longer expected to occur, any gain or loss resulting from the discontinuation of hedge accounting is immediately recognized in the consolidated statement of net earnings.

Equity based compensation
Equity based compensation expense results from equity-settled awards issued under Vermilion's long-term share-based compensation plans as well as the grant date fair value of Vermilion common shares issued under the Company's bonus and employee share savings plans.

Vermilion's long-term share-based compensation plans consist of the Long-term Incentive Plan ("LTIP") and the Deferred Share Unit Plan ("DSU"). Equity-settled awards issued under the LTIP vest over a period of one to three years and awards issued under the DSU vest immediately upon granting.

Equity based compensation expense for equity-settled plans is recognized over the vesting period with a corresponding adjustment to contributed surplus. The expense recognized is based on the grant date fair value of the awards, an estimate of the performance factor that will be achieved (if applicable), and an estimate of forfeiture rates based on historical vesting data. Dividends notionally accrue to the LTIP and are excluded in the determination of grant date fair values. When the awards are converted to Vermilion common shares, the amount recognized in contributed surplus is reclassified to shareholders' capital.

The grant date fair value of awards or Vermilion common shares issued is determined as the closing price of Vermilion's common shares on the Toronto Stock Exchange on the grant date.

Per share amounts
Basic net earnings per share is calculated by dividing net earnings by the weighted-average number of shares outstanding during the period.

Diluted net earnings per share is calculated by dividing net earnings by the diluted weighted-average number of shares outstanding during the period. The diluted weighted-average number of shares outstanding is the sum of the basic weighted-average number of shares outstanding and (to the extent inclusion reduces diluted net earnings per share) the number of shares issuable for equity-settled awards determined using the treasury stock method. The treasury stock method assumes that the unrecognized equity based compensation expense are deemed proceeds used to repurchase Vermilion common shares at the average market price during the period.

Foreign currency translation
Vermilion Energy Inc.'s functional and presentation currency is the Canadian dollar. Vermilion has subsidiaries that transact and operate in countries other than Canada and have functional currencies other than the Canadian dollar.

Foreign currency translation includes the translation of foreign currency transactions and the translation of foreign operations.

Foreign currency transaction translation occurs when translating transactions and balances in foreign currencies to the applicable functional currency of Vermilion Energy Inc. and its subsidiaries. Gains and losses from foreign currency transactions are recorded as foreign exchange gains or losses in the statement of net earnings. Foreign currency transaction translation occurs as follows:

- Income and expenses are translated at the prevailing rates on the date of the transaction.
- Non-monetary assets or liabilities are carried at the prevailing rates on the date of the transaction.
- Monetary items, including intercompany loans that are not deemed to represent net investments in a foreign subsidiary, are translated at the prevailing rates at the balance sheet date.

Foreign operation translation occurs when translating the financial statements of non-Canadian functional currency subsidiaries to the Canadian dollar and when translating intercompany loans that are deemed to represent net investments in a foreign subsidiary. Gains and losses from foreign operation translations are recorded as currency translation adjustments in the statement of comprehensive income. Foreign operation translation occurs as follows:

- Income and expenses are translated at the average exchange rates for the period.
- Assets and liabilities are translated at the prevailing rates on the balance sheet date.

Income taxes
Deferred tax assets and liabilities are calculated using the balance sheet method. Deferred tax assets and liabilities are recognized for the estimated effect of any temporary differences between the amounts recognized on Vermilion's consolidated balance sheet and the respective tax basis. This calculation uses enacted or substantively enacted tax rates that are expected to be in effect when the temporary differences are expected to reverse. The effect of a change in tax rates on deferred taxes is recognized in the period the related legislation is substantively enacted.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

Business combinations
Acquisitions of corporations or groups of assets are accounted for as business combinations using the acquisition method if the acquired assets constitute a business. Under the acquisition method, assets acquired and liabilities assumed in a business combination (with the exception of deferred tax assets and liabilities) are measured at their fair values. Deferred tax assets or liabilities arising from the assets acquired and liabilities assumed are measured in accordance with the policies described in "Income taxes" above.

If applicable, the excess or deficiency of the fair value of net assets acquired compared to consideration paid is recognized as a gain on business combination or as goodwill on the consolidated balance sheet. Acquisition-related costs incurred to effect a business combination are expensed in the period incurred.

As part of the assessment to determine if the acquisition constitutes a business, Vermilion may elect to apply the concentration test on a transaction by transaction basis. The test is met if substantially all of the fair value related to the gross assets acquired is concentrated in a single identifiable asset (or group of similar assets) resulting in the acquisition not being deemed a business and recorded as an asset acquisition.

Segmented information
Vermilion has a decentralized business unit structure designed to manage assets in each country the Company operates. Each of Vermilion's operating segments derives its revenues solely from the production and sale of petroleum and natural gas.

Vermilion's Corporate segment aggregates costs incurred at the Company's Corporate head office located in Calgary, Alberta, Canada as well as costs incurred relating to Vermilion's exploration and production activities in Hungary, Slovakia, and Croatia (Central and Eastern Europe). These operating segments have similar economic characteristics as they do not currently generate material revenue.

Vermilion's chief operating decision maker regularly reviews fund flows from operations generated by each of Vermilion's operating segments. Fund flows from operations is a measure of profit or loss that provides the chief operating decision maker with the ability to assess the profitability of each operating segment and, correspondingly, the ability of each operating segment to fund its share of dividends, asset retirement obligations, and capital investments.

Management judgments and estimation uncertainty
The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amount of assets, liabilities, income, and expenses. Actual results could differ significantly from these estimates. Key areas where management has made judgments, estimates, and assumptions are described below.

The determination of whether indicators of impairment or impairment reversals:

- Determining whether there are indicators of impairment or impairment reversals are based on management's assessments of the changes in estimates for future commodity prices, costs, discount rates, or reserves. Changes in these estimates and assumptions can directly impact the calculated fair value of capital assets and therefore could be indicators of impairment or impairment reversals. In addition, change in the Vermilion's market capitalization relative to its book value could be an indicator of impairment.

The measurement of the fair value of capital assets acquired in a business combination and the determination of the recoverable amount of cash generating units ("CGU"):

- Calculating the fair value of capital assets acquired in a business combination and the recoverable amount of CGUs (in the assessment of impairments or reversals of previous impairments if indicators of impairment or impairment reversal are identified) are based on estimated future commodity prices, discount rates and estimated reserves. Reserve estimates are based on: engineering data, estimated future commodity prices, expected future rates of production, and assumptions regarding the timing and amount of future expenditures. Changes in these estimates and assumptions can directly impact the calculated fair value of capital assets acquired (and thus the resulting goodwill or gain on business combination) and the recoverable amount of a CGU (and thus the resulting impairment loss or recovery).
- In addition, the recoverable amount of a CGU is impacted by the composition of CGUs, which are subject to management's judgment of the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other groups of assets. The factors used by Vermilion to determine CGUs vary by jurisdiction due to their unique operating and geographic conditions. In general, Vermilion will assess the following factors: geographic proximity of the assets within a group to one another, geographic proximity of the group of assets to other groups of assets, homogeneity of the production from the group of assets and the sharing of infrastructure used to process and/or transport production. Changes in these judgments can directly impact the calculated recoverable amount of a CGU (and thus the resulting impairment loss or recovery).

