SECURITIES AND EXCHANGE COMMISSION

FORM 40-F

Annual reports filed by certain Canadian issuers pursuant to Section 15(d) and Rule 15d-4

Filing Date: **2021-03-08** | Period of Report: **2020-12-31**
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FILER

VERMILION ENERGY INC.	Mailing Address	Business Address
CIK:**1293135**| IRS No.: **000000000** | State of Incorp.:**A0** | Fiscal Year End: **1231** Type: **40-F** | Act: **34** | File No.: **001-35829** | Film No.: **21722431** SIC: **1311** Crude petroleum & natural gas	*3500, 520 - 3RD AVENUE S.W.* *CALGARY A0 T2P 0R3*	*3500, 520 - 3RD AVENUE S.W.* *CALGARY A0 T2P 0R3* *403-269-4884*

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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
☑ Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended: December 31, 2020

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

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(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:

☑ **Annual Information Form** ☑ **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: **158,723,841 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 ☑ 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 ☑ 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 management'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. ☑

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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, 2020**
Exhibit 99.2 - Management's Discussion and Analysis for the fiscal year ended **December 31, 2020**; and
Exhibit 99.3 - Audited Annual Financial Statements for the fiscal year ended **December 31, 2020**

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 President, acting in the capacity of 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 President 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 3 of the 2020 Audited Consolidated Financial Statements included as Exhibit 99.3 to this report.

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C. Auditor Attestation

See page 5 of the 2020 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. Robert B. Michaleski 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 Robert B. Michaleski 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 *http://www.vermilionenergy.com/about/governance.cfm*. In 2020, 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

See page 57 of the Annual Information Form for the year ended **December 31, 2020** included as Exhibit 99.1 to this report.

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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 has not entered into any off balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Payments due by period as at December 31, 2020 (Cdn $000's)

($M)	Less than 1 year	1 - 3 years	3 - 5 years	After 5 years	Total
Long-term debt	62,328	124,656	1,986,421	—	2,173,405
Lease obligations	43,131	41,002	36,437	32,408	152,978
Processing and transportation agreements	32,122	38,643	19,839	22,519	113,123
Purchase obligations	25,390	12,265	885	—	38,540
Drilling and service agreements	15,881	57,827	38,061	—	111,769
Total contractual obligations and commitments	178,852	274,393	2,081,643	54,927	2,589,815

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 Robert B. Michaleski (Chair), Stephen P. Larke, Larry J. Macdonald, and Catherine L. Williams, 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 President, 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

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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 *http://www.vermilionenergy.com/about/governance.cfm*.

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.

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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 5, 2021

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, 2020
99.2	Management's Discussion and Analysis from the 2020 Annual Report to Shareholders
99.3	Audited Annual Financial Statements for the Year Ended December 31, 2020
99.4	Consent of Independent Registered Public Accounting Firm
99.5	Consent of Independent Petroleum Consultants
99.6	Officers' Certifications of President, acting in the capacity of 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 President, acting in the capacity of 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 files

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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 12, 2021 and effective December 31, 2020.

"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.

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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, 2020, 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
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

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Acres	Hectares	0.405
Hectares	Acres	2.471

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Special Note Regarding Forward Looking Statements

Certain statements included or incorporated by reference in this annual information form may constitute forward looking statements or financial outlooks 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;
- 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, estimated contingent and prospective resources;
- exploration and development plans;
- acquisition and disposition plans and the timing thereof;
- operating and other expenses, including the payment of future dividends;
- royalty and income tax rates; 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 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 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 estimates of contingent resources and estimates of prospective resources 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 rates;
- health, safety and environmental risks;
- uncertainties as to the availability and cost of financing;

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- 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 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.

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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.

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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.

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 GAAP and Non-GAAP Measures

This AIF includes references to certain financial and performance measures which do not have standardized meanings prescribed by International Financial Reporting Standards ("IFRS"). These measures include:

- Fund flows from operations: Fund flows from operations is a measure of profit or loss in accordance with IFRS 8 “Operating Segments”. Please see "Segmented information" in the "Notes to the consolidated financial statements" for a reconciliation of fund flows from operations to net earnings. Vermilion analyzes fund flows from operations both on a consolidated basis and on a business unit basis in order to assess the contribution of each business unit to the Company's ability to generate income necessary to pay dividends, repay debt, fund asset retirement obligations and make capital investments.
- Netbacks: Netbacks are per boe and per mcf performance measures used in the analysis of operational activities. Vermilion assesses netbacks both on a consolidated basis and on a business unit basis in order to compare and assess the operational and financial performance of each business unit versus other business units and also versus third party crude oil and natural gas producers.

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.
- Capital expenditures: Represents the sum of drilling and development and exploration and evaluation. Vermilion considers capital expenditures to be a useful measure of its investment in the Company's existing asset base. Capital expenditures are also referred to as E&D capital.

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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, 2020, Vermilion had 747 full time employees of which 210 employees were located in its Calgary head office, 142 employees in its Canadian field offices, 150 employees in France, 70 employees in the Netherlands, 30 employees in Australia, 24 employees in the United States, 32 employees in Germany, 6 employees in Hungary, 2 employees in Croatia and 81 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 Energy 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 Ltd. (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)

Description of the Business

Vermilion is an international energy producer that seeks to create value through the acquisition, exploration, development and optimization of producing properties in North America, Europe and Australia. Vermilion focuses on the exploitation of light oil and liquids-rich natural gas conventional resource plays in Canada and the United States, the exploration and development of high impact natural gas opportunities in the Netherlands and Germany, and oil drilling and workover programs in Germany, France and Australia. Vermilion also holds a 20% operated working interest in the Corrib natural gas project in Ireland.

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. Vermilion has been recognized as a top decile performer amongst Canadian publicly listed companies in governance practices and as a Climate "A" List performer by the CDP (formerly the Carbon Disclosure Project). Vermilion emphasizes strategic community investment in each of our operating areas.

Vermilion has operations in two core areas: 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, 2020:

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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	58,942	418,610	36,204	114,377	569,191	178,048	287,067
France	8,903	182,292	—	—	182,292	33,389	45,246
Netherlands	7,782	1,502	—	64,073	65,575	9,470	17,537
Germany	3,076	17,143	—	17,067	34,210	12,694	25,451
Ireland	6,240	13	—	58,433	58,446	10,270	15,836
Australia	4,416	141,452	—	—	141,452	8,541	13,650
United States	5,514	55,099	6,513	4,834	66,446	31,135	59,085
Central and Eastern Europe	317	8	—	1,925	1,933	1,716	2,730
Total	95,190	816,119	42,717	260,709	1,119,545	285,263	466,602
North America	64,456	473,709	42,717	119,211	635,637	209,183	346,152
International	30,734	342,410	—	141,498	483,908	76,081	120,450

(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 and in southeast Saskatchewan and Manitoba. In West Pembina, the company targets condensate-rich Mannville natural gas and Cardium light oil plays, while in southeast Saskatchewan and Manitoba the company targets light oil in the Mississippian Midale, Frobisher/Alida and Ratcliffe formations. West Pembina is the Company's main natural gas liquids ("NGL") producing area.

Vermilion holds an average 81% working interest in approximately 794,200 (642,300 net) acres of developed land, and an average 87% working interest in approximately 433,800 (376,700 net) acres of undeveloped land in Canada. Vermilion had 832 (613 net) producing conventional natural gas wells and 3,521 (3,034 net) producing light and medium crude oil wells in Canada as at December 31, 2020.

Vermilion has access to ample facilities and processing capacity across the major plays in its Canadian portfolio. In Alberta, Vermilion's operations are concentrated in core geographic regions 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. This high degree of operating control and access to key infrastructure across Vermilion's Canadian properties allows the Company to drive operating efficiencies in the field while supporting future growth opportunities.

During 2020, Vermilion drilled or participated in 86 (74.1 net) wells across our Alberta and Saskatchewan assets. In 2021, we plan to drill or participate in 25 (22.1 net) light crude oil wells in Saskatchewan and ten (9.6 net) natural gas liquids rich conventional natural gas wells in Alberta.

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 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

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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 258,100 (248,900 net) acres of developed land and an average 91% working interest in 244,400 (222,100 net) acres of undeveloped land in the Aquitaine and Paris Basins. Vermilion had 332 (325 net) producing light and medium crude oil wells and three (3.0 net) producing conventional natural gas wells in France as at December 31, 2020.

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In 2021, Vermilion intends to continue its ongoing program of workovers and well optimizations. By continuing to develop its inventory in France, while mitigating declines through workovers and optimizations, Vermilion seeks to maintain or moderately grow its French production over the long-term.

Netherlands Business Unit

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

Vermilion's Netherlands assets consist of 26 onshore concessions (all operated) and 17 offshore concessions (all 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 1,927,300 (930,000 net) acres at an average 49% working interest, of which 92% is undeveloped. Vermilion had 104 (51 net) producing natural gas wells as at December 31, 2020.

In 2021, Vermilion plans to drill two (1.5 net) natural gas wells in the Netherlands. Vermilion 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. Vermilion's natural gas production in Germany is priced off the NCG and GPL indexes, which are both 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 seven natural gas fields and eight light and medium crude oil fields with extensive infrastructure in place. Vermilion had 73 (61 net) producing light and medium crude oil wells and 21 (8 net) producing natural gas wells as at December 31, 2020.

Vermilion's land position in northwest Germany is comprised of 94,700 (36,900 net) developed acres and 2,225,665 (969,500 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 2020, Vermilion continued to execute various well optimization and workover programs to preserve production. During 2021, the Company will continue investing in various well optimization initiatives and bring on production of the Burgmoor Z5 (46% working interest) 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 flow 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.

In 2021, Vermilion plans to continue to focus on facility maintenance and optimization.

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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 20 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 59,600 acres (gross and net).

Vermilion drilled two (2.0 net) wells in Australia between November 2018 and January 2019 and plans to drill wells approximately every two to three years. Vermilion intends to manage its Australian production and related capital investment programs to achieve corporate targets while meeting long-term supply requirements of our customers.

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 the 2018 acquisition of mineral land and producing assets in the Hilight crude oil field located approximately 40 miles northwest of the East Finn assets. The Company's assets include 154,500 (138,000 net) acres of land in the Powder River basin, of which 62% is undeveloped. Vermilion had 141 (136.6 net) producing light and medium crude oil wells in the United States as at December 31, 2020. All of our working interest ownership in Wyoming is Company operated.

During 2020, Vermilion continued to focus on the Turner Sand development in the Powder River Basin, drilling nine (9.0 net) wells on its Hilight asset. In 2021, Vermilion expects to drill four (3.9 net) wells on its Hilight assets.

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 951,200 (951,200 net) acres in Hungary, 489,800 (244,900 net) acres in Slovakia and 2.4 million (2.2 million net) acres in Croatia. Currently, 99% of Vermilion's land position in the CEE is undeveloped.

During 2020, Vermilion drilled one (0.5 net) exploration well in Croatia, which was dry and abandoned. In 2021, Vermilion plans to continue our exploratory drilling activity in CEE by drilling one (1.0 net) natural gas well in Croatia and one (1.0 net) crude oil well in Hungary.

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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.

With the exception of the acquisition of Spartan Energy Corp. ("Spartan") in May 2018, none of the acquisitions described below constituted a “significant acquisition” within the meaning of applicable securities laws. A Business Acquisition Report (Form 51-102F4) relating to the acquisition of Spartan was filed on July 30, 2018. A copy of this report is available on SEDAR at www.sedar.com under Vermilion’s SEDAR profile.

2018

Vermilion achieved annual production of 87,270 boe/d representing an increase of 28% as compared to 2017. Production in Canada reached record levels as the Company completed the most significant acquisition in its history, acquiring Spartan in May 2018 for total consideration of $1.4 billion. Production also grew in the US due to an acquisition completed in August 2018 near Vermilion's existing assets in the Powder River Basin.

Vermilion increased its monthly dividend to $0.23 per share from $0.215 per share beginning with the April 2018 dividend. Upon closing the acquisition of Spartan, the 2% discount associated with our Dividend Reinvestment Plan was eliminated, beginning with the June 2018 dividend.

In February 2018, Vermilion closed an acquisition of a private southeast Saskatchewan producer. The acquisition added over 1,000 bbl/d of high netback 40° API oil and 42,600 net acres of land straddling the Saskatchewan and Manitoba border, near Vermilion's existing operations in southeast Saskatchewan. Total consideration of $91 million, which included both cash paid to the shareholders of the acquired company and the assumption of long-term debt, was funded through the Company's revolving credit facility.

In May 2018, Vermilion acquired all of the issued and outstanding common shares of Spartan, a publicly traded southeast Saskatchewan oil producer. The acquisition added approximately 23,000 boe/d of high-netback, light crude oil production and approximately 480,000 net acres of land (80% average working interest), including 400,000 net acres in southeast Saskatchewan with multi-zone potential. In addition, the Spartan acquisition included approximately 80,000 net acres of land in other areas of Saskatchewan, Alberta and Manitoba. The Acquisition also included ownership and control of producing infrastructure synergistic with Vermilion’s existing assets, as well as significant 2D and 3D seismic data. Total consideration for the acquisition was $1.4 billion consisting of the issuance of 27.9 million Vermilion common shares valued at approximately $1.2 billion (based on the closing price per Vermilion common share of $44.30 on the Toronto Stock Exchange on May 28, 2018) and the assumption of approximately $175 million of Spartan's outstanding debt at the time the transaction closed.

In August 2018, Vermilion acquired mineral land and producing assets in the Powder River Basin in Wyoming for total cash consideration of approximately $189 million. The acquisition was comprised of low base decline, light crude oil-weighted production and high-quality mineral leasehold in the Powder River Basin in Campbell County, Wyoming, approximately 40 miles (65 kilometres) northwest of Vermilion's existing operations. The Assets include approximately 55,700 net acres of land (approximately 96% working interest) and approximately 2,500 boe/d (63% light crude oil and NGLs) of production with an estimated annual base decline rate of 13%. Approximately half of the acquired production came from three federal secondary recovery units in the Muddy formation, with the remainder coming from higher netback production from Turner Sand horizontal producers.

In December 2018, Vermilion closed the acquisition of an additional 1.5% working interest in the Corrib natural gas project bringing the Company's ownership interest in the project to 20%. Vermilion also assumed operatorship of Corrib resulting in a significant increase in the degree of operating control across the Company's portfolio.

Vermilion received a top quartile ranking for its industry sector in RobecoSAM’s annual Corporate Sustainability Assessment. The CSA analyzed sustainability performance across economic, environmental, governance and social criteria, and was the basis of the Dow Jones Sustainability Indices. Vermilion was ranked 11th by Corporate Knights on the Future 40 Responsible Corporate Leaders in Canada list. This marked the fifth year in a row that Vermilion was recognized by Corporate Knights

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as one of Canada's top sustainability performers and Vermilion continued to be the highest ranked oil and gas company on the list. Vermilion’s MSCI ESG (Environment, Social and Governance) received an A rating for the second consecutive year and the Company's Governance Metrics score ranked in the top decile globally. Vermilion scored 82 out of 100 on the annual ratings conducted by Sustainalytics, ranking at the top of its peer group. Sustainalytics rated the sustainability of participating companies based on their environmental, social and governance performance.

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Further demonstrating Vermilion's commitment to being a leader in environmental, social and governance practices, the Board of Directors established a Sustainability Committee to provide oversight with respect to sustainability policy and performance. Members of the committee were (and continue to be) Tim Marchant (Chair), Carin Knickel, Steve Larke and Bill Roby, each an independent director.

2019

Vermilion achieved annual production of 100,357 boe/d representing an increase of 15% compared to 2018. Production in Canada reached record levels as the Company benefited from a full-year contribution from the Spartan assets acquired in May 2018, achieving average annual production of nearly 60,000 boe/d in 2019. Production also achieved record annual average levels in the Netherlands and in the United States.

Vermilion maintained its monthly dividend at $0.23 per share throughout 2019. In July 2019, Vermilion received approval from the TSX for a normal course issuer bid (“NCIB”), allowing the Company to buy back up to 7.75 million shares. Vermilion intended to use the NCIB, in combination with debt reduction, when excess free cash flow was available (beyond dividends) to enhance per share growth. In October 2019, the Company announced its intention to phase out the Dividend Reinvestment Plan ("DRIP") in 2020 by prorating the available DRIP shares by 25% each quarter starting in Q1 2020.

During the third quarter of 2019, Vermilion was awarded two exploration licenses in Ukraine, subject to a final production sharing agreement, in a 50/50 partnership with Ukrgazvydobuvannya ("UGV"), a Ukrainian state-owned gas producer. The licenses cover approximately 500,000 gross acres situated in one of Europe's most prolific natural gas regions (Dnieper-Donets Basin). During 2020, Vermilion decided not to enter into a production sharing agreement and withdrew from the Ukraine.

Vermilion's ISS Governance QualityScore increased to 1 from 3 (where a decile score of 1 indicates lowest governance risk), while its Environment and Social QualityScores remained at 1 and 2 respectively in 2019. Vermilion was rated "AA" in MSCI's annual environmental, social and governance ("ESG") rankings for 2019, placing the Company in the top 19% of oil and gas companies worldwide. This rating was an improvement from "A" in the previous two years. Vermilion received top quartile rankings for 2019 for its industry sector in both the Sustainalytics ESG Rating and SAM (formerly known as RobecoSAM) annual Corporate Sustainability Assessment ("CSA"). These rankings reflected Vermilion's continued commitment to ESG matters across its business, positioning Vermilion as one of the most responsible producers of energy in the industry.

2020

Vermilion achieved annual production of 95,190 boe/d representing a decrease of 5% compared to 2019. This level of annual production was the outcome of a front-end weighted capital program whereby 65% of our E&D capital was invested in Q1 2020, resulting in peak production of over 100,000 boe/d in Q2 2020 and declining to 87,800 boe/d in Q4 2020. Over the last nine months, capital investment was primarily focused on maintenance capital as the Company navigated its way through the global economic slowdown induced by the COVID-19 pandemic.

In March 2020, Vermilion reduced its monthly dividend by 50% to $0.115 per share 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. In addition, subsequent to the first quarter of 2020, our Board of Directors suspended the monthly dividend as a further measure to strengthen the financial position of the Company during a period of weak 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. At present, the Executive Committee includes 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.

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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

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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.

Outlook

Vermilion's business model continues to allow for flexibility in response to volatile commodity prices and regulatory changes. The Company intends to continue funding E&D capital investment from internally generated fund flows from operations while allocating excess free cash flow to debt reduction. Consistent with these objectives, in January 2021 Vermilion announced an E&D capital budget for 2021 of $300 million with corresponding production guidance of between 83,000 to 85,000 boe/d. This budget is designed to be disciplined and balanced in an uncertain and volatile economic environment as the global economy continues to grapple with the COVID-19 pandemic. The budget also seeks to level-load our capital program, which will reset the production base to a more manageable and capital efficient level moving forward.

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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 12, 2021 with an effective date of December 31, 2020. 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, 2020 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 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.

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

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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	7,061	7,061	—	—	—	—	—	—
Canada	46,244	41,577	12	12	—	—	235,348	219,792
CEE	—	—	—	—	—	—	1,390	1,049
France	28,155	23,540	—	—	—	—	—	—
Germany	3,403	3,302	—	—	—	—	27,788	26,671
Ireland	—	—	—	—	—	—	61,620	61,620
Netherlands	—	—	—	—	—	—	42,832	42,000
United States	5,858	4,938	—	—	—	—	40,555	33,979
Total Proved Developed Producing	**90,720**	**80,418**	**12**	**12**	**—**	**—**	**409,533**	**385,111**
North America	52,102	46,515	12	12	—	—	275,903	253,771
International	38,618	33,903	—	—	—	—	133,630	131,340

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	—	—	—	—	—	—	7,061	7,061
Canada	527	501	3,645	3,390	21,189	18,466	107,365	97,335
CEE	—	—	—	—	—	—	232	175
France	—	—	—	—	—	—	28,155	23,540
Germany	—	—	—	—	—	—	8,034	7,747
Ireland	—	—	—	—	—	—	10,270	10,270
Netherlands	—	—	—	—	86	84	7,225	7,085
United States	—	—	—	—	4,393	3,679	17,010	14,280
Total Proved Developed Producing	**527**	**501**	**3,645**	**3,390**	**25,668**	**22,229**	**185,352**	**167,492**
North America	527	501	3,645	3,390	25,582	22,145	124,375	111,615
International	—	—	—	—	86	84	60,976	55,877

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	2,618	2,213	—	—	—	—	11,115	10,411
CEE	—	—	—	—	—	—	8,906	7,303
France	1,011	852	—	—	—	—	—	—
Germany	835	813	—	—	—	—	11,866	11,271
Ireland	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—	10,697	10,593
United States	356	287	—	—	—	—	427	345
Total Proved Developed Non-Producing	**4,820**	**4,165**	**—**	**—**	**—**	**—**	**43,011**	**39,922**
North America	2,973	2,501	—	—	—	—	11,542	10,756

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International	1,846	1,664	—	—	—	—	31,470	29,167

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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	—	—	703	663	582	520	5,169	4,579
CEE	—	—	—	—	—	—	1,484	1,217
France	—	—	—	—	—	—	1,011	852
Germany	—	—	—	—	—	—	2,813	2,691
Ireland	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	21	21	1,804	1,786
United States	—	—	—	—	56	45	483	390
Total Proved Developed Non-Producing	**—**	**—**	**703**	**663**	**659**	**586**	**12,764**	**11,515**
North America	—	—	703	663	638	565	5,652	4,969
International	—	—	—	—	21	21	7,112	6,546

Proved Undeveloped (3) (8)	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	1,480	1,480	—	—	—	—	—	—
Canada	34,580	29,883	43	40	—	—	107,503	100,705
CEE	—	—	—	—	—	—	—	—
France	4,223	3,505	—	—	—	—	—	—
Germany	1,408	1,379	—	—	—	—	2,631	2,442
Ireland	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—	2,591	2,591
United States	9,227	7,591	—	—	—	—	15,696	12,956
Total Proved Undeveloped	**50,919**	**43,837**	**43**	**40**	**—**	**—**	**128,421**	**118,695**
North America	43,807	37,474	43	40	—	—	123,198	113,661
International	7,112	6,364	—	—	—	—	5,223	5,034

Proved Undeveloped (3) (8)	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	—	—	—	—	—	—	1,480	1,480
Canada	—	—	446	357	12,900	11,616	65,514	58,382
CEE	—	—	—	—	—	—	—	—
France	—	—	—	—	—	—	4,223	3,505
Germany	—	—	—	—	—	—	1,847	1,786
Ireland	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	10	10	441	441
United States	—	—	—	—	1,799	1,484	13,642	11,234
Total Proved Undeveloped	**—**	**—**	**446**	**357**	**14,708**	**13,109**	**87,147**	**76,829**
North America	—	—	446	357	14,699	13,100	79,155	69,617
International	—	—	—	—	10	10	7,992	7,212

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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	8,541	8,541	—	—	—	—	—	—
Canada	83,442	73,672	55	52	—	—	353,966	330,908
CEE	—	—	—	—	—	—	10,296	8,352
France	33,389	27,897	—	—	—	—	—	—
Germany	5,647	5,493	—	—	—	—	42,285	40,385
Ireland	—	—	—	—	—	—	61,620	61,620
Netherlands	—	—	—	—	—	—	56,121	55,185
United States	15,440	12,817	—	—	—	—	56,678	47,280
Total Proved	**146,459**	**128,420**	**55**	**52**	**—**	**—**	**580,966**	**543,728**
North America	98,882	86,489	55	52	—	—	410,643	378,187
International	47,577	41,931	—	—	—	—	170,322	165,541

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Proved (3)	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	—	—	—	—	—	—	8,541	8,541
Canada	527	501	4,795	4,411	34,670	30,602	178,048	160,296
CEE	—	—	—	—	—	—	1,716	1,392
France	—	—	—	—	—	—	33,389	27,897
Germany	—	—	—	—	—	—	12,694	12,224
Ireland	—	—	—	—	—	—	10,270	10,270
Netherlands	—	—	—	—	117	115	9,470	9,312
United States	—	—	—	—	6,248	5,208	31,135	25,905
Total Proved	**527**	**501**	**4,795**	**4,411**	**41,035**	**35,924**	**285,263**	**255,836**
North America	527	501	4,795	4,411	40,918	35,810	209,183	186,201
International	—	—	—	—	117	115	76,081	69,636

Probable (4)	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	5,109	5,109	—	—	—	—	—	—
Canada	46,547	41,367	73	62	—	—	242,218	226,707
CEE	—	—	—	—	—	—	6,081	4,957
France	11,857	9,913	—	—	—	—	—	—
Germany	4,257	4,138	—	—	—	—	50,997	47,748
Ireland	—	—	—	—	—	—	33,398	33,398
Netherlands	—	—	—	—	—	—	47,741	44,516
United States	17,807	14,806	—	—	—	—	36,035	30,066
Total Probable	**85,577**	**75,333**	**73**	**62**	**—**	**—**	**416,470**	**387,392**
North America	64,354	56,173	73	62	—	—	278,253	256,773
International	21,223	19,160	—	—	—	—	138,217	130,619

Probable (4)	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	—	—	—	—	—	—	5,109	5,109
Canada	201	191	1,592	1,467	21,730	19,107	109,019	98,597
CEE	—	—	—	—	—	—	1,014	826
France	—	—	—	—	—	—	11,857	9,913
Germany	—	—	—	—	—	—	12,757	12,096
Ireland	—	—	—	—	—	—	5,566	5,566
Netherlands	—	—	—	—	110	102	8,067	7,521
United States	—	—	—	—	4,137	3,449	27,950	23,267
Total Probable	**201**	**191**	**1,592**	**1,467**	**25,978**	**22,659**	**181,339**	**162,895**
North America	201	191	1,592	1,467	25,868	22,557	136,969	121,864
International	—	—	—	—	110	102	44,370	41,032

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Proved Plus Probable (3) (4)	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	13,650	13,650	—	—	—	—	—	—
Canada	129,989	115,039	128	114	—	—	596,184	557,615
CEE	—	—	—	—	—	—	16,377	13,309
France	45,246	37,810	—	—	—	—	—	—
Germany	9,904	9,631	—	—	—	—	93,282	88,132
Ireland	—	—	—	—	—	—	95,018	95,018
Netherlands	—	—	—	—	—	—	103,862	99,700
United States	33,247	27,623	—	—	—	—	92,712	77,346
Total Proved Plus Probable	**232,036**	**203,753**	**128**	**114**	**—**	**—**	**997,435**	**931,120**
North America	163,236	142,663	128	114	—	—	688,896	634,960
International	68,800	61,090	—	—	—	—	308,539	296,160

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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	—	—	—	—	—	—	13,650	13,650
Canada	728	693	6,387	5,878	56,401	49,709	287,067	258,893
CEE	—	—	—	—	—	—	2,730	2,218
France	—	—	—	—	—	—	45,246	37,810
Germany	—	—	—	—	—	—	25,451	24,320
Ireland	—	—	—	—	—	—	15,836	15,836
Netherlands	—	—	—	—	227	217	17,537	16,833
United States	—	—	—	—	10,385	8,657	59,085	49,171
Total Proved Plus Probable	**728**	**693**	**6,387**	**5,878**	**67,013**	**58,583**	**466,602**	**418,732**
North America	728	693	6,387	5,878	66,786	58,366	346,152	308,064
International	—	—	—	—	227	217	120,450	110,667

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.