The measurement of the carrying value of asset retirement obligations on the balance sheet, including the fair value and subsequent carrying value of asset retirement obligations assumed in a business combination:

- Asset retirement obligations are based on judgments regarding regulatory requirements, estimates of future costs, assumptions on the expected timing of expenditures, and estimates of the underlying risk inherent to the obligation. The carrying balance of asset retirement obligations and accretion expense may differ due to changes in: laws and regulations, technology, the expected timing of expenditures, and market conditions affecting the discount rate applied.

The recognition and measurement of deferred tax assets and liabilities:

- Tax interpretations, regulations, and legislation in the various jurisdictions in which Vermilion and its subsidiaries operate are subject to change and interpretation. Changes in laws and interpretations can affect the timing of the reversal of temporary tax differences, the tax rates in effect when such differences reverse and Vermilion's ability to use tax losses and other tax pools in the future. The Company's income tax filings are subject to audit by taxation authorities in numerous jurisdictions and the results of such audits may increase or decrease the tax liability. The determination of tax amounts recognized in the consolidated financial statements are based on management's assessment of the tax positions, which includes consideration of their technical merits, communications with tax authorities and management's view of the most likely outcome.

- The extent to which deferred tax assets are recognized are based on estimates of future profitability. These estimates are based on estimated future commodity prices and estimates of reserves. Judgments, estimates, and assumptions inherent in reserve estimates are described above.

The measurement of lease obligations and corresponding right-of-use assets:

- The measurement of lease obligations are subject to management's judgments of the applicable incremental borrowing rate and the expected lease term. The carrying balance of the right-of-use assets, lease obligations, and the resulting interest and depletion and depreciation expense, may differ due to changes in the market conditions and expected lease terms. Applicable incremental borrowing rates are based on judgments of the economic environment, term, currency, and the underlying risk inherent to the asset. Lease terms are based on assumptions regarding cancellation and extension terms that allow for operational flexibility based on future market conditions.

3. Segmented information

Substantially all sales in the France and Netherlands operating segments for the years ended December 31, 2022 and December 31, 2021 were to one customer in each respective segment. In 2022 and 2021, France and the Netherlands each contributed more than 10% of Vermilion's consolidated revenues.

	Year Ended December 31, 2022								
	Canada	USA	France	Netherlands	Germany	Ireland	Australia	Corporate	Total
Total assets	3,612,487	618,116	823,544	240,276	398,612	465,643	249,253	583,127	6,991,058
Drilling and development	275,203	63,353	44,250	21,629	25,087	3,030	95,173	331	528,056
Exploration and evaluation	—	—	2	23	1,070	—	—	22,666	23,761
Crude oil and condensate sales	910,863	130,150	365,431	2,119	62,464	15	221,187	—	1,692,229
NGL sales	114,128	19,385	—	—	—	—	—	—	133,513
Natural gas sales	319,293	16,698	—	560,738	418,796	324,330	—	10,797	1,650,652
Sales of purchased commodities	—	—	—	—	—	—	—	244,834	244,834
Royalties	(196,005)	(44,427)	(40,353)	(512)	(21,232)	—	—	(3,488)	(306,017)
Revenue from external customers	1,148,279	121,806	325,078	562,345	460,028	324,345	221,187	252,143	3,415,211
Purchased commodities	—	—	—	—	—	—	—	(244,834)	(244,834)
Transportation	(44,849)	(618)	(20,100)	—	(9,751)	(3,578)	—	—	(78,896)
Operating	(240,899)	(27,372)	(57,588)	(45,903)	(41,523)	(16,580)	(57,478)	(1,691)	(489,034)
General and administration	(28,643)	(5,863)	(16,444)	(4,255)	(6,949)	122	(4,964)	9,319	(57,677)
PRRT	—	—	—	—	—	—	(18,318)	—	(18,318)
Corporate income taxes	(10)	—	(29,889)	(150,647)	(31,513)	—	5,016	(1,110)	(208,153)
Windfall taxes	—	—	—	—	—	—	—	(222,859)	(222,859)
Interest expense	—	—	—	—	—	—	—	(82,858)	(82,858)
Realized loss on derivative instruments	—	—	—	—	—	—	—	(405,894)	(405,894)
Realized foreign exchange gain	—	—	—	—	—	—	—	15,195	15,195
Realized other income	—	—	—	—	—	—	—	12,982	12,982
Fund flows from operations	**833,878**	**87,953**	**201,057**	**361,540**	**370,292**	**304,309**	**145,443**	**(669,607)**	**1,634,865**

	Year Ended December 31, 2021								
	Canada	USA	France	Netherlands	Germany	Ireland	Australia	Corporate	Total
Total assets	3,100,322	545,296	771,707	227,779	422,030	427,362	217,852	192,975	5,905,323
Drilling and development	190,242	32,540	39,587	20,198	19,234	1,261	34,785	1,543	339,390
Exploration and evaluation	—	—	121	6,839	1,073	—	—	27,373	35,406
Crude oil and condensate sales	625,053	80,208	279,263	2,640	32,607	23	143,014	—	1,162,808
NGL sales	86,932	17,723	—	—	—	—	—	—	104,655
Natural gas sales	189,790	14,484	—	293,083	99,328	214,402	—	1,211	812,298
Sales of purchased commodities	—	—	—	—	—	—	—	147,091	147,091
Royalties	(113,651)	(30,747)	(37,666)	(873)	(2,847)	—	—	(338)	(186,122)
Revenue from external customers	788,124	81,668	241,597	294,850	129,088	214,425	143,014	147,964	2,040,730
Purchased commodities	—	—	—	—	—	—	—	(147,091)	(147,091)
Transportation	(38,764)	(1,336)	(26,497)	—	(6,359)	(4,205)	—	—	(77,161)
Operating	(215,378)	(16,992)	(52,147)	(35,269)	(27,149)	(14,889)	(50,748)	(441)	(413,013)
General and administration	(18,380)	(4,563)	(10,954)	(1,243)	(5,257)	9	(3,457)	(9,032)	(52,877)
PRRT	—	—	—	—	—	—	(15,688)	—	(15,688)
Corporate income taxes	—	—	9,120	(46,567)	—	—	5,759	1,522	(30,166)
Interest expense	—	—	—	—	—	—	—	(73,075)	(73,075)
Realized loss on derivative instruments	—	—	—	—	—	—	—	(327,384)	(327,384)
Realized foreign exchange loss	—	—	—	—	—	—	—	(6,613)	(6,613)
Realized other income	—	—	—	—	—	—	—	22,200	22,200
Fund flows from operations	**515,602**	**58,777**	**161,119**	**211,771**	**90,323**	**195,340**	**78,880**	**(391,950)**	**919,862**

Reconciliation of fund flows from operations to net earnings:

	Year Ended	
	Dec 31, 2022	Dec 31, 2021
Fund flows from operations	**1,634,865**	919,862
Equity based compensation	**(44,390)**	(41,565)
Unrealized gain (loss) on derivative instruments	**540,801**	(181,094)
Unrealized foreign exchange (loss) gain	**(84,464)**	(64,963)
Accretion	**(58,170)**	(43,552)
Depletion and depreciation	**(577,134)**	(571,688)
Deferred tax expense	**(288,707)**	(187,343)
Gain on business combinations	**—**	17,198
Impairment reversal	**192,094**	1,302,619
Unrealized other expense	**(1,833)**	(778)
Net earnings	**1,313,062**	**1,148,696**

4. Business combinations

Leucrotta Exploration Inc.
On May 31, 2022, Vermilion closed the acquisition of all outstanding common shares of Leucrotta Exploration Inc. ("Leucrotta"), a Canadian publicly listed, Montney-focused oil and natural gas exploration and development company. The primary asset acquired is the Mica property, comprised of 81,000 gross (77,000 net) contiguous acres of Montney mineral rights in the Peace River Arch straddling the Alberta and British Columbia borders.

Prior to May 31, 2022, Vermilion controlled 7,536,800 common shares of Leucrotta. On May 31, 2022, Vermilion transferred consideration and assumed ownership of all remaining outstanding common shares of Leucrotta. The acquisition was funded through Vermilion's revolving credit facility.

The total consideration and the fair value of the assets acquired and liabilities assumed at the date of acquisition are detailed in the table below:

	Consideration
Cash consideration paid	486,488
Fair value of previously held equity interest	13,039
Total consideration	**499,527**

	Allocation of consideration
Cash acquired	2,659
Capital assets	559,094
Exploration and evaluation assets	43,227
Deferred tax liabilities	(97,891)
Asset retirement obligations	(1,440)
Derivative liability	(339)
Acquired working capital deficiency	(5,783)
Net assets acquired	**499,527**

The results of operations from the assets acquired and liabilities assumed have been included in Vermilion's consolidated financial statements beginning May 31, 2022 and have contributed revenues of $55.7 million and net earnings of $ 17.1 million. Had the acquisition occurred on January 1, 2022, consolidated petroleum and natural gas revenue would have been $3,444.7 million and consolidated net earnings would have been $1,322.0 million for the year ended December 31, 2022.

5. Investment in securities

Vermilion holds investments in Coelacanth Energy Inc., a Montney-focused oil and natural gas exploration and development company listed on the TSX Venture exchange. Vermilion has acquired shares via a private placement concurrent with the closing of the purchase of Leucrotta and via open market purchases. Vermilion has made an optional election to subsequently measure the investment at fair value through other comprehensive income. The investment is classified as a level 1 instrument on the fair value hierarchy and therefore uses observable inputs when making fair value adjustments.

The total consideration paid and the fair value of the investment acquired are detailed in the table below:

	Amount
Balance at January 1	**—**
Acquisition of securities	**23,282**
Fair value adjustment	**33,084**
Balance at December 31	**56,366**

6. Capital assets

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

	2022	2021
Balance at January 1	**4,824,195**	3,107,104
Acquisitions	**572,535**	180,806
Additions	**528,056**	339,390
Increase in right-of-use assets	**13,871**	551
Transfers from exploration and evaluation assets	**1,223**	11,495
Impairment reversal	**192,094**	1,302,619
Depletion and depreciation	**(546,381)**	(538,704)
Changes in asset retirement obligations	**65,462**	528,714
Foreign exchange	**40,467**	(107,780)
Balance at December 31	**5,691,522**	4,824,195
Cost	**12,058,520**	10,849,047
Accumulated depletion, depreciation, and impairment	**(6,366,998)**	(6,024,852)
Carrying amount at December 31, 2022	**5,691,522**	4,824,195

In the first quarter of 2022, indicators of impairment reversal were present in our Canada - Saskatchewan and France - Neocomian cash generating units ("CGUs") due to an increase and stabilization in forecast oil prices. As a result of the indicators of impairment reversal, the Company performed impairment reversal calculations on the identified CGUs and the recoverable amounts were determined using fair value less costs to sell, which considered future after-tax cash flows from proved plus probable reserves and an after-tax discount rate of 12.0%. Based on the results of the

impairment reversal calculations completed, recoverable amounts were determined to be greater than the carrying values of the CGUs tested and $144.4 million (net of $47.7 million deferred income tax expense) of impairment reversal was recorded. Inputs used in the measurement of capital assets are not based on observable market data and fall within level 3 of the fair value hierarchy.

The following benchmark price forecasts were used to calculate the recoverable amounts:

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031 (2)
Brent Crude ($ US/bbl) (1)	100.50	89.50	79.64	81.23	82.86	84.51	86.21	87.94	89.69	91.48
WTI Crude ($ US/bbl) (1)	95.00	85.00	75.64	77.15	78.70	80.27	81.88	83.52	85.19	86.89
Exchange rate (CAD/USD)	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80

(1) The forecast benchmark prices listed are adjusted for quality differentials, heat content, transportation and marketing costs and other factors specific to the Company's operations when determining recoverable amounts.

(2) In 2032 and beyond, commodity price forecasts are inflated at a rate of 2.0% per annum. In 2032 and beyond there is no escalation of exchange rates.

The following are the results of tests completed, recoverable amounts, and sensitivity impacts which would decrease impairment reversals taken:

Operating Segment	CGU	Impairment Reversal (1)	Recoverable Amount	1% increase in discount rate	5% decrease in pricing
Canada	Saskatchewan	159,985	2,150,936	—	—
France	Neocomian	32,109	166,818	—	—
Total		**192,094**	**2,317,754**	**—**	**—**

(1) Impairment reversals are subject to the lower of the recoverable amount and the carrying value, which includes depletion and depreciation of the CGU had no impairment charges been previously taken.

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 year ended December 31, 2022:

	As at Dec 31, 2022		As at Dec 31, 2021	
($M)	Depreciation	Balance	Depreciation	Balance
Office space	**8,328**	**31,199**	8,921	38,216
Gas processing facilities	**7,691**	**13,415**	7,691	20,504
Oil storage facilities	**2,429**	**8,970**	2,644	11,480
Vehicles and equipment	**4,716**	**13,944**	3,629	6,038
Total	**23,164**	**67,528**	22,885	76,238

7. Exploration and evaluation assets

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

	2022	2021
Balance at January 1	**233,290**	254,094
Acquisitions	**43,227**	—
Additions	**23,761**	35,406
Changes in asset retirement obligations	**646**	110
Transfers to capital assets	**(1,223)**	(11,495)
Depreciation	**(30,503)**	(35,549)
Foreign exchange	**1,395**	(9,276)
Balance at December 31	**270,593**	233,290
Cost	**476,571**	408,494
Accumulated depreciation	**(205,978)**	(175,204)
Carrying amount at December 31	**270,593**	233,290