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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	(644)	65,477	95,944	108,509	112,060	43,333	78,278	92,870	97,444	97,135
Canada	1,484,637	1,221,123	1,031,326	893,371	790,141	1,484,637	1,221,123	1,031,326	893,371	790,141
CEE	5,147	4,471	3,943	3,527	3,195	5,147	4,471	3,943	3,527	3,195
France	556,966	510,511	436,001	371,472	321,076	530,786	497,909	429,453	367,854	318,974
Germany	40,723	102,690	108,599	101,679	92,736	40,723	102,690	108,599	101,679	92,736
Ireland	219,302	221,899	212,128	198,976	185,772	219,302	221,899	212,128	198,976	185,772
Netherlands	33,045	66,482	82,313	89,109	91,207	27,326	60,364	76,050	82,847	85,030
United States	256,056	180,369	139,295	114,489	98,061	256,056	180,369	139,295	114,489	98,061
Total Proved Developed Producing	**2,595,233**	**2,373,021**	**2,109,548**	**1,881,132**	**1,694,247**	**2,607,312**	**2,367,102**	**2,093,663**	**1,860,187**	**1,671,043**
North America	1,740,693	1,401,492	1,170,621	1,007,860	888,202	1,740,693	1,401,492	1,170,621	1,007,860	888,202
International	854,540	971,529	938,927	873,272	806,045	866,619	965,610	923,042	852,327	782,842
Proved Developed Non-Producing (2) (4) (6)										
Australia	—	—	—	—	—	—	—	—	—	—
Canada	109,504	82,170	65,338	54,087	46,091	109,504	82,170	65,338	54,087	46,091
CEE	22,436	18,096	14,648	11,878	9,631	22,436	18,096	14,648	11,878	9,631
France	10,536	10,604	8,361	6,199	4,510	9,130	9,929	8,010	6,006	4,398
Germany	49,033	40,862	32,662	26,135	21,189	49,033	40,862	32,662	26,135	21,189
Ireland	—	—	—	—	—	—	—	—	—	—
Netherlands	43,916	43,998	41,961	39,185	36,287	31,883	34,205	33,843	32,344	30,437
United States	6,356	3,324	1,532	432	(266)	6,356	3,324	1,532	432	(266)
Total Proved Developed Non-Producing	**241,782**	**199,055**	**164,501**	**137,917**	**117,443**	**228,342**	**188,587**	**156,033**	**130,883**	**111,481**
North America	115,860	85,494	66,870	54,519	45,825	115,860	85,494	66,870	54,519	45,825
International	125,922	113,561	97,631	83,397	71,617	112,482	103,093	89,163	76,363	65,655
Proved Undeveloped (2) (7)										
Australia	51,423	38,646	28,787	21,139	15,167	31,226	22,025	15,022	9,658	5,526
Canada	1,166,319	680,956	422,184	270,329	174,784	1,166,319	680,956	422,184	270,329	174,784
CEE	—	—	—	—	—	—	—	—	—	—
France	72,144	53,851	37,545	25,205	16,235	69,407	52,420	36,742	24,730	15,943
Germany	34,950	27,632	19,232	12,763	8,109	34,950	27,632	19,232	12,763	8,109
Ireland	—	—	—	—	—	—	—	—	—	—
Netherlands	12,177	9,491	7,460	5,924	4,753	8,222	6,552	5,221	4,181	3,370
United States	197,595	113,574	65,826	36,957	18,529	197,595	113,574	65,826	36,957	18,529
Total Proved Undeveloped	**1,534,608**	**924,151**	**581,035**	**372,317**	**237,578**	**1,507,718**	**903,160**	**564,227**	**358,619**	**226,262**
North America	1,363,914	794,530	488,010	307,287	193,313	1,363,914	794,530	488,010	307,287	193,313
International	170,694	129,620	93,025	65,030	44,264	143,805	108,630	76,217	51,332	32,948

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Proved [2]										
Australia	50,780	104,122	124,731	129,648	127,227	74,559	100,304	107,891	107,102	102,661
Canada	2,760,460	1,984,249	1,518,848	1,217,787	1,011,016	2,760,460	1,984,249	1,518,848	1,217,787	1,011,016
CEE	27,584	22,567	18,590	15,404	12,826	27,584	22,567	18,590	15,404	12,826
France	639,646	574,966	481,907	402,876	341,822	609,323	560,258	474,206	398,590	339,316
Germany	124,706	171,184	160,493	140,577	122,034	124,706	171,184	160,493	140,577	122,034
Ireland	219,302	221,899	212,128	198,976	185,772	219,302	221,899	212,128	198,976	185,772
Netherlands	89,138	119,971	131,734	134,218	132,247	67,431	101,121	115,114	119,373	118,837
United States	460,006	297,267	206,653	151,879	116,324	460,006	297,267	206,653	151,879	116,324
Total Proved	**4,371,623**	**3,496,226**	**2,855,083**	**2,391,366**	**2,049,267**	**4,343,372**	**3,458,849**	**2,813,922**	**2,349,689**	**2,008,785**
North America	3,220,467	2,281,515	1,725,501	1,369,666	1,127,340	3,220,467	2,281,515	1,725,501	1,369,666	1,127,340
International	1,151,156	1,214,711	1,129,583	1,021,700	921,927	1,122,906	1,177,333	1,088,422	980,022	881,445

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($M)	Before Deducting Future Income Taxes Discounted At 0%	5%	10%	15%	20%	After Deducting Future Income Taxes Discounted At 0%	5%	10%	15%	20%
Probable (3)										
Australia	248,135	212,663	176,047	145,140	120,683	157,400	133,253	109,529	89,877	74,483
Canada	2,076,452	1,182,604	756,007	522,616	381,168	1,697,679	1,005,475	665,818	473,630	353,178
CEE	26,916	21,762	18,027	15,229	13,071	23,796	19,172	15,849	13,378	11,483
France	354,187	229,570	154,243	107,270	76,894	256,584	163,894	107,893	73,077	50,680
Germany	322,991	234,638	160,742	113,648	83,805	268,814	202,295	138,792	97,419	71,089
Ireland	134,689	105,541	78,415	58,261	44,018	134,689	105,541	78,415	58,261	44,018
Netherlands	188,084	156,744	127,286	102,981	83,808	124,318	103,664	82,241	64,124	49,813
United States	647,209	346,974	208,262	135,458	93,326	526,282	285,936	173,731	114,231	79,453
Total Probable	**3,998,663**	**2,490,495**	**1,679,029**	**1,200,603**	**896,773**	**3,189,562**	**2,019,230**	**1,372,269**	**983,996**	**734,197**
North America	2,723,661	1,529,578	964,270	658,074	474,494	2,223,961	1,291,411	839,549	587,861	432,630
International	1,275,002	960,918	714,760	542,529	422,279	965,600	727,819	532,720	396,135	301,567
Proved Plus Probable (2) (3)										
Australia	298,915	316,785	300,778	274,788	247,910	231,959	233,556	217,420	196,979	177,144
Canada	4,836,912	3,166,853	2,274,855	1,740,403	1,392,184	4,458,140	2,989,723	2,184,666	1,691,417	1,364,194
CEE	54,500	44,330	36,617	30,633	25,897	51,380	41,740	34,440	28,783	24,309
France	993,833	804,536	636,150	510,147	418,716	865,908	724,152	582,098	471,667	389,996
Germany	447,697	405,823	321,235	254,225	205,838	393,520	373,479	299,285	237,996	193,123
Ireland	353,991	327,440	290,543	257,237	229,790	353,991	327,440	290,543	257,237	229,790
Netherlands	277,222	276,716	259,020	237,199	216,055	191,749	204,784	197,356	183,497	168,651
United States	1,107,215	644,240	414,915	287,336	209,650	986,288	583,203	380,384	266,109	195,777
Total Proved Plus Probable	**8,370,286**	**5,986,722**	**4,534,112**	**3,591,969**	**2,946,040**	**7,532,934**	**5,478,078**	**4,186,192**	**3,333,685**	**2,742,983**
North America	5,944,128	3,811,093	2,689,770	2,027,740	1,601,834	5,444,428	3,572,926	2,565,050	1,957,527	1,559,971
International	2,426,158	2,175,628	1,844,342	1,564,229	1,344,206	2,088,506	1,905,152	1,621,142	1,376,158	1,183,012

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.

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

($M)	Revenue	Royalties	Operating Costs	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	693,124	—	328,854	99,383	214,107	50,780	(23,780)	74,559
Canada	7,875,426	963,815	2,951,423	906,616	293,111	2,760,460	—	2,760,460
CEE	76,787	14,514	18,236	16,075	378	27,584	—	27,584
France	2,262,648	368,089	826,209	157,798	270,906	639,646	30,323	609,323
Germany	623,068	20,558	245,147	48,116	184,540	124,706	—	124,706
Ireland	493,599	—	182,812	20,234	71,251	219,302	—	219,302
Netherlands	465,061	6,408	238,507	7,013	123,994	89,138	21,707	67,431
United States	1,604,617	510,102	407,567	200,637	26,304	460,006	—	460,006
Total Proved	**14,094,330**	**1,883,487**	**5,198,756**	**1,455,873**	**1,184,592**	**4,371,623**	**28,250**	**4,343,372**
North America	9,480,043	1,473,918	3,358,990	1,107,253	319,415	3,220,467	—	3,220,467
International	4,614,287	409,569	1,839,766	348,620	865,177	1,151,156	28,250	1,122,906
Proved Plus Probable [(2) (3)]								
Australia	1,144,077	—	515,203	102,747	227,212	298,915	66,956	231,959
Canada	12,912,776	1,554,064	4,661,675	1,496,958	363,166	4,836,912	378,773	4,458,140
CEE	124,009	23,251	29,761	16,075	422	54,500	3,120	51,380
France	3,114,177	506,614	1,026,676	291,119	295,935	993,833	127,925	865,908
Germany	1,269,293	50,040	423,053	106,378	242,124	447,697	54,177	393,520
Ireland	786,509	—	309,350	42,928	80,241	353,991	—	353,991
Netherlands	874,376	27,518	360,271	63,200	146,165	277,222	85,473	191,749
United States	3,398,198	1,071,564	756,459	425,608	37,351	1,107,215	120,927	986,288
Total Proved Plus Probable	**23,623,416**	**3,233,052**	**8,082,448**	**2,545,014**	**1,392,617**	**8,370,286**	**837,351**	**7,532,934**
North America	16,310,974	2,625,628	5,418,134	1,922,567	400,518	5,944,128	499,700	5,444,428
International	7,312,442	607,424	2,664,314	622,448	992,099	2,426,158	337,652	2,088,506

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.

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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)	1,406,531	14.98
Heavy Crude Oil (3)	278	15.04
Conventional Natural Gas (4)	700,655	9.61
Shale Gas	233	2.51
Coal Bed Methane	1,850	3.24
Total Proved Developed Producing	**2,109,548**	**12.59**
Proved Developed Non-Producing		
Light Crude Oil & Medium Crude Oil (3)	72,929	15.10
Heavy Crude Oil (3)	—	—
Conventional Natural Gas (4)	91,252	13.88
Shale Gas	—	—
Coal Bed Methane	320	2.86
Total Proved Developed Non-Producing	**164,501**	**14.29**
Proved Undeveloped		
Light Crude Oil & Medium Crude Oil (3)	477,452	8.93
Heavy Crude Oil (3)	178	2.83
Conventional Natural Gas (4)	103,298	4.45
Shale Gas	—	—
Coal Bed Methane	107	1.77
Total Proved Undeveloped	**581,035**	**7.56**
Proved		
Light Crude Oil & Medium Crude Oil (3)	1,956,912	12.86
Heavy Crude Oil (3)	457	5.61
Conventional Natural Gas (4)	895,204	8.71
Shale Gas	233	2.51
Coal Bed Methane	2,278	3.06
Total Proved	**2,855,083**	**11.16**
Probable		
Light Crude Oil & Medium Crude Oil (3)	1,130,021	12.00
Heavy Crude Oil (3)	493	5.07
Conventional Natural Gas (4)	547,426	8.01
Shale Gas	106	2.97
Coal Bed Methane	984	3.97
Total Probable	**1,679,029**	**10.31**
Proved Plus Probable		
Light Crude Oil & Medium Crude Oil (3)	3,086,933	12.53

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Heavy Crude Oil [3]	949	5.32
Conventional Natural Gas [4]	1,442,630	8.43
Shale Gas	339	2.64
Coal Bed Methane	3,261	3.29
Total Proved Plus Probable	**4,534,112**	**10.83**

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.

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Forecast prices used in estimates (1)(2)

Year	Light Crude Oil & Medium Crude Oil			Crude Oil	Conventional Natural Gas Canada	Conventional Natural Gas Europe	Natural Gas Liquids				Inflation Rate	Exchange Rate	
	WTI Cushing Oklahoma ($US/bbl)	Edmonton Par Price 40˚ API ($Cdn/bbl)	Cromer Light 35˚ API ($Cdn/bbl)	Brent Blend FOB North Sea ($US/bbl)	AECO Gas Price ($Cdn/mmbtu)	UK National Balancing Point ($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
2020	39.40	45.66	45.74	43.21	2.24	3.16	10.95	15.61	17.31	49.80	0.80 %	0.75	1.53
Forecast													
2021	47.17	55.76	55.38	49.42	2.78	6.10	8.91	18.18	26.36	59.24	— %	0.77	1.58
2022	50.17	59.89	59.31	52.85	2.70	5.78	8.65	21.91	32.85	63.19	1.30 %	0.77	1.61
2023	53.17	63.48	62.72	56.04	2.61	5.78	8.35	24.57	39.20	67.34	2.00 %	0.76	1.62
2024	54.97	65.76	64.98	57.87	2.65	5.91	8.46	25.47	40.65	69.77	2.00 %	0.76	1.62
2025	56.07	67.13	66.33	59.00	2.70	6.05	8.63	26.00	41.50	71.18	2.00 %	0.76	1.62
2026	57.19	68.53	67.71	60.15	2.76	6.16	8.81	26.54	42.36	72.61	2.00 %	0.76	1.62
2027	58.34	69.95	69.12	61.33	2.81	6.26	8.99	27.09	43.24	74.07	2.00 %	0.76	1.62
2028	59.50	71.40	70.56	62.53	2.86	6.40	9.17	27.65	44.14	75.56	2.00 %	0.76	1.62
2029	60.69	72.88	72.02	63.75	2.92	6.54	9.36	28.23	45.06	77.08	2.00 %	0.76	1.62
2030	61.91	74.34	73.46	65.03	2.98	6.67	9.55	28.79	45.96	78.62	2.00 %	0.76	1.62
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	0.76	1.62

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 2021, 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 2020, average realized prices before hedging were:

Country	Crude oil ($/bbl)	NGLs ($/bbl)	Natural gas ($/mcf)
Australia	76.70	—	—
Canada	44.21	24.63	2.06
CEE	47.06	—	2.77
France	55.39	—	—
Germany	48.43	—	3.69
Ireland	—	—	4.26
Netherlands	—	45.99	3.79
United States	49.36	14.68	1.77

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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, 2020 compared to such reserves as at December 31, 2019 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]	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)
At December 31, 2019	8,608	4,552	13,160	8,608	4,552	13,160	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	1,480	540	2,021	1,480	540	2,021	—	—	—	—	—	—
Technical Revisions	69	17	85	69	17	85	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors	—	—	—	—	—	—	—	—	—	—	—	—
Production	(1,616)	—	(1,616)	(1,616)	—	(1,616)	—	—	—	—	—	—
At December 31, 2020	**8,541**	**5,109**	**13,650**	**8,541**	**5,109**	**13,650**	**—**	**—**	**—**	**—**	**—**	**—**

Australia	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane			Shale Gas		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)
At December 31, 2019	—	—	—	—	—	—	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	—	—	—	—	—	—	—	—	—	—	—	—
Technical Revisions	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors	—	—	—	—	—	—	—	—	—	—	—	—
Production	—	—	—	—	—	—	—	—	—	—	—	—
At December 31, 2020	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

Australia	Natural Gas Liquids			BOE		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mboe)	(mboe)	(mboe)
At December 31, 2019	—	—	—	8,608	4,552	13,160
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery	—	—	—	1,480	540	2,021
Technical Revisions	—	—	—	69	17	85
Acquisitions	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—

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Economic Factors	—	—	—	—	—	—
Production	—	—	—	(1,616)	—	(1,616)
At December 31, 2020	**—**	**—**	**—**	**8,541**	**5,109**	**13,650**

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Canada	Total Oil (4)			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
Proved Probable P+P (1) (2)	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)
At December 31, 2019	94,990	47,009	141,999	94,903	46,931	141,834	87	78	165	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	3,984	1,178	5,162	3,984	1,178	5,162	—	—	—	—	—	—
Technical Revisions	(210)	(619)	(829)	(187)	(614)	(801)	(24)	(5)	(28)	—	—	—
Acquisitions	927	374	1,301	927	374	1,301	—	—	—	—	—	—
Dispositions	(2,315)	(872)	(3,187)	(2,315)	(872)	(3,187)	—	—	—	—	—	—
Economic Factors	(4,366)	(450)	(4,816)	(4,366)	(450)	(4,816)	—	—	—	—	—	—
Production	(9,513)	—	(9,513)	(9,504)	—	(9,504)	(9)	—	(9)	—	—	—
At December 31, 2020	**83,497**	**46,620**	**130,116**	**83,442**	**46,547**	**129,989**	**55**	**73**	**128**	**—**	**—**	**—**

Canada	Total Gas (4)			Conventional Natural Gas			Coal Bed Methane			Shale Gas		
Proved Probable P+P (1) (2)	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)
At December 31, 2019	366,030	249,711	615,741	361,097	248,227	609,324	4,237	1,316	5,553	696	168	864
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	57,353	(6,697)	50,656	57,353	(6,697)	50,656	—	—	—	—	—	—
Technical Revisions	5,685	2,606	8,291	2,796	2,493	5,289	2,881	110	2,991	8	3	11
Acquisitions	4,495	6,981	11,476	4,495	6,981	11,476	—	—	—	—	—	—
Dispositions	(4,231)	(1,256)	(5,487)	(4,231)	(1,256)	(5,487)	—	—	—	—	—	—
Economic Factors	(14,639)	(7,333)	(21,972)	(13,210)	(7,529)	(20,739)	(1,360)	166	(1,194)	(69)	30	(39)
Production	(55,406)	—	(55,406)	(54,335)	—	(54,335)	(963)	—	(963)	(108)	—	(108)
At December 31, 2020	**359,287**	**244,012**	**603,299**	**353,965**	**242,219**	**596,184**	**4,795**	**1,592**	**6,387**	**527**	**201**	**728**

Canada	Natural Gas Liquids			BOE		
Proved Probable P+P (1) (2)	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mboe)	(mboe)	(mboe)
At December 31, 2019	35,360	20,549	55,910	191,356	109,177	300,532
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery	3,155	(183)	2,972	16,698	(121)	16,577
Technical Revisions	252	1,493	1,744	989	1,308	2,297
Acquisitions	483	605	1,088	2,159	2,143	4,302
Dispositions	(659)	(194)	(853)	(3,679)	(1,275)	(4,955)
Economic Factors	(1,096)	(539)	(1,635)	(7,902)	(2,211)	(10,113)
Production	(2,825)	—	(2,825)	(21,573)	—	(21,573)
At December 31, 2020	**34,670**	**21,731**	**56,401**	**178,048**	**109,019**	**287,067**

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CEE	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)
At December 31, 2019	—	—	—	—	—	—	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	—	—	—	—	—	—	—	—	—	—	—	—
Technical Revisions	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors	—	—	—	—	—	—	—	—	—	—	—	—
Production	—	—	—	—	—	—	—	—	—	—	—	—
At December 31, 2020	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

CEE	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane			Shale Gas		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)
At December 31, 2019	10,388	5,829	16,217	10,388	5,829	16,217	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	—	—	—	—	—	—	—	—	—	—	—	—
Technical Revisions	719	317	1,036	719	317	1,036	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors	(116)	(65)	(181)	(116)	(65)	(181)	—	—	—	—	—	—
Production	(695)	—	(695)	(695)	—	(695)	—	—	—	—	—	—
At December 31, 2020	**10,296**	**6,081**	**16,377**	**10,296**	**6,081**	**16,377**	**—**	**—**	**—**	**—**	**—**	**—**

CEE	Natural Gas Liquids			BOE		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mboe)	(mboe)	(mboe)
At December 31, 2019	—	—	—	1,731	971	2,703
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery	—	—	—	—	—	—
Technical Revisions	—	—	—	120	53	173
Acquisitions	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—
Economic Factors	—	—	—	(19)	(11)	(30)
Production	—	—	—	(116)	—	(116)
At December 31, 2020	**—**	**—**	**—**	**1,716**	**1,014**	**2,730**