8. Asset retirement obligations

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

	2022	2021
Balance at January 1	**1,000,554**	467,737
Additional obligations recognized	**5,184**	28,655
Changes in estimated abandonment timing and costs	**207,919**	85,022
Obligations settled	**(37,514)**	(28,525)
Accretion	**58,170**	43,552
Changes in rates	**(145,555)**	439,849
Foreign exchange	**(1,001)**	(35,736)
Balance at December 31	**1,087,757**	1,000,554

Vermilion calculated the present value of the obligations using a credit-adjusted risk-free rate, calculated using a credit spread of 4.5% as at December 31, 2022 (December 31, 2021 – 4.9%) 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:

	Dec 31, 2022	Dec 31, 2021
Canada	**3.3 %**	1.8 %
United States	**4.1 %**	1.9 %
France	**3.4 %**	0.8 %
Netherlands	**2.7 %**	(0.3)%
Germany	**2.5 %**	0.1 %
Ireland	**3.2 %**	0.5 %
Australia	**4.2 %**	1.9 %

Vermilion has estimated the asset retirement obligations based on current cost estimates of $ 2.3 billion (2021 - $2.0 billion). Current cost estimates are inflated to the estimated time of abandonment using inflation rates of between 1.6% and 4.2% (2021 - between 1.1% and 3.1%), resulting in inflated cost estimates of $ 3.7 billion (2021 - $3.1 billion). These payments are expected to be made over the next 60 years, with the majority of the costs incurred in the first 40 years.

A 0.5% increase/decrease in the discount rate applied to asset retirement obligations would decrease/increase asset retirement obligations by approximately $64.8 million. A one-year increase/decrease in the expected timing of abandonment spend would decrease/increase asset retirement obligations by approximately $54.0 million.

9. Derivative instruments

The following table reconciles the change in the fair value of Vermilion's derivative instruments:

	Year Ended	
	Dec 31, 2022	Dec 31, 2021
Fair value of contracts, beginning of year	**(300,865)**	(119,772)
Reversal of opening contracts settled during the year	**164,208**	112,679
Assumed in acquisitions	**(339)**	—
Realized loss on contracts settled during the year	**(405,894)**	(327,384)
Unrealized gain (loss) during the year on contracts outstanding at the end of the year	**376,593**	(293,773)
Net receipt from counterparties on contract settlements during the year	**405,893**	327,385
Fair value of contracts, end of year	**239,596**	(300,865)
Comprised of:		
Current derivative asset	**162,843**	19,321
Current derivative liability	**(55,845)**	(268,973)
Non-current derivative asset	**132,598**	—
Non-current derivative liability	**—**	(51,213)
Fair value of contracts, end of year	**239,596**	(300,865)

The (gain) loss on derivative instruments for 2022 and 2021 were comprised of the following:

	Year Ended	
	Dec 31, 2022	Dec 31, 2021
Realized loss on contracts settled during the year	**405,894**	327,384
Reversal of opening contracts settled during the year	**(164,208)**	(112,679)
Unrealized (gain) loss on contracts outstanding at the end of the year	**(376,593)**	293,773
(Gain) loss on derivative instruments	**(134,907)**	508,478

Vermilion executes derivative instruments where there is an underlying exposure to offset the position. Consistent with our accounting policy we do not match unrealized gains / losses on these contracts with the underlying exposure. Please refer to Note 19 (Supplemental information) for a listing of Vermilion's outstanding derivative instruments as at December 31, 2022.

10. Leases

Vermilion had the following future commitments associated with its lease obligations:

	As at	
($M)	Dec 31, 2022	Dec 31, 2021
Less than 1 year	**23,588**	19,045
1 - 3 years	**40,374**	38,136
3 - 5 years	**16,246**	25,226
After 5 years	**177**	3,686
Total lease payments	**80,385**	86,093
Amounts representing interest	**(9,392)**	(10,871)
Present value of net lease payments	**70,993**	75,222
Current portion of lease obligations	**(19,486)**	(15,032)
Non-current portion of lease obligations	**51,507**	60,190
Total cash outflow	**25,422**	27,368
Interest on lease liabilities	**4,254**	5,181

11. Taxes

The following table reconciles Vermilion's deferred tax asset and liability:

	As at	
	Dec 31, 2022	Dec 31, 2021
Deferred tax assets:		
Non-capital losses	**200,781**	477,903
Derivative contracts	**—**	74,043
Other	**39**	2,879
Stock based compensation	**—**	8,651
Asset retirement obligations	**5,818**	83,461
Capital assets	**(81,105)**	(268,615)
Unrealized foreign exchange	**—**	(3,329)
Deferred tax assets	**125,533**	374,993
Deferred tax liabilities:		
Derivative contracts	**58,941**	—
Asset retirement obligations	**100,670**	104,258
Capital assets	**734,146**	322,641
Stock based compensation	**(5,805)**	—
Other	**(16,322)**	(10,518)
Unrealized foreign exchange	**(4,282)**	—
Non-capital losses	**(390,008)**	(87,542)
Deferred tax liabilities	**477,340**	328,839

Income tax expense differs from the amount that would have been expected if the reported earnings had been subject only to the statutory Canadian income tax rate as follows:

	Year Ended	
	Dec 31, 2022	Dec 31, 2021
Earnings before income taxes	**2,051,099**	1,381,893
Canadian corporate tax rate	**24.60 %**	24.61 %
Expected tax expense	**504,570**	340,084
Increase (decrease) in taxes resulting from:		
Petroleum resource rent tax rate (PRRT) differential (1)	**13,729**	27,281
Foreign tax rate differentials (2) (3)	**101,701**	43,301
Equity based compensation expense	**(11,610)**	6,794
Amended returns and changes to estimated tax pools and tax positions	**(5,691)**	(14,391)
Statutory rate changes and the estimated reversal rates on temporary differences (3)	**14,274**	5,862
Derecognition (recognition) of deferred tax assets	**(118,304)**	(190,423)
Windfall taxes (3)	**222,859**	—
Other non-deductible items	**16,509**	14,689
Provision for income taxes	**738,037**	**233,197**

(1) In Australia, current taxes include both corporate income tax rates and PRRT. For both 2022 and 2021, corporate income tax rates were applied at a rate of 30% and PRRT was applied at a rate of 40%.

(2) The applicable tax rates for 2022 were: 25.8% in France, 50.0% in the Netherlands, 31.3% in Germany, 25.0% in Ireland, and 21.0% in the United States (2021: 27.4% in France, 50.0% in the Netherlands, 31.4% in Germany, 25.0% in Ireland, and 21.0% in the United States).

(3) On December 28, 2019, the French Parliament approved the Finance Bill for 2020. The Finance Bill for 2020 provides for a progressive decrease of the French corporate income tax rate for companies with sales below €250 million from 32.0% to 25.8% by 2022. On December 21, 2021, the Dutch Senate approved the 2022 Tax Plan that included an increase to the Dutch corporate tax rate from 25.0% in 2021 to 25.8% in 2022. Due to the tax regime applicable to natural gas producers in the Netherlands, the increase to the corporate tax rate is not expected to have a material impact to Vermilion taxes in the Netherlands. On September 30, 2022 the Council of the European Union agreed, by way of regulation, to the implementation of a temporary windfall tax on the profits of oil and gas producers resident in the European Union. This windfall tax is referred to as a temporary solidarity contribution and is calculated on the amount by which the taxable profits for the elected years exceeds the greater of zero and 120% of the average taxable profits for the 2018 to 2021 period. The regulation requires Member States to implement the temporary solidarity contribution at a minimum rate of 33% while providing Member States with the option to apply the temporary solidarity contribution to fiscal years beginning on or after January 1, 2022, January 1, 2023, or both. The temporary solidarity contribution is considered a tax pursuant to IAS 12 "Income Taxes". The related legislation became substantively enacted during the fourth quarter of 2022 resulting in a full year of windfall taxes being recognized during the fourth quarter.

The following table summarizes the manner of implementation of the temporary solidarity contribution by the Member States in which Vermilion operates:

Jurisdiction	2023	2022
France	N/A	33.0 %
Netherlands [1]	N/A	33.0 %
Germany	33.0 %	33.0 %
Ireland [2]	N/A	N/A

[1] For 2023 and 2024, Netherlands has implemented a windfall royalty. This royalty applies if annual realized pricing (net of hedges) exceeds €0.50/Nm3. This royalty is assessed annually at a rate of 65% on realized pricing (net of hedges) less €0.50/Nm3 and payments on this royalty are deductible in calculating current income taxes.

[2] As at December 31, 2022, Ireland has not legislated a windfall tax rate. A rate of 75% was announced in November 2022.

At December 31, 2022, Vermilion had $2.4 billion (2021 - $2.7 billion) of unused tax losses of which $ 1.4 billion (2021 - $1.4 billion) relates to Vermilion's Canada segment and expire between 2025 and 2042. The majority of the remaining unused tax losses relate to Vermilion's Ireland segment and do not expire.

At December 31, 2022, Vermilion recognized $ 118.3 million (2021 - recognized $ 190.4 million) of deferred income tax assets primarily relating to the aforementioned non-expiring tax loss in Ireland that are expected to be utilized due to an increase in forecasted commodity prices.

The aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized as at December 31, 2022 is approximately $0.7 billion (2021 – approximately $0.4 billion).

12. Long-term debt

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

	As at	
	Dec 31, 2022	Dec 31, 2021
Revolving credit facility	**147,666**	1,273,755
2025 senior unsecured notes	**404,463**	377,814
2030 senior unsecured notes	**529,222**	—
Long-term debt	**1,081,351**	1,651,569

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 December 31, 2022 was $391.3 million (December 31, 2021 - $387.0 million). The fair value of the 2030 senior unsecured notes as at December 31, 2022 was $ 496.8 million (December 31, 2021 - nil).

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

	2022	2021
Balance at January 1	**1,651,569**	1,933,848
Repayments on the revolving credit facility	**(1,121,868)**	(341,259)
Issuance of 2030 senior unsecured notes	**499,037**	—
Amortization of transaction costs	**1,833**	778
Foreign exchange	**50,780**	58,202
Balance at December 31	**1,081,351**	1,651,569

Revolving credit facility
As at December 31, 2022, Vermilion had in place a bank revolving credit facility maturing May 29, 2026 with the following terms:

	As at	
	Dec 31, 2022	Dec 31, 2021
Total facility amount	**1,600,000**	2,100,000
Amount drawn	**(147,666)**	(1,273,755)
Letters of credit outstanding	**(13,527)**	(11,035)
Unutilized capacity	**1,438,807**	815,210

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 April 26, 2022, contemporaneous with the issuance of the 2030 senior unsecured notes and at Vermilion's election, the maturity date of the facility was extended to May 29, 2026 (previously May 31, 2024) and the total facility amount was reduced to $1.6 billion (previously $2.1 billion).

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

As at December 31, 2022, the revolving credit facility was subject to the following financial covenants:

		As at	
Financial covenant	Limit	Dec 31, 2022	Dec 31, 2021
Consolidated total debt to consolidated EBITDA	Less than 4.0	**0.51**	1.61
Consolidated total senior debt to consolidated EBITDA	Less than 3.5	**0.07**	1.24
Consolidated EBITDA to consolidated interest expense	Greater than 2.5	**27.10**	14.78

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 December 31, 2022, 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 December 31, 2022 and December 31, 2021, 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.

Vermilion may redeem some or all of the senior unsecured notes at the redemption prices set forth in the following table plus any accrued and unpaid interest, if redeemed during the twelve-month period beginning on March 15 of each of the years indicated below:

Year	Redemption price
2022	101.406 %
2023 and thereafter	100.000 %

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:

- 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.
- 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.

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

13. Shareholders' capital

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

	2022		2021	
Shareholders' capital	Shares ('000s)	Amount ($M)	Shares ('000s)	Amount ($M)
Balance at January 1	**162,261**	**4,241,773**	158,724	4,181,160
Vesting of equity based awards	**2,578**	**44,811**	2,385	49,922
Shares issued for equity based compensation	**549**	**13,699**	911	8,365
Share-settled dividends on vested equity based awards	**178**	**4,377**	241	2,326
Repurchase of shares	**(2,339)**	**(60,866)**	—	—
Balance at December 31	**163,227**	**4,243,794**	162,261	4,241,773

Vermilion is authorized to issue an unlimited number of common shares with no par value.

Dividends declared to shareholders for the year ended December 31, 2022 were $45.8 million or $ 0.28 per common share (2021 - nil).

Subsequent to December 31, 2022 Vermilion declared a dividend of $ 0.10 per share to be paid April 17, 2023.

On July 4, 2022, the Toronto Stock Exchange approved our notice of intention to commence a normal course issuer bid ("the NCIB"). The NCIB allows Vermilion to purchase up to 16,076,666 common shares representing approximately 10% of its public float as at June 22, 2022 beginning July 6, 2022 and ending July 5, 2023.

In 2022, Vermilion purchased and cancelled 2.34 million common shares under the NCIB for total consideration of $ 71.7 million. The surplus between the total consideration and the carrying value of the shares repurchased was recorded as an increase to deficit.

Subsequent to December 31, 2022 Vermilion purchased and cancelled 1.14 million common shares under the NCIB for total consideration of $22.4 million.

14. Capital disclosures

Vermilion defines capital as net debt (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)) and shareholders' capital. In managing capital, Vermilion reviews whether fund flows from operations is sufficient to fund capital expenditures, dividends, and asset retirement obligations.

Vermilion monitors the ratio of net debt to fund flows from operations. As at December 31, 2022, our ratio of net debt to trailing fund flows from operations is 0.82 (2021 – 1.79). Vermilion manages the ratio of net debt to fund flows from operations (refer to Note 3 – Segmented information) by monitoring capital expenditures, dividends, and asset retirement obligations with expected fund flows from operations. Vermilion intends for the ratio of net debt to fund flows from operations to trend towards 1.0 over time.