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France	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)
At December 31, 2019	40,963	18,729	59,692	40,963	18,729	59,692	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	150	(150)	—	150	(150)	—	—	—	—	—	—	—
Technical Revisions	1,836	(1,900)	(64)	1,836	(1,900)	(64)	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors	(6,301)	(4,822)	(11,123)	(6,301)	(4,822)	(11,123)	—	—	—	—	—	—
Production	(3,259)	—	(3,259)	(3,259)	—	(3,259)	—	—	—	—	—	—
At December 31, 2020	**33,389**	**11,857**	**45,246**	**33,389**	**11,857**	**45,246**	**—**	**—**	**—**	**—**	**—**	**—**

France	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane			Shale Gas		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)
At December 31, 2019	—	—	—	—	—	—	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	—	—	—	—	—	—	—	—	—	—	—	—
Technical Revisions	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors	—	—	—	—	—	—	—	—	—	—	—	—
Production	—	—	—	—	—	—	—	—	—	—	—	—
At December 31, 2020	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

France	Natural Gas Liquids			BOE		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mboe)	(mboe)	(mboe)
At December 31, 2019	—	—	—	40,963	18,729	59,692
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery	—	—	—	150	(150)	—
Technical Revisions	—	—	—	1,836	(1,900)	(64)
Acquisitions	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—
Economic Factors	—	—	—	(6,301)	(4,822)	(11,123)
Production	—	—	—	(3,259)	—	(3,259)
At December 31, 2020	**—**	**—**	**—**	**33,389**	**11,857**	**45,246**

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Germany Proved Probable P+P [1] [2] Factors	Total Oil [4] Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Light & Medium Crude Oil Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Heavy Crude Oil Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	Tight Oil Proved (mbbl)	Probable (mbbl)	P+P (mbbl)
At December 31, 2019	6,072	3,961	10,033	6,072	3,961	10,033	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	616	747	1,363	616	747	1,363	—	—	—	—	—	—
Technical Revisions	(63)	(20)	(83)	(63)	(20)	(83)	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors	(624)	(431)	(1,055)	(624)	(431)	(1,055)	—	—	—	—	—	—
Production	(354)	—	(354)	(354)	—	(354)	—	—	—	—	—	—
At December 31, 2020	**5,647**	**4,257**	**9,904**	**5,647**	**4,257**	**9,904**	**—**	**—**	**—**	**—**	**—**	**—**

Germany Proved Probable P+P [1] [2] Factors	Total Gas [4] Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Conventional Natural Gas Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Coal Bed Methane Proved (mmcf)	Probable (mmcf)	P+P (mmcf)	Shale Gas Proved (mmcf)	Probable (mmcf)	P+P (mmcf)
At December 31, 2019	46,253	53,987	100,240	46,253	53,987	100,240	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	113	10,373	10,486	113	10,373	10,486	—	—	—	—	—	—
Technical Revisions	2,544	(11,298)	(8,754)	2,544	(11,298)	(8,754)	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors	(1,996)	(2,065)	(4,061)	(1,996)	(2,065)	(4,061)	—	—	—	—	—	—
Production	(4,629)	—	(4,629)	(4,629)	—	(4,629)	—	—	—	—	—	—
At December 31, 2020	**42,285**	**50,997**	**93,282**	**42,285**	**50,997**	**93,282**	**—**	**—**	**—**	**—**	**—**	**—**

Germany Proved Probable P+P [1] [2] Factors	Natural Gas Liquids Proved (mbbl)	Probable (mbbl)	P+P (mbbl)	BOE Proved (mboe)	Probable (mboe)	P+P (mboe)
At December 31, 2019	—	—	—	13,781	12,959	26,740
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery	—	—	—	635	2,476	3,111
Technical Revisions	—	—	—	361	(1,903)	(1,542)
Acquisitions	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—
Economic Factors	—	—	—	(957)	(775)	(1,732)
Production	—	—	—	(1,126)	—	(1,126)
At December 31, 2020	**—**	**—**	**—**	**12,694**	**12,757**	**25,451**

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Ireland	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)
At December 31, 2019	—	—	—	—	—	—	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	—	—	—	—	—	—	—	—	—	—	—	—
Technical Revisions	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors	—	—	—	—	—	—	—	—	—	—	—	—
Production	—	—	—	—	—	—	—	—	—	—	—	—
At December 31, 2020	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

Ireland	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane			Shale Gas		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)
At December 31, 2019	70,633	36,013	106,647	70,633	36,013	106,647	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	—	—	—	—	—	—	—	—	—	—	—	—
Technical Revisions	4,690	(2,615)	2,074	4,690	(2,615)	2,074	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors	—	—	—	—	—	—	—	—	—	—	—	—
Production	(13,703)	—	(13,703)	(13,703)	—	(13,703)	—	—	—	—	—	—
At December 31, 2020	**61,620**	**33,398**	**95,018**	**61,620**	**33,398**	**95,018**	**—**	**—**	**—**	**—**	**—**	**—**

Ireland	Natural Gas Liquids			BOE		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mboe)	(mboe)	(mboe)
At December 31, 2019	—	—	—	11,772	6,002	17,774
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery	—	—	—	—	—	—
Technical Revisions	—	—	—	782	(436)	346
Acquisitions	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—
Economic Factors	—	—	—	—	—	—
Production	—	—	—	(2,284)	—	(2,284)
At December 31, 2020	**—**	**—**	**—**	**10,270**	**5,566**	**15,836**

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Netherlands	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)
At December 31, 2019	—	—	—	—	—	—	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	—	—	—	—	—	—	—	—	—	—	—	—
Technical Revisions	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors	—	—	—	—	—	—	—	—	—	—	—	—
Production	—	—	—	—	—	—	—	—	—	—	—	—
At December 31, 2020	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

Netherlands	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane			Shale Gas		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)
At December 31, 2019	65,581	58,475	124,056	65,581	58,475	124,056	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	—	—	—	—	—	—	—	—	—	—	—	—
Technical Revisions	7,434	(10,503)	(3,069)	7,434	(10,503)	(3,069)	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors	—	(231)	(231)	—	(231)	(231)	—	—	—	—	—	—
Production	(16,894)	—	(16,894)	(16,894)	—	(16,894)	—	—	—	—	—	—
At December 31, 2020	**56,121**	**47,741**	**103,862**	**56,121**	**47,741**	**103,862**	**—**	**—**	**—**	**—**	**—**	**—**

Netherlands	Natural Gas Liquids			BOE		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mboe)	(mboe)	(mboe)
At December 31, 2019	175	129	304	11,105	9,875	20,980
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery	—	—	—	—	—	—
Technical Revisions	(25)	(19)	(44)	1,214	(1,769)	(556)
Acquisitions	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—
Economic Factors	—	—	—	—	(39)	(39)
Production	(33)	—	(33)	(2,849)	—	(2,849)
At December 31, 2020	**117**	**110**	**227**	**9,470**	**8,067**	**17,537**

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United States	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)
At December 31, 2019	16,254	18,579	34,833	16,254	18,579	34,833	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	1,157	(494)	663	1,157	(494)	663	—	—	—	—	—	—
Technical Revisions	(794)	(251)	(1,045)	(794)	(251)	(1,045)	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors	(60)	(27)	(87)	(60)	(27)	(87)	—	—	—	—	—	—
Production	(1,117)	—	(1,117)	(1,117)	—	(1,117)	—	—	—	—	—	—
At December 31, 2020	**15,440**	**17,807**	**33,247**	**15,440**	**17,807**	**33,247**	**—**	**—**	**—**	**—**	**—**	**—**

United States	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane [5]			Shale Gas [5]		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)
At December 31, 2019	51,608	35,828	87,436	51,608	35,828	87,436	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	2,986	(856)	2,130	2,986	(856)	2,130	—	—	—	—	—	—
Technical Revisions	4,948	1,125	6,073	4,948	1,125	6,073	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors	(132)	(61)	(193)	(132)	(61)	(193)	—	—	—	—	—	—
Production	(2,733)	—	(2,733)	(2,733)	—	(2,733)	—	—	—	—	—	—
At December 31, 2020	**56,677**	**36,036**	**92,713**	**56,677**	**36,036**	**92,713**	**—**	**—**	**—**	**—**	**—**	**—**

United States	Natural Gas Liquids			BOE		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mboe)	(mboe)	(mboe)
At December 31, 2019	5,768	4,122	9,890	30,623	28,672	59,296
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery	259	(113)	146	1,914	(750)	1,164
Technical Revisions	681	135	816	712	72	784
Acquisitions	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—
Economic Factors	(14)	(7)	(21)	(96)	(45)	(141)
Production	(446)	—	(446)	(2,018)	—	(2,018)
At December 31, 2020	**6,248**	**4,137**	**10,385**	**31,135**	**27,950**	**59,085**

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Total Company	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)
At December 31, 2019	166,887	92,830	259,717	166,800	92,752	259,552	87	78	165	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	7,387	1,821	9,209	7,387	1,821	9,209	—	—	—	—	—	—
Technical Revisions	837	(2,773)	(1,936)	861	(2,769)	(1,908)	(24)	(5)	(28)	—	—	—
Acquisitions	927	374	1,301	927	374	1,301	—	—	—	—	—	—
Dispositions	(2,315)	(872)	(3,187)	(2,315)	(872)	(3,187)	—	—	—	—	—	—
Economic Factors	(11,351)	(5,730)	(17,081)	(11,351)	(5,730)	(17,081)	—	—	—	—	—	—
Production	(15,859)	—	(15,859)	(15,850)	—	(15,850)	(9)	—	(9)	—	—	—
At December 31, 2020	**146,514**	**85,650**	**232,163**	**146,459**	**85,577**	**232,036**	**55**	**73**	**128**	**—**	**—**	**—**

Total Company	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane [5]			Shale Gas [5]		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)
At December 31, 2019	610,494	439,843	1,050,337	605,561	438,359	1,043,920	4,237	1,316	5,553	696	168	864
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	60,452	2,820	63,272	60,452	2,820	63,272	—	—	—	—	—	—
Technical Revisions	26,019	(20,368)	5,651	23,131	(20,481)	2,650	2,881	110	2,991	8	3	11
Acquisitions	4,495	6,981	11,476	4,495	6,981	11,476	—	—	—	—	—	—
Dispositions	(4,231)	(1,256)	(5,487)	(4,231)	(1,256)	(5,487)	—	—	—	—	—	—
Economic Factors	(16,883)	(9,755)	(26,638)	(15,454)	(9,951)	(25,405)	(1,360)	166	(1,194)	(69)	30	(39)
Production	(94,060)	—	(94,060)	(92,989)	—	(92,989)	(963)	—	(963)	(108)	—	(108)
At December 31, 2020	**586,286**	**418,265**	**1,004,551**	**580,964**	**416,472**	**997,436**	**4,795**	**1,592**	**6,387**	**527**	**201**	**728**

Total Company	Natural Gas Liquids			BOE		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mboe)	(mboe)	(mboe)
At December 31, 2019	41,303	24,800	66,104	309,939	190,937	500,877
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery	3,414	(296)	3,118	20,877	1,995	22,872
Technical Revisions	907	1,609	2,516	6,081	(4,559)	1,522
Acquisitions	483	605	1,088	2,159	2,143	4,302
Dispositions	(659)	(194)	(853)	(3,679)	(1,275)	(4,955)
Economic Factors	(1,110)	(546)	(1,656)	(15,275)	(7,902)	(23,177)
Production	(3,304)	—	(3,304)	(34,840)	—	(34,840)
At December 31, 2020	**41,035**	**25,978**	**67,013**	**285,263**	**181,339**	**466,601**

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North America	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)
At December 31, 2019	111,244	65,588	176,832	111,157	65,510	176,667	87	78	165	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	5,141	684	5,825	5,141	684	5,825	—	—	—	—	—	—
Technical Revisions	(1,004)	(870)	(1,874)	(980)	(865)	(1,846)	(24)	(5)	(28)	—	—	—
Acquisitions	927	374	1,301	927	374	1,301	—	—	—	—	—	—
Dispositions	(2,315)	(872)	(3,187)	(2,315)	(872)	(3,187)	—	—	—	—	—	—
Economic Factors	(4,426)	(477)	(4,903)	(4,426)	(477)	(4,903)	—	—	—	—	—	—
Production	(10,630)	—	(10,630)	(10,621)	—	(10,621)	(9)	—	(9)	—	—	—
At December 31, 2020	**98,937**	**64,427**	**163,364**	**98,882**	**64,354**	**163,236**	**55**	**73**	**128**	**—**	**—**	**—**

	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane [5]			Shale Gas [5]		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)
At December 31, 2019	417,638	285,539	703,177	412,705	284,055	696,760	4,237	1,316	5,553	696	168	864
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	60,339	(7,553)	52,786	60,339	(7,553)	52,786	—	—	—	—	—	—
Technical Revisions	10,633	3,731	14,364	7,744	3,618	11,362	2,881	110	2,991	8	3	11
Acquisitions	4,495	6,981	11,476	4,495	6,981	11,476	—	—	—	—	—	—
Dispositions	(4,231)	(1,256)	(5,487)	(4,231)	(1,256)	(5,487)	—	—	—	—	—	—
Economic Factors	(14,771)	(7,394)	(22,165)	(13,342)	(7,590)	(20,932)	(1,360)	166	(1,194)	(69)	30	(39)
Production	(58,139)	—	(58,139)	(57,068)	—	(57,068)	(963)	—	(963)	(108)	—	(108)
At December 31, 2020	**415,964**	**280,048**	**696,012**	**410,642**	**278,255**	**688,897**	**4,795**	**1,592**	**6,387**	**527**	**201**	**728**

	Natural Gas Liquids			BOE		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)
At December 31, 2019	41,128	24,671	65,800	221,979	137,849	359,828
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery	3,414	(296)	3,118	18,612	(871)	17,741
Technical Revisions	933	1,628	2,560	1,701	1,380	3,080
Acquisitions	483	605	1,088	2,159	2,143	4,302
Dispositions	(659)	(194)	(853)	(3,679)	(1,275)	(4,955)
Economic Factors	(1,110)	(546)	(1,656)	(7,998)	(2,256)	(10,254)
Production	(3,271)	—	(3,271)	(23,591)	—	(23,591)
At December 31, 2020	**40,918**	**25,868**	**66,786**	**209,182**	**136,969**	**346,152**

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International	Total Oil [4]			Light & Medium Crude Oil			Heavy Crude Oil			Tight Oil		
	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)
At December 31, 2019	55,643	27,242	82,885	55,643	27,242	82,885	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	2,246	1,137	3,384	2,246	1,137	3,384	—	—	—	—	—	—
Technical Revisions	1,841	(1,904)	(62)	1,841	(1,904)	(62)	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors	(6,925)	(5,253)	(12,178)	(6,925)	(5,253)	(12,178)	—	—	—	—	—	—
Production	(5,229)	—	(5,229)	(5,229)	—	(5,229)	—	—	—	—	—	—
At December 31, 2020	**47,577**	**21,223**	**68,800**	**47,577**	**21,223**	**68,800**	**—**	**—**	**—**	**—**	**—**	**—**

	Total Gas [4]			Conventional Natural Gas			Coal Bed Methane [5]			Shale Gas [5]		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)
At December 31, 2019	192,855	154,304	347,159	192,855	154,304	347,159	—	—	—	—	—	—
Discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Extensions & Improved Recovery	113	10,373	10,486	113	10,373	10,486	—	—	—	—	—	—
Technical Revisions	15,386	(24,099)	(8,712)	15,386	(24,099)	(8,712)	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—	—	—	—	—	—	—
Economic Factors	(2,112)	(2,361)	(4,473)	(2,112)	(2,361)	(4,473)	—	—	—	—	—	—
Production	(35,921)	—	(35,921)	(35,921)	—	(35,921)	—	—	—	—	—	—
At December 31, 2020	**170,322**	**138,217**	**308,539**	**170,322**	**138,217**	**308,539**	**—**	**—**	**—**	**—**	**—**	**—**

	Natural Gas Liquids			BOE		
Proved Probable P+P [1] [2]	Proved	Probable	P+P	Proved	Probable	P+P
Factors	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)	(mbbl)
At December 31, 2019	175	129	304	87,961	53,088	141,049
Discoveries	—	—	—	—	—	—
Extensions & Improved Recovery	—	—	—	2,265	2,866	5,131
Technical Revisions	(25)	(19)	(44)	4,381	(5,939)	(1,558)
Acquisitions	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—
Economic Factors	—	—	—	(7,277)	(5,646)	(12,923)
Production	(33)	—	(33)	(11,249)	—	(11,249)
At December 31, 2020	**117**	**110**	**227**	**76,081**	**44,369**	**120,450**

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.

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(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.

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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		Conventional Natural Gas		Heavy Crude Oil		Coal Bed Methane		Natural Gas Liquids		Total Oil Equivalent	
	First Attributed (1)	Booked (mbbl)	First Attributed (1)	Booked (mmcf)	First Attributed (1)	Booked (mmcf)	First Attributed (1)	Booked (mmcf)	First Attributed (1)	Booked (mbbl)	First Attributed (1)	Booked (mboe)
Proved												
Prior to 2017	26,870	84,347	144,515	851,663			13,467	65,757	10,794	30,054	63,994	267,304
2017	2,221	16,816	36,709	99,458	—	—	—	2,023	3,988	9,133	12,327	42,863
2018	12,910	50,334	39,940	133,931	39	78	—	453	5,649	16,265	25,255	89,074
2019	7,220	55,017	28,369	145,253	—	77	—	259	3,080	15,811	15,029	95,157
2020	4,750	50,919	20,851	128,421	—	43	—	446	875	14,708	9,100	87,147
Probable												
Prior to 2017	41,467	138,523	258,971	730,827	—	—	7,830	42,270	15,805	38,870	101,739	306,243
2017	4,336	28,646	38,537	197,647	—	—	—	1,055	2,802	11,455	13,561	73,218
2018	12,521	57,802	49,186	247,148	61	72	—	78	5,556	18,176	26,336	117,254
2019	5,470	54,566	54,866	273,081	—	74	—	513	3,900	17,165	18,515	117,403
2020	2,835	55,447	39,583	256,151	—	68	—	121	2,413	17,866	11,845	116,092

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

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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		
2021	7,809	7,809
2022	69,542	69,542
2023	6,094	6,094
2024	5,180	5,180
2025	4,227	4,227
Remainder	6,531	9,895
Australia total for all years undiscounted	**99,383**	**102,747**
Canada		
2021	179,263	250,089
2022	248,403	354,015
2023	175,093	326,470
2024	102,020	215,904
2025	52,578	149,282
Remainder	149,259	201,198
Canada total for all years undiscounted	**906,616**	**1,496,958**
CEE		
2021	7,987	7,987
2022	8,089	8,089
2023	—	—
2024	—	—
2025	—	—
Remainder	—	—
CEE total for all years undiscounted	**16,075**	**16,075**
France		
2021	17,597	17,028
2022	47,297	69,496
2023	32,930	78,703
2024	19,177	38,999
2025	17,178	34,940

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Remainder	23,618	51,954
France total for all years undiscounted	**157,798**	**291,119**
Germany		
2021	12,432	12,432
2022	14,441	17,699
2023	8,981	15,697
2024	11,310	30,696
2025	195	29,096
Remainder	757	757
Germany for all years undiscounted	**48,116**	**106,378**

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($M)	Total Proved Estimated Using Forecast Prices and Costs [(1)]	Total Proved Plus Probable Estimated Using Forecast Prices and Costs [(1)]
Ireland		
2021	—	—
2022	—	22,694
2023	—	—
2024	—	—
2025	20,234	20,234
Remainder	—	—
Ireland total for all years undiscounted	**20,234**	**42,928**
Netherlands		
2021	585	11,875
2022	4,795	7,046
2023	1,511	14,607
2024	122	15,690
2025	—	13,981
Remainder	—	—
Netherlands total for all years undiscounted	**7,013**	**63,200**
United States		
2021	42,194	42,194
2022	57,083	57,083
2023	52,431	95,693
2024	40,745	116,687
2025	8,183	109,640
Remainder	—	4,311
United States total for all years undiscounted	**200,637**	**425,608**
Total Company		
2021	267,868	349,414
2022	449,651	605,665
2023	277,040	537,264
2024	178,554	423,156
2025	102,595	361,400
Remainder	180,166	268,116
Total for all years undiscounted	**1,455,873**	**2,545,014**
North America		
2021	221,457	292,283
2022	305,487	411,099
2023	227,524	422,163
2024	142,765	332,590
2025	60,761	258,922
Remainder	149,259	205,509
North America total for all years undiscounted	**1,107,253**	**1,922,567**
International		

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2021	46,410	57,131
2022	144,164	194,567
2023	49,516	115,101
2024	35,789	90,565
2025	41,834	102,478
Remainder	30,907	62,606
International total for all years undiscounted	**348,620**	**622,448**

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”.

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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, 2020:

	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	510	491	950	727	814	595	1,044	630
Saskatchewan	3,011	2,543	7,345	5,908	18	18	197	178
Total Canada	3,521	3,034	8,295	6,635	832	613	1,241	808
Australia [1]	19	19	1	1	—	—	1	1
Croatia	—	—	—	—	—	—	2	2
France	332	325	105	103	—	—	3	3
Germany	73	61	100	78	21	8	5	2
Hungary	—	—	—	—	2	1	—	—
Ireland [1]	—	—	—	—	6	1	—	—
Netherlands	—	—	—	—	104	51	105	45
United States (Wyoming)	141	137	60	54	—	—	—	—
Total Vermilion	**4,086**	**3,576**	**8,561**	**6,871**	**965**	**674**	**1,357**	**861**
North America	3,662	3,171	8,355	6,689	832	613	1,241	808
International	424	405	206	182	133	61	116	53

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.

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Costs incurred

The following table summarizes the capital expenditures made by Vermilion on oil and gas properties for the year ended December 31, 2020:

($M)	Acquisition Costs for Proved Properties	Acquisition Costs for Unproved Properties	Exploration Costs	Development Costs	Total Costs
Australia	—	—	—	24,520	24,520
Canada	13,111	—	—	199,141	212,252
Croatia	—	—	4,554	—	4,554
France	—	—	183	42,145	42,328
Germany	1,420	—	2,814	13,005	17,239
Hungary	3,636	—	7,094	(4,604)	6,126
Ireland	—	—	—	1,823	1,823
Netherlands	—	—	(226)	10,331	10,105
Slovakia	—	—	302	—	302
United States	7,643	—	—	66,120	73,763
Total	**25,810**	**—**	**14,721**	**352,481**	**393,012**
North America	20,754	—	—	265,261	286,015
International	5,056	—	14,721	87,220	106,997

Acreage

The following table summarizes the acreage for the year ended December 31, 2020:

	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	59,553	59,553
Canada	794,203	642,345	433,827	376,654	1,228,030	1,018,999
Croatia	5,624	5,624	2,373,698	2,159,326	2,379,322	2,164,950
France	258,125	248,873	244,354	222,126	502,479	470,999
Germany	94,704	36,892	2,225,665	969,520	2,320,369	1,006,412
Hungary	1,220	1,220	950,013	950,013	951,233	951,233
Ireland	7,200	1,440	—	—	7,200	1,440
Netherlands	193,214	80,176	1,734,038	849,994	1,927,252	930,170
Slovakia	—	—	489,829	244,915	489,829	244,915
United States	57,926	52,298	96,583	85,722	154,509	138,020
Total	**1,432,380**	**1,089,031**	**8,587,396**	**5,897,658**	**10,019,776**	**6,986,689**
North America	852,129	694,643	530,410	462,376	1,382,539	1,157,019
International	580,251	394,389	8,056,986	5,435,283	8,637,237	5,829,672

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.

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(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.

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Exploration and development activities

The following table sets forth the number of development and exploration wells which Vermilion completed during its 2020 financial year:

	Exploration Wells		Development Wells	
	Gross (1)	Net (2)	Gross (1)	Net (2)
Australia				
Oil	—	—	—	—
Gas	—	—	—	—
Dry Holes	—	—	—	—
Total Australia	**—**	**—**	**—**	**—**
Canada				
Oil	—	—	64.0	52.5
Gas	—	—	21.0	20.6
Dry Holes	—	—	1.0	1.0
Total Canada	**—**	**—**	**86.0**	**74.1**
Croatia				
Oil	—	—	—	—
Gas	—	—	—	—
Dry holes	1.0	0.5	—	—
Total Croatia	**1.0**	**0.5**	**—**	**—**
France				
Oil	—	—	—	—
Gas	—	—	—	—
Dry Holes	—	—	—	—
Total France	**—**	**—**	**—**	**—**
Germany				
Oil	—	—	—	—
Gas	—	—	—	—
Service	—	—	1.0	1.0
Dry Holes	—	—	—	—
Total Germany	**—**	**—**	**1.0**	**1.0**
Hungary				
Oil	—	—	—	—
Gas	—	—	—	—
Dry Holes	—	—	—	—
Total Hungary	**—**	**—**	**—**	**—**
Ireland				
Oil	—	—	—	—
Gas	—	—	—	—
Dry Holes	—	—	—	—
Total Ireland	**—**	**—**	**—**	**—**
Netherlands				

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Oil	—	—	—	—
Gas	—	—	—	—
Dry Holes	—	—	—	—
Total Netherlands	**—**	**—**	**—**	**—**
United States				
Oil	—	—	9.0	9.0
Gas	—	—	—	—
Dry Holes	—	—	—	—
Total United States	**—**	**—**	**9.0**	**9.0**

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Total Company				
Oil	—	—	73.0	61.5
Gas	—	—	21.0	20.6
Dry Holes	1.0	0.5	1.0	1.0
Total Company	**1.0**	**0.5**	**96.0**	**84.1**
North America				
Oil	—	—	73.0	61.5
Gas	—	—	21.0	20.6
Dry Holes	—	—	1.0	1.0
Total North America	**—**	**—**	**95.0**	**83.1**
International				
Oil	—	—	—	—
Gas	—	—	—	—
Service	—	—	1.0	1.0
Dry Holes	1.0	0.5	—	—
Total International	**1.0**	**0.5**	**1.0**	**1.0**

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, 2020:

Country	Gross Acres [(1)]	Net Acres [(2)]
Australia	39,389	39,389
Canada	46,622	40,860
Croatia	2,377,390	2,163,193
France	90,683	82,521
Germany	2,214,408	965,949
Hungary	949,233	949,620
Ireland	—	—
Netherlands	1,585,812	777,211
Slovakia	489,830	244,915
United States	62,033	55,476
Total	**7,855,400**	**5,319,134**
North America	108,655	96,336
International	7,746,745	5,222,798

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.

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Vermilion expects its rights to explore, develop, and exploit approximately 121,927 (117,154 net) acres in Canada, 953,082 (738,711 net) acres in Croatia, 65,975 (65,975 net) acres in France, and 25,559 (20,059 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, Hungary, 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 $27.3 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.

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Production estimates

The following table sets forth the volume of production estimated for the year ended December 31, 2021 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	4,243	—	—	—	—	—	—	4,243
Probable	484	—	—	—	—	—	—	484
Proved Plus Probable	**4,728**	**—**	**—**	**—**	**—**	**—**	**—**	**4,728**
Canada								
Proved	21,085	47	—	127,298	335	2,345	12,063	54,857
Probable	2,586	30	—	16,401	17	24	1,375	6,731
Proved Plus Probable	**23,671**	**76**	**—**	**143,699**	**352**	**2,368**	**13,438**	**61,588**
CEE								
Proved	—	—	—	708	—	—	—	118
Probable	—	—	—	48	—	—	—	8
Proved Plus Probable	**—**	**—**	**—**	**756**	**—**	**—**	**—**	**126**
France								
Proved	8,995	—	—	—	—	—	—	8,995
Probable	148	—	—	—	—	—	—	148
Proved Plus Probable	**9,143**	**—**	**—**	**—**	**—**	**—**	**—**	**9,143**
Germany								
Proved	1,110	—	—	14,075	—	—	—	3,456
Probable	27	—	—	606	—	—	—	128
Proved Plus Probable	**1,137**	**—**	**—**	**14,681**	**—**	**—**	**—**	**3,584**
Ireland								
Proved	—	—	—	33,402	—	—	—	5,567
Probable	—	—	—	280	—	—	—	47
Proved Plus Probable	**—**	**—**	**—**	**33,682**	**—**	**—**	**—**	**5,614**
Netherlands								
Proved	—	—	—	37,660	—	—	81	6,358
Probable	—	—	—	3,170	—	—	7	536
Proved Plus Probable	**—**	**—**	**—**	**40,829**	**—**	**—**	**88**	**6,893**
United States								
Proved	3,527	—	—	10,189	—	—	1,102	6,327
Probable	363	—	—	577	—	—	69	528
Proved Plus Probable	**3,890**	**—**	**—**	**10,766**	**—**	**—**	**1,171**	**6,855**
Corporate								
Total Proved	38,961	47	—	223,331	335	2,345	13,245	89,921
Probable	3,607	30	—	21,082	17	24	1,451	8,609

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Total Proved Plus Probable	**42,568**	**76**	**—**	**244,413**	**352**	**2,368**	**14,697**	**98,530**
North America								
Total Proved	24,612	47	—	137,487	335	2,345	13,165	61,184
Probable	2,948	30	—	16,978	17	24	1,444	7,258
Total Proved Plus Probable	**27,560**	**76**	**—**	**154,465**	**352**	**2,368**	**14,609**	**68,443**
International								
Total Proved	14,349	—	—	85,844	—	—	81	28,737
Probable	659	—	—	4,104	—	—	7	1,351
Total Proved Plus Probable	**15,008**	**—**	**—**	**89,949**	**—**	**—**	**88**	**30,088**

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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, 2020	Three Months Ended June 31, 2020	Three Months Ended September 31, 2020	Three Months Ended December 31, 2020
Australia				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	4,041	5,299	4,549	3,781
Conventional Natural Gas (mmcf/d)	—	—	—	—
Natural Gas Liquids (bbl/d)	—	—	—	—
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	96.66	61.91	68.63	75.99
Conventional Natural Gas ($/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 ($/bbl)	32.30	22.93	27.22	36.39
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	—	—	—
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	64.36	38.98	41.41	39.60
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	—	—	—
Canada				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	22,767	22,545	19,847	19,301
Conventional Natural Gas (mmcf/d)	151.16	164.08	155.15	135.27
Natural Gas Liquids (bbl/d)	11,577	13,296	13,551	11,995
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	49.16	28.52	49.64	50.98
Conventional Natural Gas ($/mcf)	1.90	1.63	2.03	2.82
Natural Gas Liquids ($/bbl)	26.00	14.29	27.11	31.86
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	6.21	2.66	6.79	5.83
Conventional Natural Gas ($/mcf)	0.05	0.01	0.07	0.06
Natural Gas Liquids ($/bbl)	2.98	1.02	2.26	3.75
Transportation				
Light Crude Oil and Medium Crude Oil ($/bbl)	1.75	1.52	1.43	1.60
Conventional Natural Gas ($/mcf)	0.21	0.17	0.18	0.20

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Natural Gas Liquids ($/bbl)	0.89	0.89	0.98	1.00
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	9.67	7.38	5.34	7.97
Conventional Natural Gas ($/mcf)	1.35	1.28	1.04	1.41
Natural Gas Liquids ($/bbl)	4.91	4.35	3.65	4.95
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	31.53	16.97	36.07	35.58
Conventional Natural Gas ($/mcf)	0.29	0.17	0.74	1.15
Natural Gas Liquids ($/bbl)	17.22	8.02	20.23	22.15

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	Three Months Ended March 31, 2020	Three Months Ended June 31, 2020	Three Months Ended September 31, 2020	Three Months Ended December 31, 2020
France				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	9,957	7,046	9,347	9,255
Conventional Natural Gas (mmcf/d)	—	—	—	—
Natural Gas Liquids (bbl/d)	—	—	—	—
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	61.08	43.94	53.55	58.11
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	—	—	—
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	9.72	8.87	9.73	10.28
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	—	—	—
Transportation				
Light Crude Oil and Medium Crude Oil ($/bbl)	4.01	5.17	4.23	4.66
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	—	—	—
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	17.10	18.86	16.38	17.73
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	—	—	—
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	30.25	11.04	23.21	25.44
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	—	—	—
Germany				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	909	1,039	964	960
Conventional Natural Gas (mmcf/d)	14.64	13.23	11.25	11.50
Natural Gas Liquids (bbl/d)	—	—	—	—
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	59.72	34.32	52.65	51.53
Conventional Natural Gas ($/mcf)	4.29	2.40	2.41	5.64
Natural Gas Liquids ($/bbl)	—	—	—	—
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	2.80	2.47	2.35	1.17
Conventional Natural Gas ($/mcf)	0.54	0.44	0.26	(1.23)
Natural Gas Liquids ($/bbl)	—	—	—	—
Transportation				
Light Crude Oil and Medium Crude Oil ($/bbl)	11.93	8.60	14.26	13.10
Conventional Natural Gas ($/mcf)	0.28	0.49	0.38	0.32

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Natural Gas Liquids ($/bbl)	—	—	—	—
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	22.84	20.51	20.71	20.53
Conventional Natural Gas ($/mcf)	2.32	3.09	2.59	3.56
Natural Gas Liquids ($/bbl)	—	—	—	—
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	22.15	2.74	15.33	16.73
Conventional Natural Gas ($/mcf)	1.15	(1.62)	(0.82)	2.99
Natural Gas Liquids ($/bbl)	—	—	—	—

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	Three Months Ended March 31, 2020	Three Months Ended June 31, 2020	Three Months Ended September 31, 2020	Three Months Ended December 31, 2020
Hungary				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	—	1	1	—
Conventional Natural Gas (mmcf/d)	3.27	2.89	0.80	0.67
Natural Gas Liquids (bbl/d)	—	—	—	—
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	42.02	—	—
Conventional Natural Gas ($/mcf)	3.62	1.79	1.35	4.54
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 ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	0.30	0.62	1.52	1.62
Natural Gas Liquids ($/bbl)	—	—	—	—
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	42.02	—	—
Conventional Natural Gas ($/mcf)	3.32	1.17	(0.17)	2.92
Natural Gas Liquids ($/bbl)	—	—	—	—
Ireland				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	—	—	—	—
Conventional Natural Gas (mmcf/d)	41.38	38.57	35.12	34.76
Natural Gas Liquids (bbl/d)	—	—	—	—
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	4.66	2.08	3.24	7.23
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)	0.30	0.34	0.37	0.28
Natural Gas Liquids ($/bbl)	—	—	—	—
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	1.12	1.10	1.22	1.01

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Natural Gas Liquids ($/bbl)	—	—	—	—
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	3.24	0.64	1.65	5.94
Natural Gas Liquids ($/bbl)	—	—	—	—

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	Three Months Ended March 31, 2020	Three Months Ended June 31, 2020	Three Months Ended September 31, 2020	Three Months Ended December 31, 2020
Netherlands				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	—	—	—	—
Conventional Natural Gas (mmcf/d)	48.33	47.31	46.09	42.95
Natural Gas Liquids (bbl/d)	87	87	83	100
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	4.34	2.45	2.81	5.70
Natural Gas Liquids ($/bbl)	64.32	14.32	55.26	49.63
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	0.03	0.01	0.02	0.04
Natural Gas Liquids ($/bbl)	—	—	—	—
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	2.03	1.75	1.93	1.97
Natural Gas Liquids ($/bbl)	—	—	—	—
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	—	—	—
Conventional Natural Gas ($/mcf)	2.28	0.69	0.86	3.69
Natural Gas Liquids ($/bbl)	64.32	14.32	55.26	49.63
United States				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	2,481	3,971	3,243	2,495
Conventional Natural Gas (mmcf/d)	6.72	8.35	7.94	6.87
Natural Gas Liquids (bbl/d)	1,085	1,346	1,164	1,295
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	53.94	40.24	55.42	51.36
Conventional Natural Gas ($/mcf)	2.49	0.98	1.81	1.97
Natural Gas Liquids ($/bbl)	21.58	4.83	16.77	17.21
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	13.63	9.69	14.27	15.35
Conventional Natural Gas ($/mcf)	0.67	0.25	0.53	0.59
Natural Gas Liquids ($/bbl)	5.38	1.20	4.81	4.50
Transportation				
Light Crude Oil and Medium Crude Oil ($/bbl)	—	0.72	0.93	0.70
Conventional Natural Gas ($/mcf)	—	—	—	—
Natural Gas Liquids ($/bbl)	—	0.25	0.33	0.36
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	9.16	4.76	6.25	6.62
Conventional Natural Gas ($/mcf)	2.09	0.90	1.25	1.48

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Natural Gas Liquids ($/bbl)	4.01	1.62	2.24	3.43
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	31.15	25.06	33.97	28.70
Conventional Natural Gas ($/mcf)	(0.27)	(0.17)	0.03	(0.10)
Natural Gas Liquids ($/bbl)	12.19	1.77	9.38	8.91

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	Three Months Ended March 31, 2020	Three Months Ended June 31, 2020	Three Months Ended September 31, 2020	Three Months Ended December 31, 2020
Total Company				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	40,157	39,899	37,951	35,793
Conventional Natural Gas (mmcf/d)	265.50	274.42	256.34	232.00
Natural Gas Liquids (bbl/d)	12,746	14,730	14,798	13,389
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	62.18	35.48	54.62	57.82
Conventional Natural Gas ($/mcf)	2.94	1.85	2.34	4.13
Natural Gas Liquids ($/bbl)	25.90	13.41	26.46	30.57
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	12.17	6.79	14.10	13.18
Conventional Natural Gas ($/mcf)	0.09	0.04	0.08	—
Natural Gas Liquids ($/bbl)	3.49	1.14	2.67	4.24
Transportation Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	1.96	1.80	1.88	2.09
Conventional Natural Gas ($/mcf)	0.18	0.17	0.17	0.18
Natural Gas Liquids ($/bbl)	0.62	0.67	0.73	0.78
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	12.88	9.66	8.73	11.49
Conventional Natural Gas ($/mcf)	1.50	1.40	1.30	1.56
Natural Gas Liquids ($/bbl)	4.09	3.56	3.41	4.30
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	35.17	17.23	29.91	31.06
Conventional Natural Gas ($/mcf)	1.17	0.24	0.79	2.39
Natural Gas Liquids ($/bbl)	17.70	8.04	19.65	21.25
North America				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	25,247	26,515	23,091	21,796
Conventional Natural Gas (mmcf/d)	157.88	172.43	163.09	142.13
Natural Gas Liquids (bbl/d)	12,662	14,642	14,715	13,290
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	49.63	30.28	50.45	51.03
Conventional Natural Gas ($/mcf)	1.92	1.60	2.02	2.77
Natural Gas Liquids ($/bbl)	25.62	13.42	26.59	30.77
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	6.94	3.71	7.84	6.92
Conventional Natural Gas ($/mcf)	0.08	0.02	0.10	0.09
Natural Gas Liquids ($/bbl)	3.19	1.04	2.49	3.87
Transportation Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	2.57	2.55	2.85	2.72
Conventional Natural Gas ($/mcf)	0.20	0.17	0.17	0.19

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Natural Gas Liquids ($/bbl)	2.03	1.64	1.39	1.99
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	9.62	6.99	5.47	7.81
Conventional Natural Gas ($/mcf)	1.38	1.26	1.05	1.41
Natural Gas Liquids ($/bbl)	4.84	4.10	3.54	4.80
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	30.50	17.03	34.29	33.58
Conventional Natural Gas ($/mcf)	0.26	0.15	0.70	1.08
Natural Gas Liquids ($/bbl)	15.57	6.64	19.17	20.10

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	Three Months Ended March 31, 2020	Three Months Ended June 31, 2020	Three Months Ended September 31, 2020	Three Months Ended December 31, 2020
International				
Average Daily Production				
Light Crude Oil and Medium Crude Oil (bbl/d)	14,909	13,384	14,860	13,997
Conventional Natural Gas (mmcf/d)	107.63	101.99	93.25	89.86
Natural Gas Liquids (bbl/d)	84	88	83	99
Average Net Prices Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	83.43	45.79	61.09	68.39
Conventional Natural Gas ($/mcf)	4.44	2.28	2.92	6.27
Natural Gas Liquids ($/bbl)	67.60	12.40	55.79	50.22
Royalties				
Light Crude Oil and Medium Crude Oil ($/bbl)	6.83	4.08	6.64	7.39
Conventional Natural Gas ($/mcf)	0.12	0.08	0.05	(0.13)
Natural Gas Liquids ($/bbl)	—	—	—	—
Transportation Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	4.02	3.67	4.22	4.88
Conventional Natural Gas ($/mcf)	0.15	0.19	0.19	0.15
Natural Gas Liquids ($/bbl)	—	—	—	—
Production Costs				
Light Crude Oil and Medium Crude Oil ($/bbl)	21.57	20.60	19.98	22.96
Conventional Natural Gas ($/mcf)	1.67	1.65	1.74	1.80
Natural Gas Liquids ($/bbl)	—	—	—	—
Netback Received				
Light Crude Oil and Medium Crude Oil ($/bbl)	51.02	17.44	30.25	33.16
Conventional Natural Gas ($/mcf)	2.50	0.36	0.94	4.46
Natural Gas Liquids ($/bbl)	67.60	12.40	55.79	50.22

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, 2020 are summarized in Supplemental Table 2: Hedges, included in the Company's 2020 Management's Discussion and Analysis, dated March 5, 2021, available on SEDAR at www.sedar.com, under Vermilion's SEDAR profile.

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Directors and Officers

As at January 29, 2021, the directors and officers of Vermilion beneficially owned, or controlled or directed, directly or indirectly, 3,771,701 common shares representing approximately 2.4% 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 nine 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
Lorenzo Donadeo Calgary, Alberta Canada	(1)	Executive Chairman	1994	Since May 2021, Executive Chairman of Vermilion March 2016 – May 2021, Chairman of the Board of Vermilion 2003 – March 2016, Chief Executive Officer of Vermilion Since January 2015, Managing Director of a group of private wealth management companies
Larry J. Macdonald Okotoks, Alberta Canada	(2) (4) (6) (8)	Lead Director	2002	Since March 2016, Lead Director of Vermilion 2012 to March 2016, Chairman of the Board of Vermilion 2012 to 2016, Chairman Northpoint Resources, a private oil and gas company Since June 2018, Chairman of the Board of United Way Canada Gives Across Borders, a non-profit organization 2003 to 2019, Chairman & Chief Executive Officer and Director of Point Energy Ltd., a private oil and gas company
Carin S. Knickel Golden, Colorado USA	(5) (8) (12)	Director	2018	Since 2015, Director of Hudbay Minerals, Inc., a public mining company Since 2015, Director of Whiting Petroleum Corporation, a public oil and gas company Since 2014, Director of National MS Society (Colorado/Wyoming Chapter), a non-profit organization 2012 to 2015, Director of Rosetta Resources Inc., a private oil and gas company
Stephen Larke Calgary, Alberta Canada	(4) (6) (12)	Director	2017	Since 2020, Director of Headwater Exploration Inc., a public oil and gas company Since 2019, Director of Topaz Energy Corp., a private energy company 2016 to 2018, Operating Partner and Advisory Board Member, Azimuth Capital Management, a private equity fund 2005 to 2015, Managing Director and Principal, Institutional Sales, and Executive Committee Member, Peters & Co., a private investment dealer

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Loren M. Leiker McKinney, Texas USA	(10)	Director	2012	Since 2014, Director of Navitas Midstream Partners LLC Since 2012, Director of SM Energy, a public energy company 2012 to 2015, Director of Midstates Petroleum, a public exploration and production company

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Timothy R. Marchant Calgary, Alberta Canada	(7) (10) (11)	Director	2010	Since 2015, Non-Executive Director, Valeura Energy Inc., a public oil and gas company Since 2020, Non-Executive Director of TransGlobe Energy Corporation, a public oil and gas company 2013 to 2020, Non-Executive Director of Cub Energy Inc., a public oil and gas company Since 2009, Adjunct Professor of Strategy and Energy Geopolitics, Haskayne School of Business
Robert Michaleski Calgary, Alberta Canada	(3) (6)	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
William Roby Katy, Texas USA	(8) (9) (12)	Director	2017	Since 2015, Chief Executive Officer, Shepherd Energy, LLC., a private energy efficiency services company Since 2020, Director of California Resources Corp, a public oil and gas company
Catherine L. Williams Calgary, Alberta Canada	(4) (6)	Director	2015	2007 to 2020, Director of Enbridge Inc., a public energy transportation company Since 2007, Owner and Managing Director, Options Canada Ltd., a private investment company 2016 to 2017, Director of Enbridge Income Fund, an energy infrastructure asset investment vehicle 2015 to 2017, Director of Enbridge Pipelines Inc. and Enbridge Income Partners GP Inc., subsidiaries of Enbridge Inc., a public energy transportation company 2015 to 2017, Trustee of Enbridge Commercial Trust, a subsidiary of Enbridge Inc., a public energy transportation company

Committees:

(1) Executive Chairman
(2) Lead Director
(3) Audit Committee Chair (Independent)
(4) Audit Committee Member
(5) Governance and Human Resources Committee Chair (Independent)
(6) Governance and Human Resources Committee Member
(7) Health, Safety and Environment Committee Chair (Independent)
(8) Health, Safety and Environment Committee Member
(9) Independent Reserves Committee Chair (Independent)
(10) Independent Reserves Committee Member
(11) Sustainability Committee Chair (Independent)
(12) Sustainability Committee Member

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Officers

Name and Municipality of Residence	Office Held	Principal Occupation During the Past Five Years
Curtis Hicks Calgary, Alberta Canada	President	Since May 2020, President of Vermilion 2004 to April 2018, Executive Vice President and Chief Financial Officer 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 January 2013 to June 2015, Treasurer Lightstream Resources Ltd, a public oil and gas company
Anthony (Dion) Hatcher Calgary, Alberta Canada	Vice President North America	Since November 2020, Vice President North America of Vermilion March 2016 to November 2020, Vice President Canada Business Unit of Vermilion May 1, 2014 to March 1, 2016, Director Alberta Foothills – Canada Business Unit of Vermilion February 2013 to May 2014, Cardium / LRG Development Manager 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
Terry Hergott Calgary, Alberta Canada	Vice President Marketing	Since April 2012, Vice President, Marketing of Vermilion
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 October 2011 to May 2016, Director, Oil & Gas Research, National Bank of Canada
Gerard Schut Den Haag The Netherlands	Vice President European Operations	Since July 2012, Vice President, European Operations 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 July 2013 to July 2016, Director, New Ventures of Vermilion

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Robert J. Engbloom, Q.C. Calgary, Alberta Canada	Corporate Secretary	Since January 2015, senior partner with Norton Rose Fulbright Canada LLP, a law firm

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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 5, 2021, Vermilion had the following credit ratings from Standard & Poors Ratings Services ("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	B+ (4)
Moody's (2)	Ba3 (2)	Negative	B2 (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, 3 indicating a ranking in the lower end of the generic rating category. A rating of Ba3 by Moody’s is within the fifth highest of nine categories. An obliger rated Ba3 is considered non-investment grade speculative and is subject to substantial 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

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Caa, with 2 indicating a mid-range ranking within the generic rating category. A rating of B2 by Moody's is within the sixth highest of nine categories. Obligations rated B2 are considered non-investment grade speculative and are subject to substantial 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.

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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, 2020 (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. Nonetheless, financial strength and flexibility remains our overriding goal, and the suspension of our dividend enhances our work toward that objective. Vermilion fully intends to resume a capital markets model that includes returning cash to our Shareholders when it is economically warranted to do so.

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. Dividends were generally paid on the 15th day of the month following the month of declaration.