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

	Year Ended	
	Dec 31, 2022	Dec 31, 2021
Long-term debt	**1,081,351**	1,651,569
Adjusted working capital (1)	**265,111**	9,284
Unrealized FX on swapped USD borrowings	**(1,876)**	(16,067)
Net debt	**1,344,586**	1,644,786
Ratio of net debt to four quarter trailing fund flows from operations	**0.82**	1.79

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

15. Equity based compensation

The following table summarizes the number of awards outstanding under the LTIP:

Number of LTIP and Five Year Compensation Awards ('000s)	2022	2021
Opening balance	**6,405**	6,244
Granted	**1,108**	2,745
Vested	**(1,733)**	(1,520)
Forfeited	**(277)**	(1,064)
Closing balance	**5,503**	6,405

For the year ended December 31, 2022, the awards had a weighted average grant date fair value of $ 25.60 (2021 - $9.53). Equity based compensation expense for the awards is calculated based on the number of awards outstanding multiplied by the estimated performance factor that will be realized upon vesting (2022 – 1.0; 2021 – 1.1) adjusted by an estimated annual forfeiture rate (2022 – 3.8%; 2021 – 4.2%). Equity based compensation expense of $29.2 million was recorded during the year ended December 31, 2022 (2021 - $31.3 million) relating to the awards.

As at December 31, 2022, there were 392,757 DSUs outstanding with a weighted average grant date fair value of $ 12.89. In 2022, there were 56,262 DSU grants with a weighted average grant date fair value of $ 26.70. Equity based compensation expense of $1.5 million was recorded during the year ended December 31, 2022 (2021 - $ 1.9 million) relating to the DSUs.

16. Per share amounts

Basic and diluted net earnings per share have been determined based on the following:

	Year Ended	
	Dec 31, 2022	Dec 31, 2021
Net earnings	**1,313,062**	1,148,696
Basic weighted average shares outstanding ('000s)	**163,489**	161,172
Dilutive impact of equity based compensation ('000s)	**4,937**	3,593
Diluted weighted average shares outstanding ('000s)	**168,426**	164,765
Basic earnings per share	**8.03**	7.13
Diluted earnings per share	**7.80**	6.97

17. Financial instruments

Classification of financial instruments

The following table summarizes the carrying value relating to Vermilion's financial instruments:

	As at Dec 31, 2022				As at Dec 31, 2021			
($M)	FVTPL	FVTOCI	Amortized Cost	Total	FVTPL	FVTOCI	Amortized Cost	Total
Cash and cash equivalents	**13,836**	**—**	**—**	**13,836**	6,028	—	—	6,028
Derivative assets	**295,441**	**—**	**—**	**295,441**	19,321	—	—	19,321
Investment in securities	**—**	**56,366**	**—**	**56,366**	—	—	—	—
Derivative liabilities	**(55,845)**	**—**	**—**	**(55,845)**	(320,186)	—	—	(320,186)
Accounts receivable	**—**	**—**	**373,651**	**373,651**	—	—	328,584	328,584
Accounts payable and accrued liabilities	**—**	**—**	**(481,444)**	**(481,444)**	—	—	(440,658)	(440,658)
Dividends payable	**—**	**—**	**(13,058)**	**(13,058)**	—	—	—	—
Lease obligations	**—**	**—**	**(51,507)**	**(51,507)**	—	—	(60,190)	(60,190)
Long-term debt (1)	**—**	**—**	**(1,081,351)**	**(1,081,351)**	—	—	(1,651,569)	(1,651,569)

(1) The carrying value of the above equals fair value except for long-term debt. The fair value of long-term debt was $1,035,671 (2021 - $1,660,778).

The carrying value of accounts receivable, accounts payable and accrued liabilities, dividends payable and lease obligations are a reasonable approximation of their fair value due to the short maturity of these financial instruments. The carrying value of long-term debt outstanding on the revolving credit facility approximates its fair value due to the use of short-term borrowing instruments at market rates of interest.

Fair value measurements are categorized into a fair value hierarchy based on the lowest level input that is significant to the fair value measurement:

- Level 1 inputs are determined by reference to unadjusted quoted prices in active markets for identical assets or liabilities. Inputs used in fair value measurement of cash and cash equivalents , investment in securities, the revolving credit facility, and the senior unsecured notes are categorized as Level 1.
- Level 2 inputs are determined based on inputs other than unadjusted quoted prices that are observable, either directly or indirectly. The fair value of Vermilion's derivative assets and liabilities are determined using pricing models that incorporate future price forecasts (supported by prices from observable market transactions) and credit risk adjustments.
- Level 3 inputs are not based on observable market data. Vermilion does not have any financial instruments classified as Level 3.

There were no transfers between levels in the hierarchy in the years ended December 31, 2022 and 2021.

Nature and Extent of Risks Associated with Financial Instruments

Vermilion is exposed to financial risks from its financial instruments. These financial risks include: market risk (includes commodity price risk, interest rate risk, and currency risk), credit risk, and liquidity risk.

Commodity price risk
Vermilion is exposed to commodity price risk on its derivative assets and liabilities which are used as part of the Company's risk management program to mitigate the effects of changes in commodity prices on future cash flows. While transactions of this nature relate to future petroleum and natural gas production, Vermilion does not designate these derivative assets and liabilities as accounting hedges. As such, changes in commodity prices impact the fair value of derivative instruments and the corresponding gains or losses recognized on derivative instruments.

Currency risk
Vermilion is exposed to currency risk on its financial instruments denominated in foreign currencies. These financial instruments include cash and cash equivalents, accounts receivables, accounts payables, lease obligations, long-term debt, derivative assets and derivative liabilities. These financial instruments are primarily denominated in the US dollar and the Euro. Vermilion monitors its exposure to currency risk and reviews whether the use of derivative financial instruments is appropriate to manage potential fluctuations in foreign exchange rates.

Interest rate risk
Vermilion is exposed to interest rate risk on its revolving credit facility, which consists of short-term borrowing instruments that bear interest at market rates. Thus, changes in interest rates could result in an increase or decrease in the amount paid by Vermilion to service this debt.

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.

($M)	Dec 31, 2022	Dec 31, 2021
Currency risk - Euro to Canadian dollar		
$0.01 increase in strength of the Canadian dollar against the Euro	**5,640**	(273)
$0.01 decrease in strength of the Canadian dollar against the Euro	**(5,640)**	273
Currency risk - US dollar to Canadian dollar		
$0.01 increase in strength of the Canadian dollar against the US $	**5,441**	2,086
$0.01 decrease in strength of the Canadian dollar against the US $	**(5,441)**	(2,086)
Commodity price risk - Crude oil		
US $5.00/bbl increase in crude oil price used to determine the fair value of derivatives	**—**	(9,324)
US $5.00/bbl decrease in crude oil price used to determine the fair value of derivatives	**—**	1,636
Commodity price risk - European natural gas		
€ 5.0/GJ increase in European natural gas price used to determine the fair value of derivatives	**(88,524)**	(10,554)
€ 5.0/GJ decrease in European natural gas price used to determine the fair value of derivatives	**91,828**	10,554
Share price risk - Equity swaps		
$1.00 increase from initial share price of the equity swap	**3,750**	3,750
$1.00 decrease from initial share price of the equity swap	**(3,750)**	(3,750)

Credit risk
Vermilion is exposed to credit risk on accounts receivable and derivative assets in the event that customers, joint operation partners, or counterparties fail to discharge their contractual obligations. As at December 31, 2022, Vermilion's maximum exposure to receivable credit risk was $669.1 million (December 31, 2021 - $347.9 million) which is the value of accounts receivable and derivative assets on the balance sheet.

Vermilion's accounts receivable primarily relates to customers and joint operations partners in the petroleum and natural gas industry. These amounts are subject to normal industry payment terms and credit risks. Vermilion manages these risks by monitoring the creditworthiness of customers and joint operations partners and, where appropriate, obtaining assurances such as parental guarantees and letters of credit. Vermilion determines the lifetime expected credit losses recognized on accounts receivable using a provision matrix. In preparing the provision matrix, the Company takes into account historical credit loss experience based on the aging of accounts receivable, adjusted as necessary for current and future petroleum and natural gas prices to the extent that changes in pricing may negatively impact the Company's customers and joint operations partners. The lifetime expected credit losses on accounts receivable as at December 31, 2022 and 2021 is not material. As at the balance sheet date, approximately 0.5% (2021 –0.8%) of the accounts receivable balance was outstanding for more than 90 days. Vermilion considers the balance of accounts receivable to be collectible.

Vermilion's derivative assets primarily relates to the fair value of financial instruments used as part of the Company's risk management program to mitigate the effects of changes in commodity prices on future cash flows. Vermilion manages this risk by monitoring the creditworthiness of counterparties, transacting primarily with counterparties that have investment grade third party credit ratings, and by limiting the concentration of financial exposure to individual counterparties. As a result, Vermilion has not obtained collateral or other security to support its financial derivatives.

Vermilion's cash deposited in financial institutions and guaranteed investment certificates are also subject to counterparty credit risk. Vermilion mitigates this risk by transacting with financial institutions with high third party credit ratings.

Liquidity risk
Liquidity risk is the risk that Vermilion will encounter difficulty in meeting obligations associated with its financial liabilities. Vermilion does not consider this to be a significant risk as its financial position and available committed borrowing facility provide significant financial flexibility and allow Vermilion to meet its obligations as they come due.

The following table summarizes Vermilion's undiscounted non-derivative financial liabilities and their contractual maturities:

($M)	1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years
December 31, 2022	192,572	278,520	23,412	607,796
December 31, 2021	191,297	223,885	25,475	1,718,475

18. Related party disclosures

The compensation of directors and management is reviewed annually by the independent Governance and Human Resources Committee against industry practices for oil and gas companies of similar size and scope.

The following table summarizes the compensation of directors and other members of key management personnel during the years ended December 31, 2022 and 2021:

	Year Ended	
	Dec 31, 2022	Dec 31, 2021
Short-term benefits	**5,124**	4,654
Equity based compensation	**8,951**	14,570
	14,075	19,224
Number of individuals included in the above amounts	**16**	18

During the year ended December 31, 2022, Vermilion recorded $0.1 million of office rent recoveries (2021 - $0.2 million) relating to an office sub-lease to a company whose Managing Director was also a member of Vermilion's Board of Directors during the year, but is no longer as at December 31, 2022. This related party transaction is provided in the normal course of business under the same commercial terms and conditions as transactions with unrelated companies and is recorded at the exchange amount.

19. Supplemental information

Changes in non-cash working capital was comprised of the following:

	Year Ended	
	Dec 31, 2022	Dec 31, 2021
Changes in:		
Accounts receivable	**(45,067)**	(132,507)
Crude oil inventory	**413**	(6,668)
Prepaid expenses	**(45,617)**	(71,156)
Accounts payable and accrued liabilities	**40,786**	142,988
Income taxes payable	**304,516**	32,643
Foreign exchange	**(12,046)**	14,540
Changes in non-cash working capital	**242,985**	(20,160)
Changes in non-cash operating working capital	**216,869**	(56,884)
Changes in non-cash investing working capital	**26,116**	36,724
Changes in non-cash working capital	**242,985**	(20,160)

As at December 31, 2022, prepaid expenses includes a deposit of $ 68.5 million related to a previously announced transaction to acquire an additional working interest within the Corrib natural gas project and $23.0 million for a land acquisition.

Cash and cash equivalents was comprised of the following:

	As at	
	Dec 31, 2022	Dec 31, 2021
Cash on deposit with financial institutions	**13,701**	5,901
Guaranteed investment certificates	**135**	127
Cash and cash equivalents	**13,836**	6,028

Wages and benefits included in operating expenses and general and administration expenses were:

	Year Ended	
	Dec 31, 2022	Dec 31, 2021
Operating expense	**75,165**	73,739
General and administration expense	**45,525**	54,771
Wages and benefits	**120,690**	128,510

As at December 31, 2022, we had the following contractual obligations and commitments:

($M)	Less than 1 year	1 - 3 years	3 - 5 years	After 5 years	Total
Long-term debt [1]	69,235	533,362	225,861	634,875	1,463,333
Lease obligations	46,245	49,730	29,062	8,597	133,634
Processing and transportation agreements	40,267	52,786	23,133	101,629	217,815
Purchase obligations	27,481	4,907	444	285	33,117
Drilling and service agreements	5,051	58,122	—	—	63,173
Total contractual obligations and commitments	188,279	698,907	278,500	745,386	1,911,072

(1) Interest on revolving credit facility calculated assuming an annual interest rate of 6.19%.
(2) Commitments denominated in foreign currencies have been translated using the related spot rates on December 31, 2022.

The following tables summarize Vermilion's outstanding risk management positions as at December 31, 2022:

	Unit	Currency	Daily Bought Put Volume	Weighted Average Bought Put Price	Daily Sold Call Volume	Weighted Average Sold Call Price	Daily Sold Put Volume	Weighted Average Sold Put Price	Daily Sold Swap Volume	Weighted Average Sold Swap Price	Daily Bought Swap Volume	Weighted Average Bought Swap Price
AECO												
Q1 2023	mcf	CAD	4,739	3.69	4,739	7.70	—	—	28,435	4.95	—	—
Q2 2023	mcf	CAD	—	—	—	—	—	—	14,217	4.19	—	—
Q3 2023	mcf	CAD	—	—	—	—	—	—	14,217	4.19	—	—
Q4 2023	mcf	CAD	—	—	—	—	—	—	4,791	4.19	—	—
AECO Basis (AECO less NYMEX Henry Hub)												
Q2 2023	mcf	USD	—	—	—	—	—	—	23,000	(1.13)	—	—
Q3 2023	mcf	USD	—	—	—	—	—	—	23,000	(1.13)	—	—
Q4 2023	mcf	USD	—	—	—	—	—	—	7,750	(1.13)	—	—
NYMEX Henry Hub												
Q1 2023	mcf	USD	24,000	4.00	24,000	8.44	—	—	—	—	—	—
Q2 2023	mcf	USD	5,000	4.00	5,000	8.75	—	—	—	—	—	—
Q3 2023	mcf	USD	5,000	4.00	5,000	8.75	—	—	—	—	—	—
Q4 2023	mcf	USD	1,685	4.00	1,685	8.75	—	—	—	—	—	—