The following table sets forth the history of Vermilion's monthly dividend per share (pre-September 2010 distribution per unit):

Date		Monthly dividend per unit or share
January 2003 to December 2007	$	0.170
January 2008 to December 2012	$	0.190
January 2013 to December 2013	$	0.200
January 2014 to March 2018	$	0.215
April 2018 to February 2020	$	0.230
March 2020	$	0.115

In the current economic and commodity outlook following the outbreak of COVID-19, there was uncertainty regarding our ability to achieve a 100% payout ratio at a reasonable level of capital expenditures; therefore, in the second quarter of 2020 we suspended our monthly dividend. Our ability to restore a dividend will be dependent upon stronger commodity prices combined with a balance sheet that reflects the Company's ability to sustain such dividend over the long-term.

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

Date		Dividends per common share
January 2018 to December 2018	$	2.72
January 2019 to December 2019	$	2.76
January 2020 to March 2020	$	0.58

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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:

2020	High	Low	Close	Volume
January	$ 21.98	$ 18.97	$ 19.10	31,677,795
February	$ 19.64	$ 12.67	$ 13.46	35,567,106
March	$ 14.72	$ 2.20	$ 4.32	100,203,784
April	$ 7.10	$ 4.08	$ 6.85	88,575,599
May	$ 7.75	$ 5.75	$ 6.86	51,566,087
June	$ 10.02	$ 5.70	$ 6.04	60,935,825
July	$ 6.73	$ 5.40	$ 5.46	39,549,386
August	$ 6.49	$ 5.15	$ 5.18	30,260,778
September	$ 5.23	$ 3.10	$ 3.11	39,210,838
October	$ 3.94	$ 2.84	$ 3.29	42,821,710
November	$ 5.89	$ 3.22	$ 5.21	60,466,401
December	$ 6.75	$ 5.13	$ 5.68	54,057,604

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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
Robert Michaleski (Chair)	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.
Larry J. Macdonald	Yes	Yes	Mr. Macdonald holds a Bachelor of Science degree from the University of Alberta. He has more than 49 years of experience in the oil and gas industry, with an extensive background in leadership, strategy and growth, finance, exploration, corporate relations, and marketing. Mr. Macdonald completed the Executive Management Program at the Wharton Business School at the University of Pennsylvania in 1993 and attended a Financial Literacy Course at the Rotman Business School at the University of Toronto in coordination with the Institute of Corporate Directors. Currently, he is the Chairman and Chief Executive Officer (since 2003) of Point Energy Ltd., a private oil and gas exploration company. From 2012 to 2016, he was Chairman of Northpoint Resources. From 2003 to 2006, he was a Managing Director of Northpoint Energy Ltd., and from 2006 to 2013 a director of Sure Energy Inc. Previously, he was the Chairman and Chief Executive Officer of Pointwest Energy Inc. and President and Chief Operating Officer of Anderson Exploration Ltd. He began his career with PanCanadian Petroleum Limited in 1969 (until 1977) and later worked for several exploration firms.
Catherine L. Williams	Yes	Yes	Ms. Williams has a Bachelor of Arts degree from University of Western Ontario and a Masters in Business Administration from the Queen's University. Ms. Williams brings 32 years of oil and gas industry experience, with an extensive background in finance, mergers and acquisitions, and business management. Ms. Williams is currently the Owner and Managing Director of Options Canada Ltd. (since 2007) and serves as a Board member of Enbridge Inc. (since 2010) and Chairs its Human Resources and Compensation Committee. She was a Board member of Alberta Investment Management Corporation from 2009 to 2014 and Tim Hortons Inc. from 2009 to 2012. From 2003 to 2007, Ms. Williams held the role of Chief Financial Officer for Shell Canada Ltd., prior to which she held various positions with Shell Canada Limited, Shell Europe Oil Products, Shell Canada Oil Products and Shell International (1984 to 2003).

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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, 2020 and 2019, Deloitte LLP, the auditors of the Company, received the following fees from the Company:

Item	2020	2019
Audit fees [(1)]	$ 1,575,000	$ 1,846,197
Audit-related fees [(2)]	$ —	$ 34,500
Tax fees [(3)]	$ 177,434	$ 97,638

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, 2020 and 2019.

(2) Audit-related fees billed by Deloitte LLP for assurance and related services that are reasonably related to the performance of the audit or review of Vermilion's financial statements, but which are not included in the audit fees.

(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, 2020, 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 5, 2021.

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.

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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.

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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.

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.

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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.

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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.

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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.

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

The declaration and payment (including the amount thereof) of future cash dividends, 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.

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

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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 Euro would result in higher interest and ultimate principle payment on the Company's Senior Unsecured Notes, which are denominated in US dollar but have been swapped to a Euro equivalent obligation.

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

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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.

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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.

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, licences, 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

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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

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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.

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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. 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.

Brexit

On June 23, 2016, the United Kingdom ("UK") held a referendum where voters decided to leave the European Union ("Brexit"). Effective January 31, 2020, the United Kingdom is no longer a member of the European Union ("EU") and has

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entered an 11-month transition period. During the transition, the UK effectively remains in the EU's customs union and single market and continues to comply with EU rules.

At the date of this AIF, there remains uncertainty regarding the form of Brexit as a result of these pending negotiations for future trade agreements. Brexit may result in interruptions to Vermilion’s business and expose Vermilion to financial volatility, with risks including: disruption in the delivery of supplies to the Company’s operations in Ireland, administrative delays to day-to-day banking activities, and foreign exchange volatility.

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Vermilion’s operations in Ireland are supported by contractors and suppliers, some of whom operate in the UK. Vermilion currently believes that the ability to mobilize contractor personnel from the UK to Ireland will not be impacted by Brexit. Vermilion has reviewed all of its UK based suppliers and has identified certain products that are presently sourced from the UK that may be impacted by Brexit related delays.

In the event of a supply disruption, Vermilion has developed contingency plans that include ensuring that the Company has maintained adequate inventory of supplies and has alternate sourcing plans from EU based suppliers.

Brexit has resulted in uncertainty and volatility for the Euro and British Pound Sterling ("GBP") as compared to each other and other currencies. This volatility is expected to continue as negotiations continue. Vermilion's natural gas produced in Ireland is priced based on the NBP index, which is denominated in GBP. Thus, a weakening of the GBP against the Canadian dollar could result in Vermilion receiving fewer Canadian equivalent dollars for its production. However, due to the interconnected nature of the UK and European natural gas markets, changes in the exchange ratio for the Euro and GBP are expected to result in offsetting changes to related commodity prices.

COVID-19

The emergence of COVID-19 has resulted in emergency actions by governments worldwide, which has had an effect in all of our operating jurisdictions. 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 has had significant negative effects on economies, including a substantial decline in crude oil and natural gas demand.

The full 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 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 moves to 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, 2020.

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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, 2020. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2020, 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 2020, 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, 2020	Australia	—	300,778	—	300,778
GLJ Petroleum Consultants	December 31, 2020	Canada	—	2,274,855	—	2,274,855
GLJ Petroleum Consultants	December 31, 2020	CEE	—	36,617	—	36,617
GLJ Petroleum Consultants	December 31, 2020	France	—	636,150	—	636,150
GLJ Petroleum Consultants	December 31, 2020	Germany	—	321,235	—	321,235
GLJ Petroleum Consultants	December 31, 2020	Ireland	—	290,543	—	290,543
GLJ Petroleum Consultants	December 31, 2020	Netherlands	—	259,020	—	259,020
GLJ Petroleum Consultants	December 31, 2020	United States	—	414,915	—	414,915
Total			**—**	**4,534,112**	**—**	**4,534,112**

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 12, 2021

"Jodi L. Anhorn"

Jodi L. Anhorn, M.Sc., P.Eng.

Executive Vice President & COO

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Appendix B

REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION (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, 2020, 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, 2020.

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.

“Curtis Hicks”

Curtis Hicks, President

"Lars Glemser"

Lars Glemser, Vice President and Chief Financial Officer

“Lorenzo Donadeo”

Lorenzo Donadeo, Executive Chairman and Chairman of the Board

“William Roby”

William Roby, Director

March 5, 2021

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Appendix C

Terms of reference for the Audit Committee

I. PURPOSE

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 fulfilling its oversight responsibilities with respect to the Corporation's accounting and financing reporting processes and the audit of the Corporation's financial statements, including oversight of:

A. the integrity of the Corporation's financial statements;
B. the Corporation's compliance with legal and regulatory requirements;
C. the independent auditors' qualifications and independence;
D. the financial information that will be provided to the shareholders and others;
E. the Corporation's systems of disclosure controls and internal controls regarding finance, accounting, legal compliance and ethics, which management and the Board have established;
F. the performance of the Corporation's audit processes; and
G. such other matters required by applicable laws and rules of any stock exchange on which the Corporation's shares are listed for trading.

While the Committee has the responsibilities and powers set forth in its terms of reference, it is not the duty of the Committee to prepare financial statements, plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with International Financial Reporting Standards and applicable rules and regulations. Primary responsibility for the financial reporting, information systems, risk management, and disclosure controls and internal controls of the Corporation is vested in management.

II. COMPOSITION AND OPERATIONS

A. The Committee shall be composed of not fewer than three directors and not more than five directors, all of whom are "independent"[1] under the requirements or guidelines for audit committee service under applicable securities laws and rules of any stock exchange on which the Corporation's shares are listed for trading.

B. 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 shares are listed for trading. The Committee may include a member who is not financially literate, provided he or she attains this status within a reasonable period of time following his or her appointment and providing the Board has determined that including such member will not materially adversely affect the ability of the Committee to act independently.

C. 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 ability of such member to serve effectively on the Committee.

D. The Committee shall operate in a manner that is consistent with the Committee Guidelines outlined in the Board Manual.

E. The Corporation's auditors shall be advised of the names of the Committee members and will receive notice of and be invited to attend meetings of the Committee, and to be heard at those meetings on matters relating to the auditor's duties.

F. The Committee may request any officer or employee of the Corporation, or the Corporation's legal counsel, or any external or internal auditors to attend a meeting of the Committee to provide such pertinent information as the Committee requests or to meet with any members of, or consultants to the Committee. The Committee has the authority to communicate directly with the internal and external auditors as it deems appropriate to consider any matter that the Committee or auditors determine should be brought to the attention of the Board or shareholders.

G. The Committee shall have the authority to select, retain, terminate and approve the fees and other retention terms of special independent legal counsel and other consultants or advisers to advise the Committee, as it deems necessary or appropriate, at the Corporation's expense.

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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.

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H. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of (i) compensation to the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit review or attest services for the Corporation, (ii) compensation to any advisers employed by the Committee and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate for carrying out its duties.

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

III. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Committee will perform the following duties:

A. Financial Statements and Other Financial Information

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, MD&A and earnings press release and report to the Board of Directors before the statements are approved by the Board of Directors;

ii) review and recommend approval for release the Corporation's quarterly financial statements, MD&A and press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;

iii) satisfy itself that adequate procedures are in place for the review of the public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in items (i) and (ii) above, and periodically assess the adequacy of those procedures; and

iv) review the Annual Information Form and any Prospectus/Private Placement Memorandums.

Review, and where appropriate, discuss:

v) the appropriateness of critical accounting policies and financial reporting practices used by the Corporation;

vi) major 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 and major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies;

vii) analyses prepared by management or the external auditor setting forth significant 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 ("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;

viii) 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;

ix) 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;

x) any new or pending developments in accounting and reporting standards that may affect the Corporation;

xi) 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;

xii) any reserves, accruals, provisions or estimates that may have a significant effect upon the financial statements of the Corporation;

xiii) 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;

xiv) the use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles;

xv) 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

xvi) accounting, tax and financial aspects of the operations of the Corporation as the Committee considers appropriate.

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B. Risk Management, Internal Control and Information Systems

The Committee will review and discuss with management, and obtain reasonable assurance that the risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information. This includes the responsibility to:

i) review the Corporation's risk management controls and policies with specific responsibility for Credit & Counterparty, Market & Financial, Political and Strategic & Repatriation risks;
ii) obtain reasonable assurance that the information systems are reliable and the systems of internal controls are properly designed and effectively implemented through separate and periodic discussions with and reports from management, the internal auditor and external auditor; and
iii) review management steps to implement and maintain appropriate internal control procedures including a review of policies.

C. External Audit

The external auditor is required to report directly to the Committee, which will review the planning and results of external audit activities and the ongoing relationship with the external auditor. This includes:

i) review and recommend to the Board, for shareholder approval, the appointment of the external auditor;
ii) review and approve the annual external audit plan, including but not limited to the following:
- **a)** engagement letter between the external auditor and financial management of the Corporation;
- **b)** objectives and scope of the external audit work;
- **c)** procedures for quarterly review of financial statements;
- **d)** materiality limit;
- **e)** areas of audit risk;
- **f)** staffing;
- **g)** timetable; and
- **h)** compensation and fees to be paid by the Corporation to the external auditor.

iii) meet with the external auditor to discuss the Corporation's quarterly and annual financial statements and the auditor's report including the appropriateness of accounting policies and underlying estimates;
iv) maintain oversight of the external auditor's work and advise the Board, including but not limited to:
- **a)** the resolution of any disagreements between management and the external auditor regarding financial reporting;
- **b)** any significant accounting or financial reporting issue;
- **c)** the auditors' evaluation of the Corporation's system of internal controls, procedures and documentation;
  the post audit or management letter containing any findings or recommendation of the external auditor, including management's response thereto and the subsequent follow-up to any identified internal control weaknesses;
- **d)** any other matters the external auditor brings to the Committee's attention; and
- **e)** evaluate and assess the qualifications and performance of the external auditors for recommendation to the Board as to the appointment or reappointment of the external auditor to be proposed for approval by the shareholders, and ensuring that such auditors are participants in good standing pursuant to applicable regulatory laws.

v) review the auditor's report on all material subsidiaries;
vi) review and discuss with the external auditors all significant relationships that the external auditors and their affiliates have with the Corporation and its affiliates in order to determine the external auditors' independence, including, without limitation:
- **a)** requesting, receiving and reviewing, on a periodic basis, a formal written statement from the external auditors, including a list of all relationships between the external auditor and the Corporation that may reasonably be thought to bear on the independence of the external auditors with respect to the Corporation;
- **b)** discussing with the external auditors any disclosed relationships or services that the external auditors believe may affect the objectivity and independence of the external auditors; and
- **c)** recommending that the Board take appropriate action in response to the external auditors' report to satisfy itself of the external auditors' independence.

vii) annually request and review a report from the external auditor regarding (a) the external auditor’s quality-control procedures, (b) any material issues raised by the most recent quality-control review, or peer review, of the external auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years

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respecting one or more independent audits carried out by the firm, and (c) any steps taken to deal with any such issues;

viii) review and pre-approve any non-audit services to be provided to the Corporation or any affiliates by the external auditor's firm or its affiliates (including estimated fees), and consider the impact on the independence of the external audit;

ix) review the disclosure with respect to its pre-approval of audit and non-audit services provided by the external auditors; and

x) meet periodically, and at least annually, with the external auditor without management present.

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D. Compliance

The Committee shall:

i) Ensure that the external auditor's fees are disclosed by category in the Annual Information Form in compliance with regulatory requirements;

ii) Disclose any specific policies or procedures adopted for pre-approving non-audit services by the external auditor including affirmation that they meet regulatory requirements;

iii) Assist the Governance and Human Resources Committee with preparing the Corporation's governance disclosure by ensuring it has current and accurate information on:

- **a)** the independence of each Committee member relative to regulatory requirements for audit committees;
- **b)** the state of financial literacy of each Committee member, including the name of any member(s) currently in the process of acquiring financial literacy and when they are expected to attain this status; and
- **c)** the education and experience of each Committee member relevant to his or her responsibilities as Committee member.

iv) Disclose, if required, if the Corporation has relied upon any exemptions to the requirements for committees under applicable securities laws and rules of any stock exchange on which the Corporation’s shares are listed for trading.

E. Other

The Committee shall:

i) establish and periodically review procedures for:

- **a)** the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
- **b)** 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) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor;

iii) review insurance coverage of significant business risks and uncertainties;

iv) review material litigation and its impact on financial reporting;

v) review policies and procedures for the review and approval of officers' expenses and perquisites;

vi) review the policies and practices concerning the expenses and perquisites of the Chairman, including the use of the assets of the Corporation;

vii) review with external auditors any corporate transactions in which directors or officers of the Corporation have a personal interest; and

viii) review the terms of reference for the Committee at least annually and otherwise as it deems appropriate, and recommend changes to the Board as required. The Committee shall evaluate its performance with reference to the terms of reference annually.

IV. ACCOUNTABILITY

A. The Committee Chair has the responsibility to make periodic reports to the Board, as requested, on financial and other matters considered by the Committee relative to the Corporation.

B. The Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing an oral report at the next Board meeting.

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Exhibit 99.2

Disclaimer

Certain statements included or incorporated by reference in this document may constitute forward-looking statements or financial outlooks 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; 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 2021 guidance, and rates of average annual production growth; the effect of changes in crude oil and natural gas prices, changes in exchange rates and 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, and the wells expected to be drilled in 2021; exploration and development plans and the timing thereof; Vermilion's ability to reduce its debt, including its ability to redeem senior unsecured notes prior to maturity; 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 and interest 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 Vermilion; and other risks and uncertainties described elsewhere in this document or in Vermilion's other filings with Canadian securities regulatory authorities.

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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.

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.

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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

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Management's Discussion and Analysis

The following is Management's Discussion and Analysis ("MD&A"), dated March 5, 2021, 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, 2020 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, 2020 and 2019, 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, 2020 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 is a measure of profit or loss in accordance with IFRS 8 "Operating Segments". Please see "Segmented Information" in the "Notes to the Consolidated Financial Statements" for a reconciliation of fund flows from operations to net earnings. We analyze fund flows from operations both on a consolidated basis, core region, and on a business unit basis in order to assess the contribution of each business unit to our ability to generate income necessary to pay dividends, repay debt, fund asset retirement obligations, and make capital investments.
- Net debt: Net debt is a capital management measure in accordance with IAS 1 "Presentation of Financial Statements". Net debt is comprised of long-term debt plus current liabilities less current assets 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. Please see "Capital disclosures" in the "Notes to the Consolidated Financial Statements" for additional information.
- Netbacks: Netbacks are per boe and per mcf performance measures used in the analysis of operational activities. We assess netbacks both on a consolidated basis and on a business unit basis in order to compare and assess the operational and financial performance of each business unit versus other business units and also versus third-party crude oil and natural gas producers.

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 financial measures. These non-GAAP financial measures are unlikely to be comparable to similar financial measures presented by other issuers. For a full description of these non-GAAP financial measures and a reconciliation of these measures to their most directly comparable GAAP measures, please refer to "Non-GAAP 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" 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.

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Guidance

On October 31, 2019, we released our 2020 capital budget and associated production guidance. On March 16, 2020, we announced a reduction of our 2020 capital budget and associated production guidance in response to a decrease in oil prices as a result of the coronavirus ("COVID-19") pandemic and the ensuing oil price war between OPEC+ members. On November 9, 2020, we reduced the upper end of our annual production guidance range to reflect revised production estimates, which take into account the deferred startup of new natural gas production in the Netherlands to take advantage of higher European natural gas prices during the winter months. Actual 2020 capital spending of $367 million and 2020 average production of 95,190 boe/d were both slightly above the midpoint of our guidance ranges.

On January 18, 2021, we released our 2021 capital budget and associated production guidance.

The following table summarizes our guidance:

	Date	Capital Expenditures ($MM)	Production (boe/d)
2020 Guidance			
2020 Guidance	October 31, 2019	450	100,000 to 103,000
2020 Guidance	March 16, 2020	350 to 370	94,000 to 98,000
2020 Guidance	November 9, 2020	350 to 370	94,000 to 96,000
2020 Actual Results	March 8, 2021	367	95,190
2021 Guidance			
2021 Guidance	January 18, 2021	300	83,000 to 85,000

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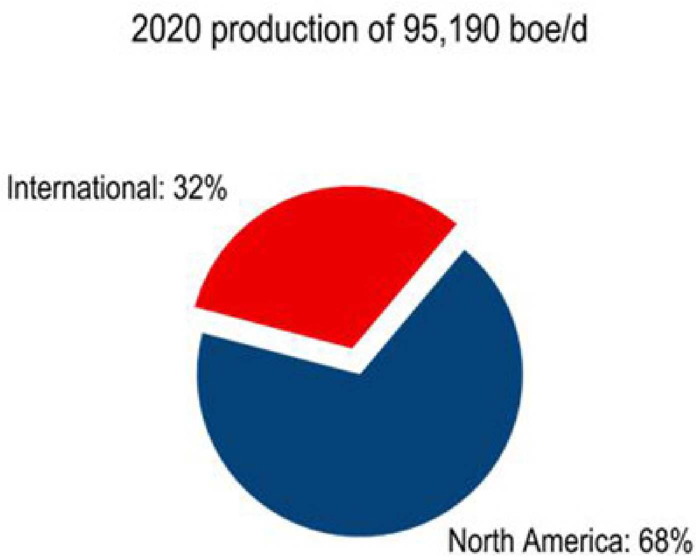
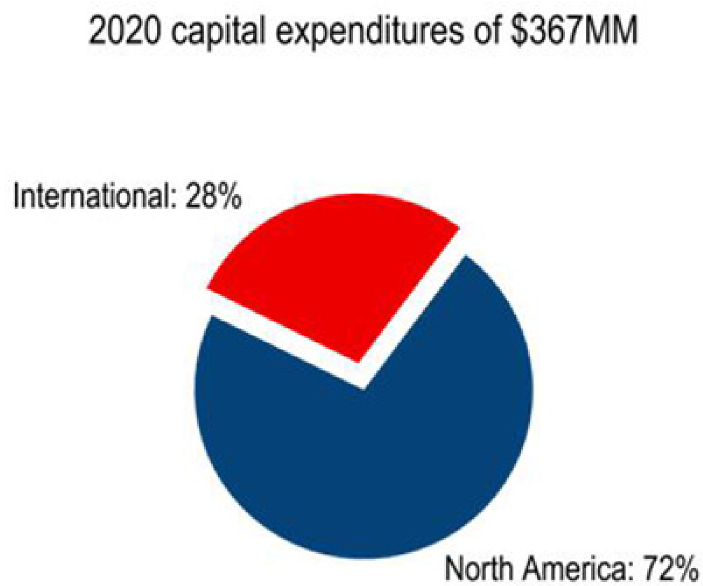
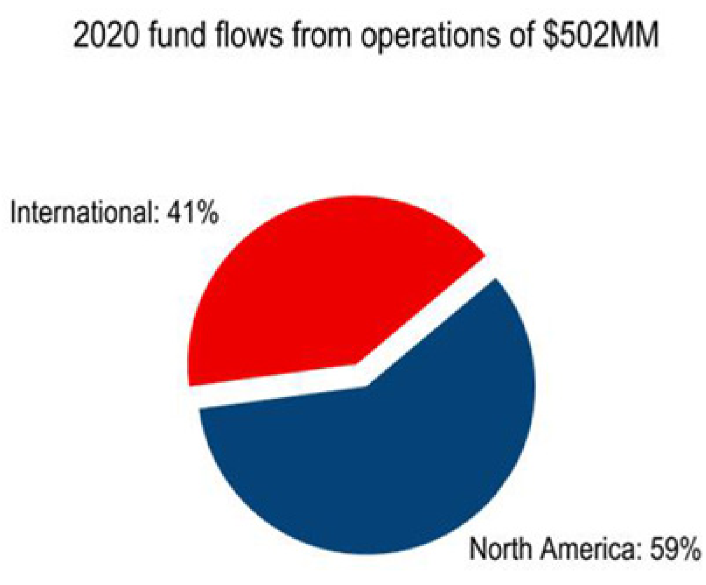
Vermilion's Business

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.







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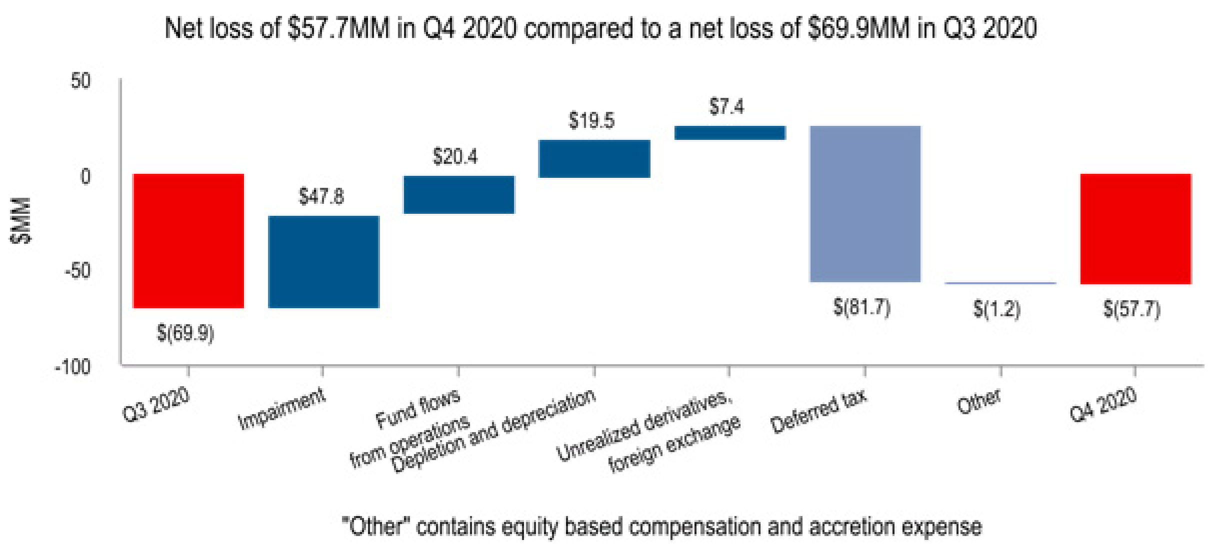
Consolidated Results Overview

	Q4 2020	Q3 2020	Q4 2019	Q4/20 vs. Q3/20	Q4/20 vs. Q4/19	2020	2019	2020 vs. 2019
Production [(1)]								
Crude oil and condensate (bbls/d)	**40,555**	43,240	46,261	(6)%	(12)%	**43,421**	47,902	(9)%
NGLs (bbls/d)	**8,627**	9,509	8,160	(9)%	6%	**8,937**	7,984	12%
Natural gas (mmcf/d)	**232.00**	256.34	260.72	(10)%	(11)%	**256.99**	266.82	(4)%
Total (boe/d)	**87,848**	95,471	97,875	(8)%	(10)%	**95,190**	100,357	(5)%
(Draw) build in inventory (mbbls)	**(118)**	(68)	169			**(260)**	(12)	
Financial metrics								
Fund flows from operations ($M)	**135,212**	114,776	215,592	18%	(37)%	**502,065**	908,055	(45)%
Per share ($/basic share)	**0.85**	0.73	1.38	16%	(38)%	**3.18**	5.87	(46)%
Net (loss) earnings ($M)	**(57,707)**	(69,926)	1,477	(18)%	N/A	**(1,517,427)**	32,799	N/A
Per share ($/basic share)	**(0.36)**	(0.44)	0.01	(18)%	N/A	**(9.61)**	0.21	N/A
Net debt ($M)	**2,105,983**	2,136,219	1,993,194	(1)%	6%	**2,105,983**	1,993,194	6%
Cash dividends ($/share)	**—**	—	0.690	—%	(100)%	**0.575**	2.760	(79)%
Activity								
Capital expenditures ($M)	**59,894**	31,330	100,625	91%	(41)%	**367,202**	523,164	(30)%
Acquisitions ($M)	**4,821**	6,720	9,165			**25,810**	38,472	

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

Financial performance review

Q4 2020 vs. Q3 2020



- We recorded a net loss of $57.7 million ($0.36/basic share) in Q4 2020 compared to a net loss of $69.9 million ($0.44/basic share) in Q3 2020. This quarter-over-quarter decrease in net loss was primarily driven by decreased impairment charges in Q4 2020, increased funds flow from operations, and lower depletion and depreciation charges, partially offset by an increase in deferred taxes.

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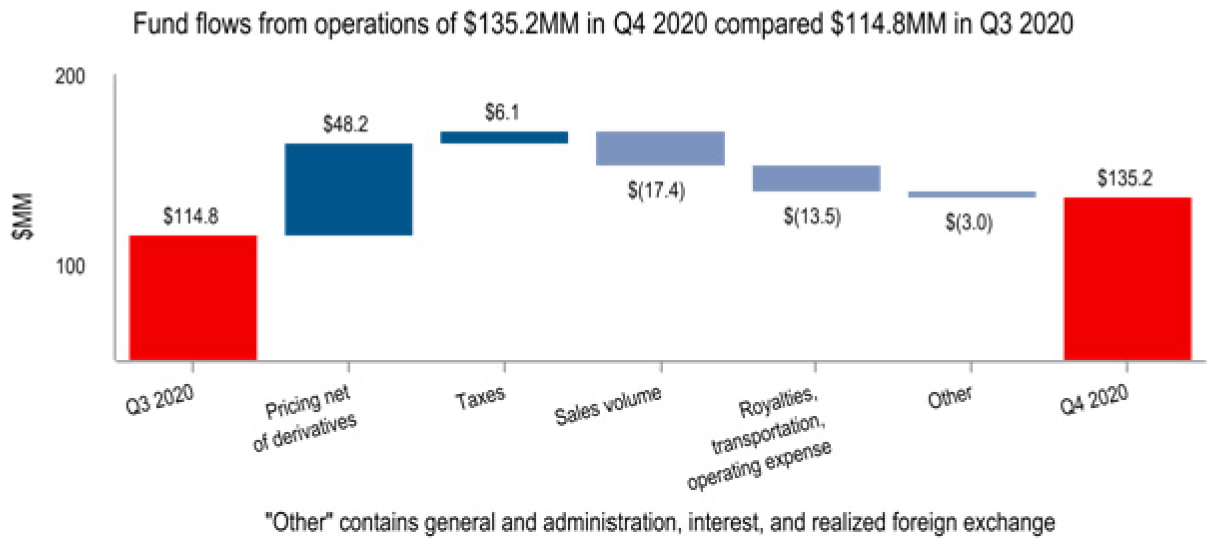
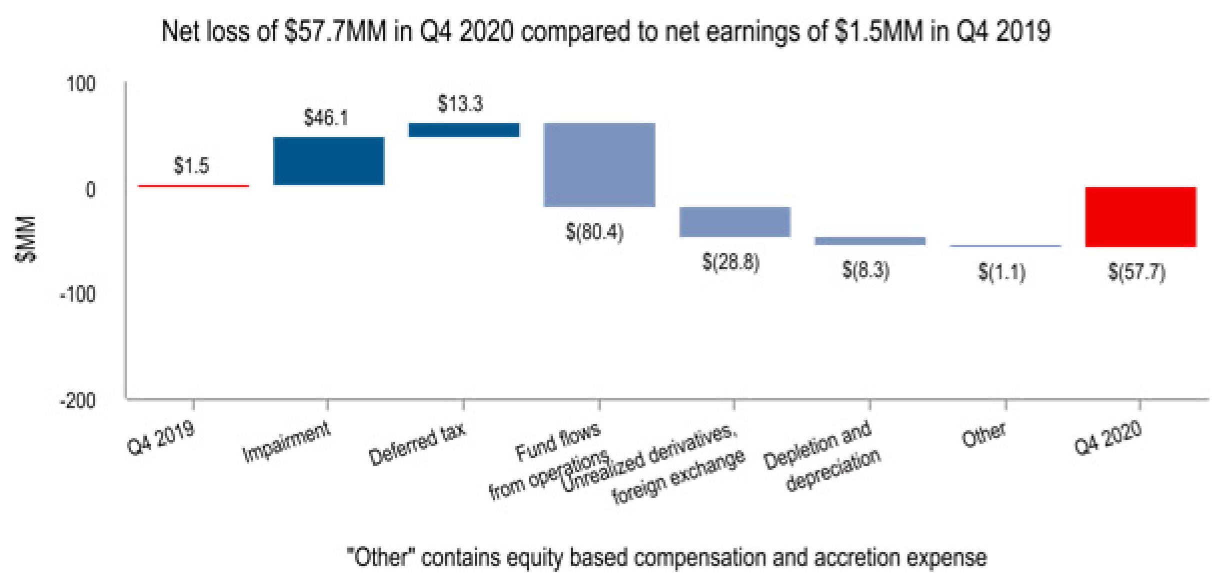


- Fund flows from operations for Q4 2020 increased versus Q3 2020 from $114.8 million to $135.2 million primarily driven by realized commodity pricing which increased 21% from $31.86/boe to $38.57/boe. This was partially offset by lower sales volumes mainly due to decreased production in Q4 2020 driven by natural decline.

Q4 2020 vs. Q4 2019



- We recorded a net loss of $57.7 million ($0.36/basic share) for Q4 2020 compared to net earnings of $1.5 million ($0.01/basic share) in Q4 2019. The decrease was primarily driven by lower fund flows from operations of $80.4 million due to lower commodity prices in 2020, partially offset by lower impairment charges compared to Q4 2019.

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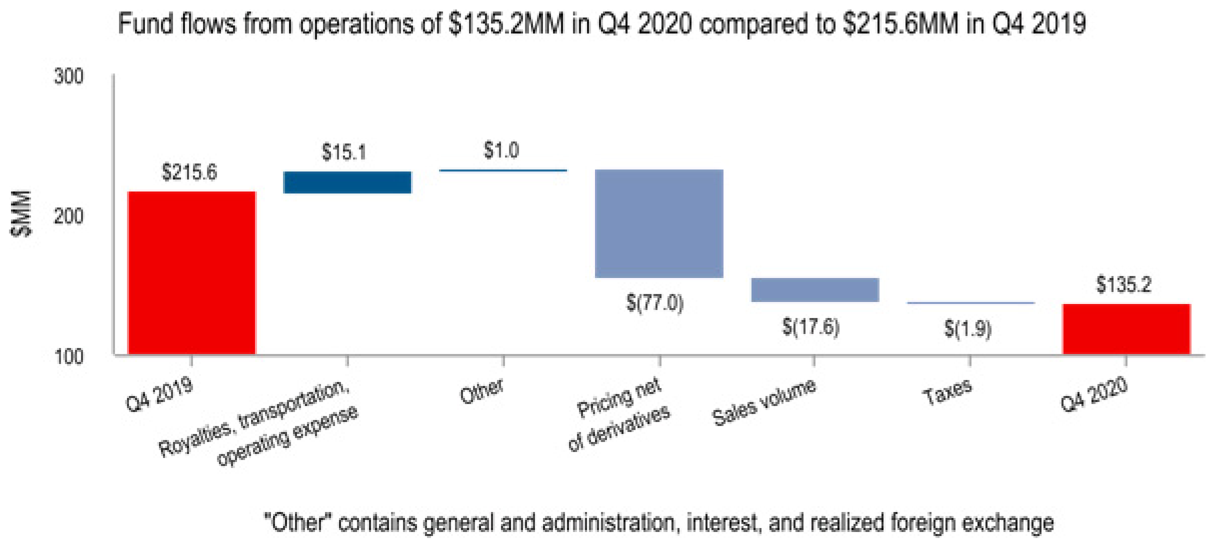
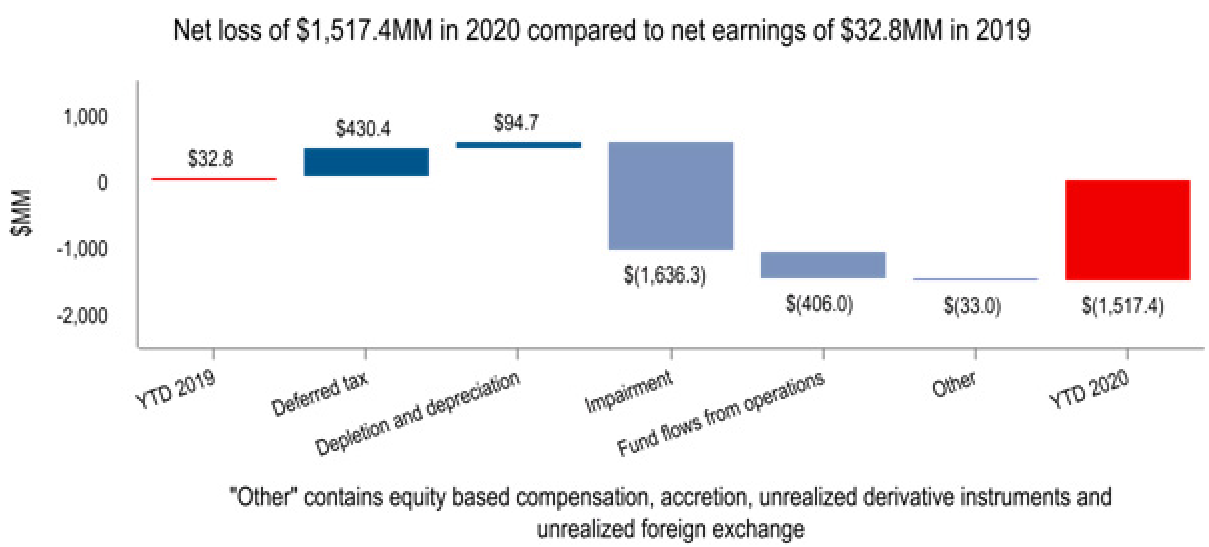


- We generated fund flows from operations of $135.2 million in Q4 2020, a decrease from $215.6 million in Q4 2019 primarily as a result of lower commodity prices and lower sales volumes primarily due to natural decline on our production. Our consolidated realized price per boe decreased from $44.00/boe in Q4 2019 to $38.57/boe in Q4 2020.

2020 vs. 2019



- For the year ended December 31, 2020, a net loss of $1,517.4 million was recorded compared to net earnings of $32.8 million for the comparable period in 2019. The decrease in net earnings was primarily due to impairment charges we recorded of $1.2 billion in 2020 (net of $0.4 billion income tax recovery) and lower fund flows from operations driven by decreases in realized prices due to the impacts of COVID-19 and the OPEC+ price war.

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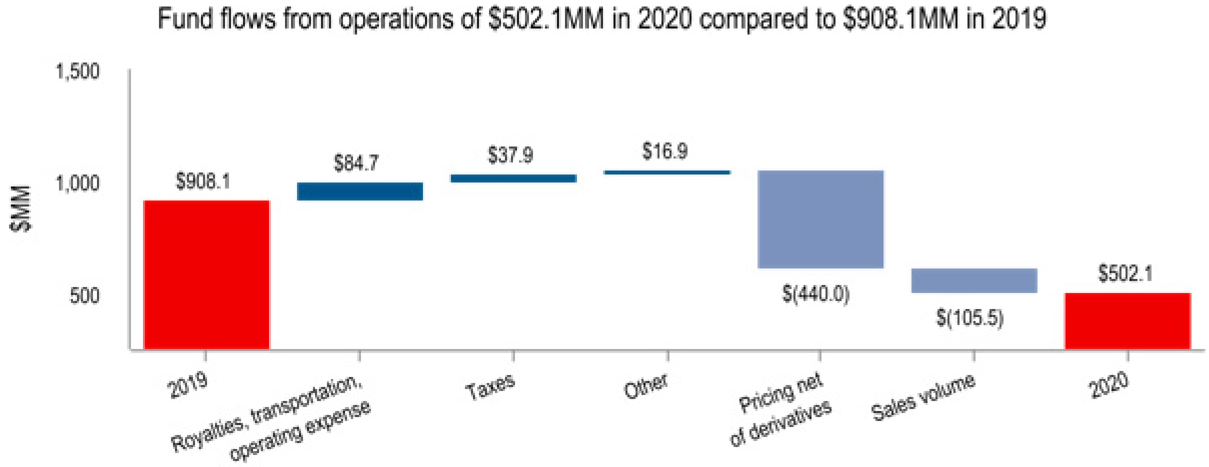

"Other" contains general and administration, interest, and realized foreign exchange

- Fund flows from operations decreased by 45% for the year ended December 31, 2020 versus the same period in 2019 primarily driven by a 31% decrease in our consolidated realized price from $46.12/boe to $31.90/boe due to lower commodity prices. Sales volumes decreased year-over-year primarily due to decreases in France stemming from the confinement measures in 2020 and resulting refinery shut-down, in Ireland as a result of natural decline, and in Australia due to timing of liftings.

Production review

Q4 2020 vs. Q3 2020

- Consolidated average production of 87,848 boe/d during Q4 2020 represented a decrease of 8% from Q3 2020 production of 95,471 boe/d. Production decreases in Canada of 5,416 boe/d and in the United States of 796 boe/d were primarily driven by natural declines, and in Australia of 768 boe/d due to 11-day planned turnaround activities.

Q4 2020 vs. Q4 2019

- Consolidated average production of 87,848 boe/d in Q4 2020 represented a decrease of 10% from Q4 2019 production of 97,875 boe/d. Production decreases in Canada of 4,753 boe/d, in Ireland of 1,256 boe/d and in France of 1,009 boe/d were mainly due to natural declines.

2020 vs. 2019

- Consolidated average production of 95,190 boe/d for the year ended December 31, 2020 represented a decrease of 5% from the comparable period in 2019 of 100,357 boe/d. Production decreases were primarily in France due to the Grandpuits refinery temporary shutdown in Q2 2020, in Ireland due to natural declines and planned turnarounds, in Australia due to downtime throughout 2020 and cyclone activity in Q1 2020 and in Canada due to natural declines. These decreases were partially offset by production increases in the United States due to new wells brought online in 2019 and 2020.

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Activity review

- For the three months ended December 31, 2020, capital expenditures of $59.9 million were incurred.
- In our North America core region, capital expenditures of $33.8 million were incurred during the fourth quarter. In Canada, $32.9 million was incurred primarily related to increased drilling activity where we drilled seven (6.6 net) wells.
- In our International core region, capital expenditures of $26.1 million were incurred during the quarter. $12.8 million of capital expenditures were incurred in France primarily related to increased activity on well workovers and facilities, $4.4 million were incurred in Australia primarily related to asset optimization projects, $3.4 million were in the Netherlands primarily related to workovers and facility projects, and $3.1 million in Germany primarily related to various field optimization projects.

Sustainability review

Dividends

- On March 6, 2020, in response to weakness in commodity prices and reduced global economic prospects following the outbreak of COVID-19, Vermilion's board of directors approved a 50% reduction to the March dividend, payable April 15, 2020, to $0.115 per share. On April 15, due to further deterioration of economic prospects and commodity prices resulting from the impact of COVID-19, the board of directors suspended the monthly dividend as a further measure to strengthen the financial position of the Company.
- Total dividends of $0.575 per common share were declared for the year ended December 31, 2020.

Long-term debt and net debt

- Long-term debt remained consistent at $1.9 billion as at December 31, 2020 from December 31, 2019.
- Net debt increased to $2.1 billion as at December 31, 2020 from $2.0 billion as at December 31, 2019, primarily due to a decrease in net working capital driven by the change in the mark-to-market position of our European gas derivative instruments and our equity swap position moving into current liabilities.
- The ratio of net debt to four quarter trailing fund flows from operations increased to 4.19 as at December 31, 2020 (December 31, 2019 - 2.20) mainly due to lower four quarter trailing fund flows from operations as a result of lower commodity prices, combined with an increase in net debt.

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Benchmark Commodity Prices

	Q4 2020	Q3 2020	Q4 2019	Q4/20 vs. Q3/20	Q4/20 vs. Q4/19	2020	2019	2020 vs. 2019
Crude oil								
WTI ($/bbl)	**55.58**	54.54	75.19	2%	(26)%	**52.86**	75.67	(30)%
WTI (US $/bbl)	**42.66**	40.93	56.96	4%	(25)%	**39.40**	57.03	(31)%
Edmonton Sweet index ($/bbl)	**50.28**	49.86	68.10	1%	(26)%	**45.72**	69.19	(34)%
Edmonton Sweet index (US $/bbl)	**38.59**	37.42	51.59	3%	(25)%	**34.08**	52.15	(35)%
Saskatchewan LSB index ($/bbl)	**50.76**	50.06	68.09	1%	(26)%	**45.80**	69.66	(34)%
Saskatchewan LSB index (US $/bbl)	**38.96**	37.57	51.58	4%	(25)%	**34.14**	52.50	(35)%
Canadian C5+ Condensate index ($/bbl)	**55.43**	50.02	69.97	11%	(21)%	**49.85**	70.13	(29)%
Canadian C5+ Condensate index (US $/bbl)	**42.54**	37.54	53.01	13%	(20)%	**37.16**	52.86	(30)%
Dated Brent ($/bbl)	**57.63**	57.29	83.49	1%	(31)%	**55.90**	85.31	(35)%
Dated Brent (US $/bbl)	**44.23**	43.00	63.25	3%	(30)%	**41.67**	64.30	(35)%
Natural gas								
AECO ($/mcf)	**2.64**	2.24	2.48	18%	7%	**2.23**	1.76	27%
NBP ($/mcf)	**6.99**	3.67	5.38	91%	30%	**4.30**	5.90	(27)%
NBP (€/mcf)	**4.50**	2.36	3.68	91%	22%	**2.81**	3.97	(29)%
TTF ($/mcf)	**6.63**	3.51	5.36	89%	24%	**4.18**	5.90	(29)%
TTF (€/mcf)	**4.27**	2.25	3.67	90%	16%	**2.74**	3.97	(31)%
Henry Hub ($/mcf)	**3.47**	2.63	3.30	32%	5%	**2.78**	3.49	(20)%
Henry Hub (US $/mcf)	**2.66**	1.97	2.50	35%	6%	**2.07**	2.63	(21)%
Average exchange rates								
CDN $/US $	**1.30**	1.33	1.32	(2)%	(2)%	**1.34**	1.33	1%
CDN $/Euro	**1.55**	1.56	1.46	(1)%	6%	**1.53**	1.49	3%
Realized prices								
Crude oil and condensate ($/bbl)	**55.31**	52.77	71.25	5%	(22)%	**50.53**	74.42	(32)%
NGLs ($/bbl)	**19.20**	15.04	14.63	28%	31%	**13.06**	13.61	(4)%
Natural gas ($/mcf)	**4.13**	2.34	3.61	77%	14%	**2.77**	3.58	(23)%
Total ($/boe)	**38.57**	31.86	44.00	21%	(12)%	**31.90**	46.12	(31)%

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 the AECO index (in Canada) or the Henry Hub 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.