	Unit	Currency	Daily Bought Put Volume	Weighted Average Bought Put Price	Daily Sold Call Volume	Weighted Average Sold Call Price	Daily Sold Put Volume	Weighted Average Sold Put Price	Daily Sold Swap Volume	Weighted Average Sold Swap Price	Daily Bought Swap Volume	Weighted Average Bought Swap Price
NBP												
Q1 2023	mcf	EUR	18,426	11.76	18,426	19.54	14,740	4.10	—	—	—	—
Q2 2023	mcf	EUR	7,370	11.48	7,370	17.46	4,913	4.40	—	—	—	—
Q3 2023	mcf	EUR	2,457	22.71	2,457	35.90	—	—	—	—	—	—
Q1 2024	mcf	EUR	4,913	41.03	4,913	84.26	—	—	—	—	—	—
TTF												
Q1 2023	mcf	EUR	14,740	24.01	14,740	46.12	2,457	3.52	—	—	—	—
Q2 2023	mcf	EUR	19,654	34.53	19,654	53.21	—	—	—	—	—	—
Q3 2023	mcf	EUR	19,654	34.53	19,654	53.21	—	—	—	—	—	—
Q4 2023	mcf	EUR	12,284	44.84	12,284	84.99	—	—	3,685	67.41	—	—
Q1 2024	mcf	EUR	31,938	40.69	31,938	78.00	—	—	3,685	67.41	—	—
Q2 2024	mcf	EUR	3,593	37.56	3,593	74.66	—	—	—	—	—	—
Q3 2024	mcf	EUR	3,593	37.56	3,593	74.66	—	—	—	—	—	—

VET Equity Swaps		Initial Share Price		Share Volume
Swap	Jan 2020 - Apr 2023	20.9788	CAD	2,250,000
Swap	Jan 2020 - Jul 2024	22.4587	CAD	1,500,000

Cross Currency Interest Rate		Receive Notional Amount		Receive Rate	Pay Notional Amount		Pay Rate
Swap	January 2023	111,600,000	USD	SOFR + 1.35%	150,000,000	CAD	CDOR + 0.88%

20. Subsequent events

In the first quarter of 2022, we signed an agreement to sell an asset package in southeast Saskatchewan. The assets are comprised of approximately 5,500 boe/d of non-core light oil production in the greater Arcola and Queensdale areas of southeast Saskatchewan. Total cash consideration is $225 million, before closing adjustments. The transaction has an effective date of September 1, 2022 and is expected to close in March 2023. The net proceeds will be used to pay down our revolving credit facility.

DIRECTORS

Robert Michaleski [1,3,5]
Calgary, Alberta

Dion Hatcher
Calgary, Alberta

James J. Kleckner Jr. [7,9]
Edwards, Colorado

Carin Knickel [4,7,11]
Golden, Colorado

Stephen P. Larke [3,5,10]
Calgary, Alberta

Timothy R. Marchant [6,9,11]
Calgary, Alberta

William Roby [7,8,11]
Katy, Texas

Manjit Sharma [2,5]
Toronto, Ontario

Myron Stadnyk [7,9]
Calgary, Alberta

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 Independent Reserves Committee Chair (Independent)
9 Independent Reserves 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

Terry Hergott
Vice President Marketing

Yvonne Jeffery
Vice President Sustainability

Darcy Kerwin *
Vice President International & HSE

Bryce Kremnica *
Vice President North America

Geoff MacDonald
Vice President Geosciences

Kyle Preston
Vice President Investor Relations

Averyl Schraven
Vice President People and Culture

Jenson Tan *
Vice President Business Development

Gerard Schut *
Vice President European Operations

Robert (Bob) J. Engbloom
Corporate Secretary

* Executive Committee

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

EVALUATION ENGINEERS

GLJ Petroleum Consultants Ltd.
Calgary, Alberta

LEGAL COUNSEL

Norton Rose Fulbright Canada LLP
Calgary, Alberta

TRANSFER AGENT

Odyssey Trust Company

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange (“VET”)
The New York Stock Exchange (“VET”)

INVESTOR RELATIONS
Kyle Preston
Vice President Investor Relations
403-476-8431 TEL
403-476-8100 FAX
1-866-895-8101 IR TOLL FREE
investor_relations@vermilionenergy.com

Exhibit 99.4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-232837 on Form S-8 and to the use of our reports dated March 8, 2023 relating to the financial statements of Vermilion Energy Inc. and the effectiveness of Vermilion Energy Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 40-F of Vermilion Energy Inc. for the year ended December 31, 2022.

/s/ Deloitte LLP

Chartered Professional Accountants
Calgary, Canada
March 8, 2023

Exhibit 99.5

CONSENT OF GLJ LTD.

We hereby consent to the use of and reference to our name and our reports, and the inclusion of information derived from our reports, evaluating Vermilion Energy Inc.'s (the "Company") petroleum and natural gas reserves as at December 31, 2022, in the Company's Annual Information Form, news releases and investor presentations.

Yours truly,

GLJ LTD.

Jodi L. Anhorn, M.Sc., P. Eng.
President & CEO

Calgary, Alberta
February 14, 2023

EXHIBIT 99.6

VERMILION ENERGY INC.
CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, Dion Hatcher, President and Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 40-F of Vermilion Energy Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

    d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 8, 2023

/s/ Dion Hatcher
[Signature]

Dion Hatcher, President and Chief Executive Officer

EXHIBIT 99.6

VERMILION ENERGY INC.
CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

I, Lars Glemser, Vice President and Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 40-F of Vermilion Energy Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the issuer 's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

    d) Disclosed in this report any change in the issuer 's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer 's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 8, 2023

/s/ Lars Glemser
[Signature]

Lars Glemser, Vice President and Chief Financial Officer

EXHIBIT 99.7

VERMILION ENERGY INC.
CERTIFICATE OF THE CHIEF EXECUTIVE OFFICER

Pursuant to Section 906(a) of the Sarbanes-Oxley Act of 2002
Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18 of the United States Code

In connection with the annual report of Vermilion Energy Inc. (the "Corporation") on Form 40-F for the fiscal year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dion Hatcher, President and Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Dated at Calgary, Alberta, Canada this 8th day of March 2023.

("Dion Hatcher")
[Signature]

Dion Hatcher, President and Chief Executive Officer

EXHIBIT 99.7

VERMILION ENERGY INC.
CERTIFICATE OF THE CHIEF FINANCIAL OFFICER

Pursuant to Section 906(a) of the Sarbanes-Oxley Act of 2002
Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18 of the United States Code

In connection with the annual report of Vermilion Energy Inc. (the "Corporation") on Form 40-F for the fiscal year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lars Glemser, Vice President and Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Dated at Calgary, Alberta, Canada this 8th day of March 2023.

("Lars Glemser")
[Signature]

Lars Glemser, Vice President and Chief Financial Officer