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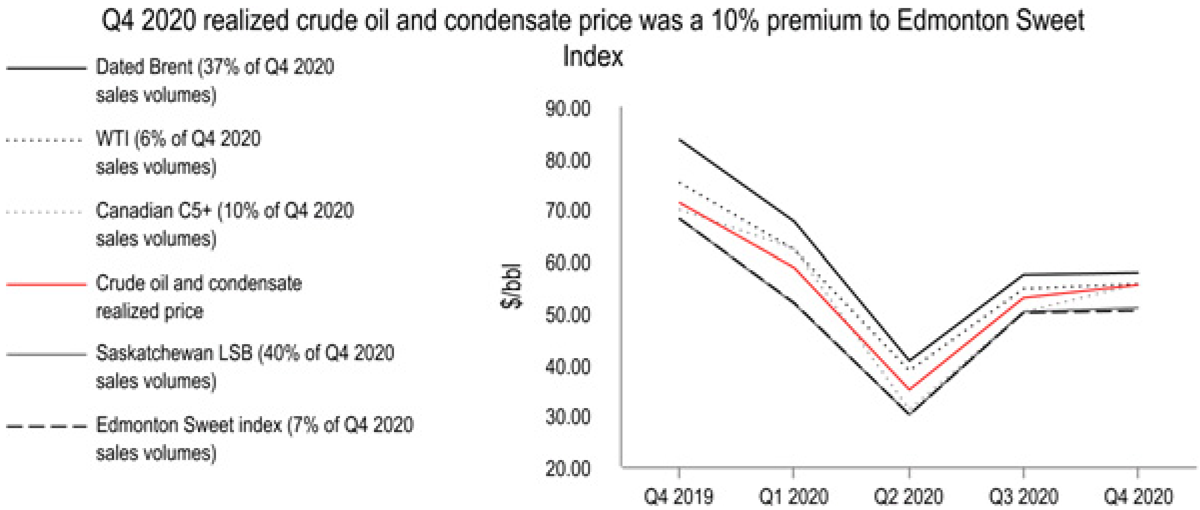

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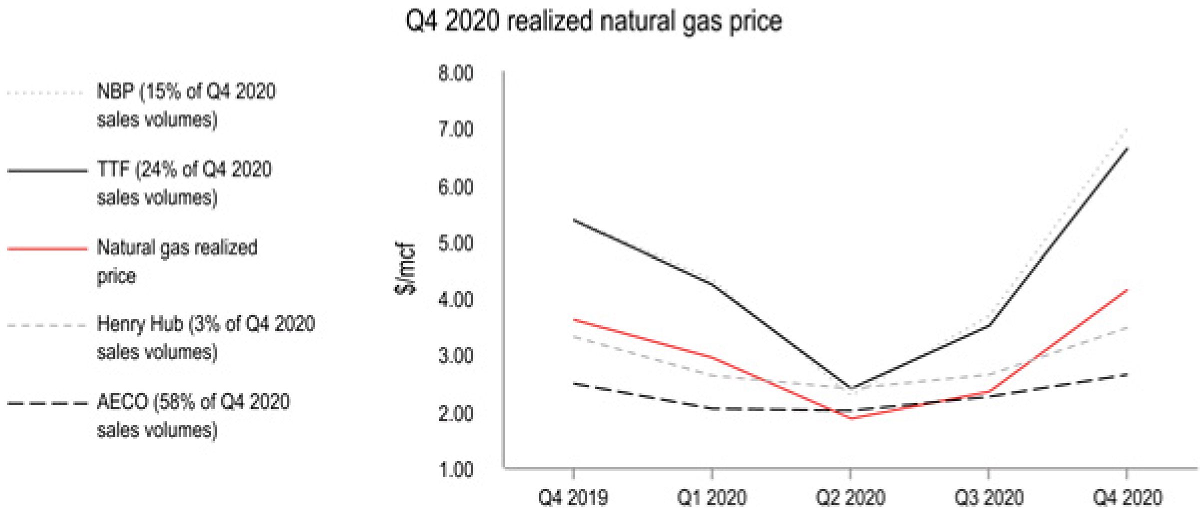
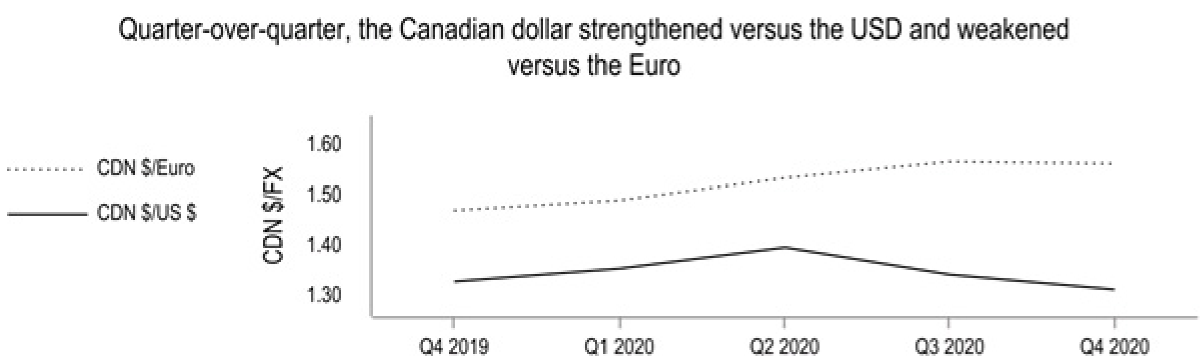
- Crude oil prices increased in Q4 2020 relative to Q3 2020 due to continued global demand recovery, a coordinated supply cut from the OPEC+ group, and lower US shale production, with WTI and Brent prices rising quarter-over-quarter by 4% and 3% respectively. For the three months ended December 31, 2020, WTI and Brent prices decreased by 25% and 30%, respectively, versus the comparable period in the prior year.
- In Canadian dollar terms, quarter-over-quarter, the Edmonton Sweet differential increased by $0.62/bbl to a discount of $5.30/bbl against WTI, and the Saskatchewan LSB differential increased by $0.34/bbl to a discount of $4.82/bbl against WTI.
- Approximately 37% of Vermilion's Q4 2020 crude oil and condensate production was priced at the Dated Brent index (which averaged a premium to WTI of US$1.57/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, prices for European natural gas (TTF and NBP) rose by 89% and 91%, respectively, in Q4 2020 compared to Q3 2020. Seasonal demand and competition for LNG cargoes improved prices.
- Natural gas prices at AECO in Q4 2020 increased by 18% compared to Q3 2020, with seasonal demand and export increases improving prices.
- For Q4 2020, average European natural gas prices represented a $4.17/mcf premium to AECO. Approximately 39% of our natural gas production in Q4 2020 benefited from this premium European pricing.



- For the three months ended December 31, 2020, the Canadian dollar strengthened 2% against the US dollar quarter-over-quarter. The annual average in 2020 was 1% weaker versus 2019.
- For the three months ended December 31, 2020, the Canadian dollar remained flat against the Euro quarter-over-quarter. The annual average in 2020 was 3% weaker versus 2019.

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North America

	Q4 2020	Q4 2019	2020	2019
Production [1]				
Crude oil and condensate (bbls/d)	**26,459**	30,560	**29,043**	30,798
NGLs (bbls/d)	**8,628**	8,161	**8,937**	7,984
Natural gas (mmcf/d)	**142.13**	153.34	**158.85**	155.24
Total production volume (boe/d)	**58,774**	64,276	**64,456**	64,654

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

	Q4 2020		Q4 2019		2020		2019	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Sales	**175,808**	**32.51**	229,782	38.86	**635,637**	**26.94**	903,434	38.28
Royalties	**(19,670)**	**(3.64)**	(29,443)	(4.98)	**(72,407)**	**(3.07)**	(112,785)	(4.78)
Transportation	**(10,358)**	**(1.92)**	(10,384)	(1.76)	**(42,843)**	**(1.82)**	(41,261)	(1.75)
Operating	**(59,162)**	**(10.94)**	(65,927)	(11.15)	**(236,704)**	**(10.03)**	(259,160)	(10.98)
General and administration [1]	**(10,484)**	**(1.94)**	(5,745)	(0.97)	**(29,784)**	**(1.26)**	(20,368)	(0.86)
Corporate income tax recovery (expense) [1]	**241**	**0.04**	(660)	(0.11)	**(202)**	**(0.01)**	(406)	(0.02)
Fund flows from operations	**76,375**	**14.12**	117,623	19.89	**253,697**	**10.75**	469,454	19.89
Capital expenditures	**(33,781)**		(69,775)		**(265,261)**		(350,940)	
Free cash flow	**42,594**		47,848		**(11,564)**		118,514	

(1) Includes amounts from Corporate segment.

In North America, production averaged 58,774 boe/d in Q4 2020, a decrease of 9% year-over-year primarily due to natural decline and reduced capital activity. For the year-ended 2020, annual average production remained relatively consistent compared to the prior year as decreases in Canada due to natural declines were partially offset by production increases in the United States due to new wells brought online in 2019 and 2020.

We resumed drilling activity in Alberta in the fourth quarter, drilling seven (6.6 net) Mannville wells and completing two (1.6 net) wells that were brought on production prior to year-end. The remaining five (5.0 net) wells were completed and brought on production in early 2021. No drilling or completion activity occurred in southeast Saskatchewan or Wyoming during the fourth quarter.

Sales

	Q4 2020		Q4 2019		2020		2019	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Canada	**160,719**	**32.45**	206,897	38.38	**569,191**	**26.38**	828,070	37.82
United States	**15,089**	**33.24**	22,885	43.77	**66,446**	**32.93**	75,364	44.17
North America	**175,808**	**32.51**	229,782	38.86	**635,637**	**26.94**	903,434	38.28

Sales in North America decreased for the three months and year ended December 31, 2020 versus the comparable prior periods due to lower benchmark prices across all products as a result of the ongoing COVID-19 pandemic and OPEC+ price war in the first quarter of 2020.

Royalties

	Q4 2020		Q4 2019		2020		2019	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Canada	**(15,240)**	**(3.08)**	(24,127)	(4.48)	**(54,961)**	**(2.55)**	(94,079)	(4.30)

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United States	**(4,430)**	**(9.76)**	(5,316)	(10.17)	**(17,446)**	**(8.65)**	(18,706)	(10.96)
North America	**(19,670)**	**(3.64)**	(29,443)	(4.98)	**(72,407)**	**(3.07)**	(112,785)	(4.78)

Royalties in North America decreased for the three months and year ended December 31, 2020 versus the same periods in the prior year and were primarily due to lower crude oil and condensate pricing within Canada.

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Transportation

	Q4 2020		Q4 2019		2020		2019	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Canada	**(9,987)**	**(2.02)**	(10,384)	(1.93)	**(41,494)**	**(1.92)**	(41,261)	(1.88)
United States	**(371)**	**(0.82)**	—	—	**(1,349)**	**(0.67)**	—	—
North America	**(10,358)**	**(1.92)**	(10,384)	(1.76)	**(42,843)**	**(1.82)**	(41,261)	(1.75)

Transportation expense in North America remained relatively consistent on a dollar and per boe basis for the three months and year ended December 31, 2020 versus the comparable prior periods. During spring 2020, our United States business unit began transporting production on select wells via pipeline resulting in transportation costs.

Operating expense

	Q4 2020		Q4 2019		2020		2019	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Canada	**(54,725)**	**(11.05)**	(60,931)	(11.30)	**(218,596)**	**(10.13)**	(242,790)	(11.09)
United States	**(4,437)**	**(9.77)**	(4,996)	(9.56)	**(18,108)**	**(8.97)**	(16,370)	(9.59)
North America	**(59,162)**	**(10.94)**	(65,927)	(11.15)	**(236,704)**	**(10.03)**	(259,160)	(10.98)

Operating expenses in North America for the three months and year ended December 31, 2020 decreased by 10.3% and 8.7%, respectively, versus the comparable prior periods. This decrease in Q4 2020 versus Q4 2019 is primarily due to lower activity levels and a reduction in headcount costs in Q4 2020 as we focus on cost reduction initiatives. Year-over-year, the decrease is primarily in Canada due to a deferral of facility costs, lower headcount costs, lower utility costs, and other cost reductions initiatives. The focus on cost reduction initiatives in 2020 in response to global commodity price pressures helped contribute to the 8.7% decrease on a per unit basis for the year ended December 31, 2020 compared to prior year.

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International

	Q4 2020	Q4 2019	2020	2019
Production [1]				
Crude oil and condensate (bbls/d)	**14,096**	15,702	**14,376**	17,105
Natural gas (mmcf/d)	**89.86**	107.38	**98.15**	111.58
Total production volume (boe/d)	**29,073**	33,598	**30,734**	35,703
Total sales volume (boe/d)	**30,336**	31,760	**31,444**	35,737

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

	Q4 2020		Q4 2019		2020		2019	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Sales	**140,390**	**50.30**	159,020	54.42	**483,908**	**42.05**	786,429	60.29
Royalties	**(8,438)**	**(3.02)**	(11,236)	(3.85)	**(34,147)**	**(2.97)**	(50,881)	(3.90)
Transportation	**(6,699)**	**(2.40)**	(5,186)	(1.77)	**(24,868)**	**(2.16)**	(31,185)	(2.39)
Operating	**(47,414)**	**(16.99)**	(44,656)	(15.28)	**(180,547)**	**(15.69)**	(180,918)	(13.87)
General and administration	**(8,158)**	**(2.92)**	(10,824)	(3.70)	**(31,056)**	**(2.70)**	(38,608)	(2.96)
Corporate income tax recovery (expense)	**6,291**	**2.25**	6,495	2.22	**6,012**	**0.52**	(25,877)	(1.98)
PRRT	**(4,038)**	**(1.45)**	(1,453)	(0.50)	**(20,151)**	**(1.75)**	(25,947)	(1.99)
Fund flows from operations	**71,934**	**25.77**	92,160	31.54	**199,151**	**17.30**	433,013	33.20
Capital expenditures	**(26,113)**		(30,850)		**(101,941)**		(172,224)	
Free cash flow	**45,821**		61,310		**97,210**		260,789	

Production from our International assets averaged 29,073 boe/d in Q4 2020, a decrease of 13% year-over-year primarily due to natural decline. For the year-ended December 31, 2020, our production in Europe was impacted by lower crude oil production in France resulting from COVID-19 confinement measures impacting workover activities and the temporary shutdown of the Grandpuits refinery during Q2, in addition to production declines in Netherlands, Germany, and Ireland. In Australia, we completed an 11-day planned maintenance turnaround during Q4 2020, which also contributed to the production decrease.

The year-over-year production decrease from our International assets, along with significant decline in reference prices, resulted in decreases in sales and correspondingly fund flows from operations. However, given our continued focus on cost reductions across the business, such as operating costs, general and administration expenses, and capital expenditures, we continued to generate free cash flow from our international assets.

Sales

	Q4 2020		Q4 2019		2020		2019	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Australia	**30,148**	**75.99**	21,872	68.63	**141,452**	**76.70**	184,490	93.33
France	**53,198**	**58.11**	77,781	53.55	**182,292**	**55.39**	326,699	83.01
Netherlands	**22,967**	**34.40**	25,215	33.88	**65,575**	**23.02**	112,857	37.37
Germany	**10,681**	**39.87**	11,531	39.14	**34,210**	**30.40**	57,312	45.75
Ireland	**23,118**	**43.38**	21,824	33.65	**58,446**	**25.59**	104,274	36.81
Central and Eastern Europe	**278**	**27.22**	797	31.39	**1,933**	**16.66**	797	31.19
International	**140,390**	**50.30**	159,020	54.42	**483,908**	**42.05**	786,429	60.29

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.

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Crude oil sales volumes (bbls/d)	Q4 2020	Q4 2019	2020	2019
Australia	**4,312**	2,691	**5,039**	5,416
France	**9,951**	10,454	**8,991**	10,752
Germany	**996**	629	**967**	881

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Sales decreased by $18.6 million for the three months ended December 31, 2020 versus the same period in the prior year primarily due to lower sales volumes across our European business units driven by natural decline of our production and a decline in realized pricing on our crude oil. These sales decreases were partially offset by an increase in realized pricing on our European gas sales and an increase in sales volumes in Australia due to the timing of our liftings.

Sales decreased by $302.5 million for the year ended December 31, 2020 versus the same period in the prior year due to significant decreases in realized prices driven by lower year-over-year commodity prices, including severely depressed commodity prices during second quarter of 2020. In addition to pricing decreases, sales volumes were down primarily due to natural decline across all areas and production decreases in France following downtime at the Grandpuits refinery and restricted field activity resulting from COVID-19 confinement measures put in place by the French government.

Royalties

	Q4 2020		Q4 2019		2020		2019	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
France	**(9,416)**	**(10.28)**	(10,265)	(9.73)	**(32,069)**	**(9.75)**	(43,895)	(11.15)
Netherlands	**(150)**	**(0.22)**	(130)	(0.17)	**(444)**	**(0.16)**	(1,469)	(0.49)
Germany	**1,190**	**4.44**	(587)	(1.99)	**(990)**	**(0.88)**	(5,264)	(4.20)
Central and Eastern Europe	**(62)**	**(6.07)**	(254)	(10.00)	**(644)**	**(5.55)**	(253)	(9.90)
International	**(8,438)**	**(3.02)**	(11,236)	(3.85)	**(34,147)**	**(2.97)**	(50,881)	(3.90)

Royalties in our International core region are primarily incurred in France, where royalties include charges based on a percentage of sales and fixed per boe charges. Royalties decreased in our International core region in the three months and year ended December 31, 2020 versus the same periods in the prior year due to lower sales prices in France and Netherlands combined with the full year impact of a ruling reducing 2020 Germany gas royalties recorded in the fourth quarter.

Our production in Australia and Ireland is not subject to royalties.

Transportation

	Q4 2020		Q4 2019		2020		2019	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
France	**(4,264)**	**(4.66)**	(3,215)	(4.23)	**(14,604)**	**(4.44)**	(21,609)	(5.49)
Germany	**(1,537)**	**(5.74)**	(963)	(3.27)	**(5,839)**	**(5.19)**	(5,117)	(4.09)
Ireland	**(898)**	**(1.68)**	(1,008)	(1.55)	**(4,425)**	**(1.94)**	(4,459)	(1.57)
International	**(6,699)**	**(2.40)**	(5,186)	(1.77)	**(24,868)**	**(2.16)**	(31,185)	(2.39)

Transportation expense for the three months ended December 31, 2020 increased versus the same period in 2019 due to increased costs related to transportation system maintenance in France.

For the year ended December 31, 2020, transportation expense decreased versus the same period in 2019 due mainly to lower costs in France. In France, the year-over-year decrease was due to additional costs incurred in 2019 relating to the Grandpuits refinery outage which resulted in the need to arrange alternative delivery points and transportation methods at a higher incremental cost. In Germany, the changes related to the timing of prior period adjustments.

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

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Operating expense

	Q4 2020		Q4 2019		2020		2019	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Australia	**(14,438)**	**(36.39)**	(8,438)	(34.09)	**(54,581)**	**(29.59)**	(49,810)	(25.20)
France	**(16,230)**	**(17.73)**	(16,142)	(16.38)	**(57,128)**	**(17.36)**	(61,281)	(15.57)
Netherlands	**(7,772)**	**(11.64)**	(9,758)	(13.11)	**(32,410)**	**(11.38)**	(32,125)	(10.64)
Germany	**(5,643)**	**(21.07)**	(7,405)	(25.14)	**(20,732)**	**(18.42)**	(24,970)	(19.93)
Ireland	**(3,232)**	**(6.06)**	(2,854)	(4.40)	**(15,232)**	**(6.67)**	(12,431)	(4.39)
Central and Eastern Europe	**(99)**	**(9.69)**	(59)	(2.32)	**(464)**	**(4.00)**	(301)	(11.78)
International	**(47,414)**	**(16.99)**	(44,656)	(15.28)	**(180,547)**	**(15.69)**	(180,918)	(13.87)

Operating expenses for Q4 2020 increased by $2.8 million compared to Q4 2019. This is mainly due to increased costs in Australia where operating expenses are deferred on the balance sheet until oil is sold at which point the related expenses are recognized into income. Q4 2019 had a larger build of inventory compared to the draws made in Q4 2020, therefore higher costs related to inventory were incurred in Q4 2020. This increase was partially offset by lower activity levels in Germany and lower facility maintenance and repair costs in the Netherlands.

For the year ended December 31, 2020, operating expenses remained relatively consistent on a dollar basis and increased by 13.1% on a per boe basis. Cost reductions were due to reduced activity in France during the COVID-19 confinement period earlier in 2020 and lower activity levels in Germany. This was offset by increased costs in Australia resulting from a higher deferral of costs relating to inventory builds on the balance sheet in 2019 offset by lower major project expense work. Cost increases in Ireland were due to increased maintenance activity.

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Consolidated Financial Performance Review

($M except per share)	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018
Total assets	**4,109,139**	5,866,120	6,270,671
Long-term debt	**1,933,848**	1,924,665	1,796,207
Petroleum and natural gas sales	**1,119,545**	1,689,863	1,678,117
Net (loss) earnings	**(1,517,427)**	32,799	271,650
Net (loss) earnings per share			
Basic	**(9.61)**	0.21	1.93
Diluted	**(9.61)**	0.21	1.91
Cash dividends ($/share)	**0.58**	2.76	2.72

Fund flows from operations

	Q4 2020		Q4 2019		2020		2019	
	$M	$/boe	$M	$/boe	$M	$/boe	$M	$/boe
Sales	**316,198**	**38.57**	388,802	44.00	**1,119,545**	**31.90**	1,689,863	46.12
Royalties	**(28,108)**	**(3.43)**	(40,679)	(4.60)	**(106,554)**	**(3.04)**	(163,666)	(4.47)
Transportation	**(17,057)**	**(2.08)**	(15,570)	(1.76)	**(67,711)**	**(1.93)**	(72,446)	(1.98)
Operating	**(106,576)**	**(13.00)**	(110,583)	(12.52)	**(417,251)**	**(11.89)**	(440,078)	(12.01)
General and administration	**(18,642)**	**(2.27)**	(16,569)	(1.88)	**(60,840)**	**(1.73)**	(58,976)	(1.61)
Corporate income tax recovery (expense)	**6,532**	**0.80**	5,835	0.66	**5,810**	**0.17**	(26,283)	(0.72)
PRRT	**(4,038)**	**(0.49)**	(1,453)	(0.16)	**(20,151)**	**(0.57)**	(25,947)	(0.71)
Interest expense	**(19,808)**	**(2.42)**	(19,169)	(2.17)	**(75,077)**	**(2.14)**	(81,377)	(2.22)
Realized gain on derivatives	**790**	**0.10**	22,712	2.57	**109,093**	**3.11**	84,219	2.30
Realized foreign exchange gain (loss)	**1,329**	**0.16**	2,013	0.23	**11,110**	**0.32**	(4,954)	(0.14)
Realized other income	**4,592**	**0.56**	253	0.03	**4,091**	**0.12**	7,700	0.21
Fund flows from operations	**135,212**	**16.50**	215,592	24.40	**502,065**	**14.32**	908,055	24.77

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.

General and administration

- General and administration expense increased by 11.1% in Q4 2020 versus Q4 2019 due lower recoveries as a result of lower salary allocations from reduced capital activity in Q4 2020 and costs associated with work-force reductions.
- General and administration expense for the year ended December 31, 2020 were relatively consistent with 2019 as cost savings and government subsidies recorded during the year were offset by higher employee costs incurred in 2020 and lower capitalized costs.

PRRT and corporate income taxes

- PRRT increased in Q4 2020 versus Q4 2019 due to higher sales. For the year ended December 31, 2020, PRRT decreased versus the prior year comparable period due to lower Australia sales.
- Corporate income taxes in Q4 2020 and for the year ended December 31, 2020 versus the comparable periods decreased due to tax recoveries resulting from the significant decreases in commodity prices during the year.

Interest expense

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- Interest expense remained relatively consistent between Q4 2020 and Q4 2019. For the year ended December 31, 2020, interest expense decreased by 7.7% versus the prior year comparable period due to declining market interest rates as a function of the impact of COVID-19.

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Realized gain or loss on derivatives

- Realized gains on derivatives relate to receipts for European natural gas and crude oil hedges. For the year ended December 31, 2020, realized gains also included the receipt of $16.8 million (US $12.7 million) due to the reset the Euro principal amount of the CAD-to-EUR cross currency interest rate swap in Q1 2020, and the receipt of $25.5 million (US $18.2 million) as a result of a number of transactions that resulted in the termination of the USD-to-CAD and CAD-to-EUR cross currency interest swaps in Q2 2020.
- A listing of derivative positions as at December 31, 2020 is included in “Supplemental Table 2” of this MD&A.

Realized other income

- Realized other income for the year ended December 31, 2020 primarily relates to amounts in Q4 2020 for funding under the Saskatchewan Accelerated Site Closure program to complete abandonment and reclamation on inactive oil and gas wells and facilities.

Net earnings

The following table shows a reconciliation from fund flows from operations to net (loss) earnings:

($M)	Q4 2020	Q4 2019	2020	2019
Fund flows from operations	**135,212**	215,592	**502,065**	908,055
Equity based compensation	**(11,012)**	(11,233)	**(42,906)**	(64,233)
Unrealized loss on derivative instruments	**(66,863)**	(30,362)	**(100,955)**	(57,427)
Unrealized foreign exchange gain (loss)	**50,519**	42,848	**49,012**	57,225
Unrealized other expense	**(202)**	(204)	**(833)**	(825)
Accretion	**(9,134)**	(7,833)	**(35,318)**	(32,667)
Depletion and depreciation	**(148,219)**	(139,940)	**(580,461)**	(675,177)
Deferred tax	**(8,008)**	(21,335)	**374,313**	(56,096)
Impairment	**—**	(46,056)	**(1,682,344)**	(46,056)
Net (loss) earnings	**(57,707)**	1,477	**(1,517,427)**	32,799

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 remained consistent between the three months ended December 31, 2020 and three months ended December 31, 2019. Equity based compensation expense for the year ended December 31, 2020 decreased versus the prior year comparable period due to the lower value of VIP awards outstanding in the current period.

Unrealized gain or loss on derivative instruments

Unrealized gain or loss on derivative instruments arise 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 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.

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In Q3 2019, we entered into two equity swaps to hedge the exposure of our long-term incentive plans. The swaps are expected to settle in September 2021 and October 2021. Included in current liabilities and net debt as at December 31, 2020, is a mark-to-market liability of $59.6 million relating to the positions settling in September 2021 and October 2021.

For the three months ended December 31, 2020, we recognized a net unrealized loss on derivative instruments of $66.9 million. This consists of a $47.0 million unrealized loss on our European natural gas commodity derivative instruments and a $40.2 million unrealized loss on our USD-to-CAD foreign exchange swaps. This was partially offset by an unrealized gain of $9.6 million from our equity swaps and an unrealized gain of $8.6 million on our North American natural gas commodity derivative instruments.

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For the year ended December 31, 2020, we recognized a net unrealized loss on derivative instruments of $101.0 million. This consists of unrealized losses of $59.1 million on our equity swaps and $51.6 million from our European natural gas commodity derivative instruments. These are partially offset by unrealized gains of $9.4 million on our crude oil commodity derivative instruments.

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 2020, unrealized foreign exchange gains and losses primarily resulted from:

- The translation of Euro denominated intercompany loans from Vermilion Energy Inc. to our international subsidiaries. An appreciation in the Euro against the Canadian dollar will result in an unrealized foreign exchange gain (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 senior unsecured notes prior to June 12, 2019 and from May 5, 2020 onward. During the period between June 12, 2019 and May 5, 2020 the USD senior notes were hedged by a USD-to-CAD cross currency interest rate swap. Subsequent to the termination of these instrument, amounts 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, 2020, we recognized a net unrealized foreign exchange gain of $50.5 million. The impact of the US dollar weakening 5.0% against the Canadian dollar resulted in an unrealized gain of $42.0 million and $19.7 million on our USD borrowings from our revolving credit facility and our senior unsecured notes, respectively. These were partially offset primarily due to the strengthening of the Euro against the Canadian dollar resulting in net unrealized losses of $7.6 million on intercompany loans.

For the year ended December 31, 2020, we recognized a net unrealized foreign exchange gain of $49.0 million primarily due to unrealized gains on our USD-to-CAD and CAD-to-EUR cross currency interest swaps of $36.4 million, and impacts of the US dollar weakening 2.0% against the Canadian dollar resulting in unrealized gains on our USD borrowings from our revolving credit facility and our senior unsecured notes of $8.5 million and 4.0 million, respectively.

As at December 31, 2020, a $0.01 appreciation of the Euro against the Canadian dollar would result in a $0.9 million increase to net earnings as a result of an unrealized gain on foreign exchange. In contrast, a $0.01 appreciation of the US dollar against the Canadian dollar would result in a $2.7 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 year ended December 31, 2020 accretion expense increased versus all comparable period primarily due to a weakening Canadian dollar versus the Euro.

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.

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Depletion and depreciation on a per boe basis for Q4 2020 of $18.08 increased from $15.84 due to the impact of reflecting an increase in proved and probable reserves in Q4 2019. For the year ended December 31, 2020, depletion and depreciation decreased on a per boe basis to $16.54 (December 31, 2019 -$18.43) primarily due to impairment charges taken in 2020.

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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, 2020, a deferred tax recovery was recognized of $8.0 million and $374.3 million, respectively, as a result of the impairment charges recorded in those periods.

Impairment

Impairment losses are recognized when indicators of impairment arise and the carrying amount of a cash generating unit ("CGU") exceeds its recoverable amount, determined as the higher of fair value less costs of disposal or value-in-use.

In the fourth quarter of 2020, indicators of impairment were present in our France CGUs due to a decrease in estimated reserves as a result of economic revisions. As a result of the indicators of impairment, the Company performed impairment tests on its four France 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 9.5%. Based on the results of the impairment tests completed, recoverable amounts were determined to be greater than the carrying values of the CGUs tested and no impairment charges were recorded.

In the third quarter of 2020, indicators of impairment were present due to a decline in the Company's market capitalization. As a result of the indicators of impairment, the Company performed impairment tests across all CGUs. 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 11.5%. Based on the results of the impairment tests completed, the Company recognized non-cash impairment charges of $35.4 million (net of $12.4 million income tax recovery) in the Neocomian CGU due to increased estimated transportation expenses as a result of an announcement during the quarter that the third-party Grandpuits refinery plans on converting into a zero-crude platform in 2021. As a result of this change, the Company's estimates that incremental transportation expenses will be incurred to transport the crude oil production in the Neocomian, Chaunoy, and Champotran CGUs to alternative refineries in France.

In the second quarter of 2020, indicators of impairment were present due to a decline in the Company's market capitalization. As a result of the indicators of impairment, the Company performed impairment tests across all CGUs. 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 11.5%. Based on the results of the impairment tests completed, the Company recognized non-cash impairment charges of $53.1 million (net of $16.6 million income tax recovery).

In the first quarter of 2020, indicators of impairment were present due to global commodity price forecasts deteriorating from decreases in demand and an increase of supply around the world. As a result of the indicators of impairment, the Company performed impairment tests across all CGUs. 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 11.5%. Based on the results of the impairment tests completed, the Company recognized non-cash impairment charges of $1.2 billion (net of $0.4 billion income tax recovery).

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Taxes

Current income tax rates

Vermilion typically pays corporate income taxes in France, Netherlands, and Australia. 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 2020 and 2019, taxable income was subject to corporate income tax at the following statutory rates:

Jurisdiction	2020	2019
Canada	25.3 %	26.7 %
United States	21.0 %	21.0 %
France	28.9 %	32.0 %
Netherlands (1)	50.0 %	50.0 %
Germany	31.6 %	31.8 %
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.

Tax legislation changes

On July 1, 2020, the Alberta government reduced the provincial corporate tax rate from 10% to 8%, accelerating the previously enacted schedule of rate reductions.

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, with a reduction in 2021 to 27.4%.

Tax pools

As at December 31, 2020, we had the following tax pools:

($M)	Oil & Gas Assets		Tax Losses		Other	Total
Canada	1,962,908	(1)	1,305,737	(4)	21,333	3,289,978
United States	207,751	(2)	167,157	(7)	25,522	400,430
France	383,841	(2)	62,028	(6)	11,422	457,291
Netherlands	46,484	(3)	20,351	(4)	1,387	68,222
Germany	160,033	(3)	148,563	(5)	11,419	320,015
Ireland	—		1,173,198	(4)	7,377	1,180,575
Australia	253,918	(1)	—		—	253,918
Total	**3,014,935**		**2,877,034**		**78,460**	**5,970,429**

(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 carried forward are available to offset the first €1 million of taxable income and 60% of taxable profits in excess each taxation year.

(6) Tax losses carried forward are available to offset the first €1 million of taxable income and 50% of taxable profits in excess each taxation year.

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(7) Tax losses of $47 million created prior to January 1, 2018 are carried forward and applied at 100% against taxable income, tax losses of $120 million created after January 1, 2018 are carried forward and applied to 80% of taxable income in each taxation year.

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Financial Position Review

Balance sheet strategy

We regularly review whether our forecast of fund flows from operations is sufficient to finance planned capital expenditures, abandonment and reclamation expenditures, and dividends. 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, reducing or eliminating dividends, with issuances of equity, or with debt (including borrowing using the unutilized capacity of our existing revolving credit facility). We have a long-term goal of maintaining a ratio of net debt to fund flows from operations of less than 1.5.

Due to the significant decline in commodity prices following the outbreak of COVID-19 and the ensuing OPEC+ price war, our ratio of net debt to fund flows from operations continues to remain beyond our target of less than 1.5 and was 4.19 at December 31, 2020. We responded to this rapid change in market conditions by significantly reducing our cost structure, which included suspending our monthly dividend payment, reducing our capital expenditures, and identified expense savings that were executed in 2020. Going forward, we will continue to monitor for changes in forecasted fund flows from operations and, as appropriate, will adjust our exploration and development capital plans (and associated growth targets) to minimize any further increase to debt. As commodity prices improve, we intend to strengthen our balance sheet through the reduction of debt and will continue to target a ratio of net debt to fund flows from operations of less than 1.5.

Net debt

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

	As at	
($M)	Dec 31, 2020	Dec 31, 2019
Long-term debt	**1,933,848**	1,924,665
Current liabilities	**433,128**	416,210
Current assets	**(260,993)**	(347,681)
Net debt	**2,105,983**	1,993,194
Ratio of net debt to four quarter trailing fund flows from operations	**4.19**	2.20

As at December 31, 2020, net debt increased to $2.1 billion (December 31, 2019 - $2.0 billion) primarily due to the impact of lower current assets and also due to increased borrowings on long-term debt. The Company will draw on unutilized capacity of the revolving credit facility to working capital deficiencies. The ratio of net debt to four quarter trailing fund flows from operations increased to 4.19 (December 31, 2019 - 2.20) due to lower four quarter trailing fund flows from operations as a result of lower commodity prices, combined with an increase in net debt.

Long-term debt

The balances recognized on our balance sheet are as follows:

	As at	
($M)	Dec 31, 2020	Dec 31, 2019
Revolving credit facility	**1,555,215**	1,539,225
Senior unsecured notes	**378,633**	385,440
Long-term debt	**1,933,848**	1,924,665

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Revolving Credit Facility

In Q1 2020, we negotiated an extension to our $2.1 billion revolving credit facility to extend the maturity to May 31, 2024.

As at December 31, 2020, Vermilion had in place a bank revolving credit facility maturing May 31, 2024 with terms and outstanding positions as follows:

	As at	
($M)	Dec 31, 2020	Dec 31, 2019
Total facility amount	**2,100,000**	2,100,000
Amount drawn	**(1,555,215)**	(1,539,225)
Letters of credit outstanding	**(23,210)**	(10,230)
Unutilized capacity	**521,575**	550,545

As at December 31, 2020, the revolving credit facility was subject to the following financial covenants:

		As at	
Financial covenant	Limit	Dec 31, 2020	Dec 31, 2019
Consolidated total debt to consolidated EBITDA	Less than 4.0	**3.48**	1.94
Consolidated total senior debt to consolidated EBITDA	Less than 3.5	**2.82**	1.56
Consolidated EBITDA to consolidated interest expense	Greater than 2.5	**8.12**	13.46

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 balance sheet.
- Consolidated total senior debt: Defined as consolidated total debt excluding unsecured and subordinated debt.
- Consolidated EBITDA: Defined as 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, 2020, 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.

Due to the OPEC+ price war in the first quarter of 2020 and the ongoing COVID-19 pandemic, worldwide crude oil and natural gas prices have significantly declined. The impacts of these decreases has had an adverse effect on the Company's financial position for the year ended December 31, 2020 and is expected to result in continued pressure on our forecasted cash flows and earnings. The Company is currently in compliance with all financial covenants related to its revolving credit facility, but is at risk of breaching one or more of the financial covenants if worldwide oil and natural gas prices decline in the future. If we believe we are at risk of being in non-compliance with our financial covenants, we will approach our lending syndicate and request temporary covenant relief or other measures to ensure the credit facility remains available. There is no certainty that discussions surrounding covenant relief or other measures would be successful.

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.

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

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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
2021	102.813 %
2022	101.406 %
2023 and thereafter	100.000 %

Cross currency interest rate swaps
On June 12, 2019, Vermilion entered into a series of cross currency interest rate swaps with a syndicate of banks. Vermilion applied hedge accounting to these derivative instruments. The cross currency interest rate swaps had an original maturity of March 15, 2025.

The USD-to-CAD cross currency interest swaps were designated as the hedging instrument in a cash flow hedge while the CAD-to-EUR cross currency interest rate swaps were designated as the hedging instrument in a net investment hedge.

During the quarter ended June 30, 2020, Vermilion executed a number of transactions that resulted in a termination of the cross currency interest rate swaps in exchange for $42.3 million ($16.8 million received in the three months ended March 30, 2020 and $25.5 million received in the three months ended June 30, 2020). As a result of the termination, Vermilion has discontinued hedge accounting and amounts previously recognized for the hedge reserve within accumulated other comprehensive income will be reclassified into net income over the remaining life of the senior unsecured notes.

Shareholders' capital

Dividends declared for the year ended December 31, 2020 were $90.1 million.

The following table outlines our dividend payment history:

Date	Monthly dividend per unit or share
January 2003 to December 2007	$0.170
January 2008 to December 2012	$0.190
January 2013 to December 2013	$0.200
January 2014 to March 2018	$0.215
April 2018 to February 2020	$0.230
March 2020	$0.115

In the current economic and commodity outlook following the outbreak of COVID-19, there was uncertainty regarding our ability to achieve a 100% payout ratio at a reasonable level of capital expenditures. Therefore, in the first half of 2020, we reduced our 2020 capital budget and suspended our monthly dividend to strengthen the financial position of the Company during this period of weak commodity prices. We will evaluate our ability to finance any shortfall by reducing some or all categories of expenditures, with issuances of equity, or with debt (including borrowing using the unutilized capacity of our existing revolving credit facility). Our ability to restore a dividend will be dependent upon stronger commodity prices combined with a balance sheet that reflects the Company's ability to sustain such dividend over the long-term.

The following table reconciles the change in shareholders’ capital:

Shareholders’ Capital	Number of Shares ('000s)	Amount ($M)
Balance at December 31, 2019	**156,290**	**4,119,031**

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Shares issued for the Dividend Reinvestment Plan	**619**	**8,277**
Vesting of equity based awards	**1,103**	**49,188**
Equity based compensation	**415**	**3,203**
Share-settled dividends on vested equity based awards	**297**	**1,461**
Balance at December 31, 2020	**158,724**	**4,181,160**

As at December 31, 2020, there were approximately 6.2 million equity based compensation awards outstanding. As at March 5, 2021, there were approximately 158.9 million common shares issued and outstanding.

Vermilion had a normal course issuer bid approved by the Toronto Stock Exchange that allowed us to purchase up to 7,750,000 common shares (representing approximately 5% of shares outstanding common shares) that commenced on August 9, 2019 and which expired on August 8, 2020. Vermilion did not purchase any shares during the period.

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At Vermilion's Annual General and Special Meeting held on April 28, 2020 shareholders of the Company approved a $3.7 billion reduction in the stated capital of Vermilion's common shares, with the $3.7 billion reduction deducted from the stated capital account maintained for the common shares of Vermilion and an offsetting increase to the contributed surplus account of Vermilion. The transaction did not result in an adjustment to the financial statements under IFRS.

Contractual Obligations and Commitments

As at December 31, 2020, 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]	62,328	124,656	1,986,421	—	2,173,405
Lease obligations	43,131	41,002	36,437	32,408	152,978
Processing and transportation agreements	32,122	38,643	19,839	22,519	113,123
Purchase obligations	25,390	12,265	885	—	38,540
Drilling and service agreements	15,881	57,827	38,061	—	111,769
Total contractual obligations and commitments	178,852	274,393	2,081,643	54,927	2,589,815

(1) Interest on revolving credit facility calculated assuming an annual interest rate of 2.63%.

(2) Commitments denominated in foreign currencies have been translated using the related spot rates on December 31, 2020.

Asset Retirement Obligations

As at December 31, 2020, asset retirement obligations were $467.7 million compared to $618.2 million as at December 31, 2019. The decrease in asset retirement obligations is primarily attributable to an increase in the credit-adjusted risk-free rate from December 31, 2019 to December 31, 2020. This decrease was partially offset by changes in the estimated costs, accretion expense and the Euro strengthening against the Canadian dollar.

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 as the yield to maturity on its senior unsecured notes as at the reporting period.

The risk-free rates and credit spread used as inputs to discount the obligations were as follows:

	Dec 31, 2020	Dec 31, 2019	Change
Country specific risk-free rate			
Canada	**1.2 %**	1.7 %	(0.5)%
United States	**1.6 %**	2.4 %	(0.8)%
France	**0.3 %**	0.9 %	(0.6)%
Netherlands	**(0.6)%**	(0.1)%	(0.5)%
Germany	**(0.2)%**	0.3 %	(0.5)%
Ireland	**(0.1)%**	0.6 %	(0.7)%
Australia	**1.3 %**	1.6 %	(0.3)%
Credit spread added to above noted risk-free rates	**10.0 %**	5.3 %	4.7 %

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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.

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.

COVID-19

The emergence of COVID-19 has resulted in emergency actions by governments worldwide, which has had an effect in all of our operating jurisdictions. 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 has had significant negative effects on economies, including a substantial decline in crude oil and natural gas demand.

The full 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, 2020 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 moves to remote connections, accounting adjustments, effectiveness of internal controls, and reliance on key personnel, management, and labour.

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Due to the COVID-19 pandemic, Vermilion has implemented social distancing measures which require deemed non-critical employees to work remotely and has encouraged critical staff to do the same. These measures may, but are not expected to have an effect on the design and performance of internal controls throughout the Company and will be continually monitored to mitigate any risks associated with changes in its control environment.

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As part of our cyber security program, policies governing access, networks, and systems are reviewed at minimum on an annual basis. With increased work from home requirements due to COVID-19, a further risk assessment was performed against these policies that considered the changing cyber threat landscape. The result of this assessment was a series of recommendations that were implemented in the first half of 2020 to further strengthen the organization's cyber resiliency while balancing the need to enable our workforce to continue to be efficient when working from home.

Other than Vermilion's response to COVID-19, 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 dividends and our internal capital development program. 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 ($467.7 million as at December 31, 2020) 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, including our own senior unsecured notes). 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 $37.7 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 $26.8 million.

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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, 2020, the deferred tax asset balance of $484.5 million primarily related to Canada as a deferred tax asset has not been recognized on our non-expiring tax loss pools in Ireland.

In Canada, we have $36.0 million of non-expiring oil and gas tax pools where $9.0 million of deferred tax assets has not been recognized as there is uncertainty on our ability to fully use these pools based on estimated future taxable profits. Estimated future taxable profits are calculated using proved and probable reserves and forecast pricing. A 5% increase or decrease in sales would increase or decrease the amount of deferred tax assets recognized by approximately $5.0 million.

In Ireland, we have $1.2 billion of non-expiring tax loss pools where $248.2 million of deferred tax assets has not been recognized as there is uncertainty on our ability to fully use these losses based on estimated future taxable profits. Estimated future taxable profits are calculated using proved and probable reserves and forecast pricing. A 5% increase or decrease in sales would not increase or decrease the amount of deferred tax assets 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 fourth quarter of 2020, indicators of impairment were present in our France CGUs due to a decrease in estimated reserves as a result of economic revisions. As a result of the indicators of impairment, the Company performed impairment tests on its four France 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 9.5%. Based on the results of the impairment tests completed, recoverable amounts were determined to be greater than the carrying values of the CGUs tested and no impairment charges were 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.

In the third quarter of 2020, indicators of impairment were present due to a decline in the Company's market capitalization. As a result of the indicators of impairment, the Company performed impairment tests across all CGUs. 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 11.5%. Based on the results of the impairment tests completed, the Company recognized non-cash impairment charges of $35.4 million (net of $12.4 million income tax recovery) in the Neocomian CGU due to increased estimated transportation expenses as a result of an announcement during the quarter that the third-party Grandpuits refinery plans on converting into a zero-crude platform in 2021. As a result of this change, the Company's estimates that incremental transportation expenses will be incurred to transport the crude oil production in the Neocomian, Chaunoy, and Champotran CGUs to alternative refineries in France. A 1% increase in the assumed after-tax discount rate would reduce the estimated recoverable amount of impaired assets by $5.2 million (resulting in a $53.0 million impairment)

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while a 5% decrease in revenues (due to a decrease in commodity price forecasts or reserve estimates) would reduce the estimated recoverable amount of impaired assets by $13.2 million (resulting in a $61.0 million impairment).

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In the second quarter of 2020, indicators of impairment were present due to a decline in the Company's market capitalization. As a result of the indicators of impairment, the Company performed impairment tests across all CGUs. 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 11.5%. Based on the results of the impairment tests completed, the Company recognized non-cash impairment charges of $53.1 million (net of $16.6 million income tax recovery). A 1% increase in the assumed after-tax discount rate would reduce the estimated recoverable amount of impaired assets by $14.0 million (resulting in a $83.7 million impairment) while a 5% decrease in revenues (due to a decrease in commodity price forecasts or reserve estimates) would reduce the estimated recoverable amount of impaired assets by $37.5 million (resulting in a $107.2 million impairment).

In the first quarter of 2020, indicators of impairment were present due to global commodity price forecasts deteriorating from decreases in demand and an increase of supply around the world. As a result of the indicators of impairment, the Company performed impairment tests across all CGUs. 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 11.5%. Based on the results of the impairment tests completed, the Company recognized non-cash impairment charges of $1.2 billion (net of $0.4 billion income tax recovery). A 1% increase in the assumed after-tax discount rate would reduce the estimated recoverable amount of impaired assets by $137.7 million (resulting in a $1.7 billion impairment) while a 5% decrease in revenues (due to a decrease in commodity price forecasts or reserve estimates) would reduce the estimated recoverable amount of impaired assets by $272.3 million (resulting in a $1.8 billion impairment).

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.

Recently Adopted Accounting Pronouncements

Vermilion did not adopt any new accounting pronouncements as at December 31, 2020.

Health, Safety and Environment

We are committed to ensuring our activities are conducted in a manner that will protect the health and safety of our employees, contractors, and the public. Our health, safety, and environment ("HSE") vision is "Best in Class HSE", our mission is to fully integrate health, safety, and environment into our business, where our culture is recognized as a model by industry and stakeholders, resulting in a safe and healthy workplace. Our mantra is HSE: Everywhere. Everyday. Everyone.

We maintain health, safety and environmental practices and procedures in compliance with or exceeding 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 2020 we:

- Maintained clear priorities around 5 key focus areas of HSE Culture, Communication and Knowledge Management, Management Systems, Health, and Environment & Operational Stewardship;
- Activated our Emergency Response and Business Continuity Plans to address COVID-19 with a primary focus on healthy and safe operations;
- 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;
- Implemented action plans to address the findings of our latest HSE Perception Survey, which we conduct every three years. Our results all factored in the favorable range;
- Implemented a new Event and Environmental Management Information System;
- Implemented recently updated corporate standards updates related to operational risk management, contractor management, marine transportation, and environmental management;
- Continued reinforcement of the "Vermilion High 5", an individual safety awareness initiative aimed at keeping front-line workers safe;

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- Further developed and validated critical procedures and initiated competency assessments as part of fit-for-purpose training and competency programs;
- Submitted our First CDP Water report. Continued submitting our CDP Climate report;
- Managed our waste products by reducing, recycling and recovering;
- Reduced long-term environmental liabilities through decommissioning, abandoning and reclaiming well leases and facilities;
- Further refined and expanded our enterprise wide corporate risk register;
- Continued the development of a robust hazard identification and risk mitigation program specific to environmentally sensitive areas;

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- Continued the development of our Corporate Process Safety Management System with emphasis on Process Hazards Analysis and risk reduction measures;
- Performed auditing, management inspections and workforce observations to measure compliance and identify potential hazards and apply risk reduction measures; and
- Developed, communicated and measured against leading and lagging HSE key performance indicators.

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.

Environmental, Social and Governance (ESG)

In 2020 we continued to support recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) in our ESG strategy and reporting, focusing not only on climate but also on sustainability in a wider context. In 2020, our Board of Directors and senior management analyzed the results of their robust scenario analysis that was based on reporting from the World Economic Forum, including a “Gradual, Business as Usual” scenario and a “Rapid, 2ºC or lower, Sustainable Development” scenario. This included factors such as the influence of new technologies, technology growth, government policy, and emerging markets that will impact the speed of the energy transition, and the resulting risks and opportunities for Vermilion. Our 2020 performance in sustainability rankings such as CDP Climate, SAM, and Sustainalytics continued to be at the top of our peer group.

Sustainability

As a responsible oil and gas producer, we consistently seek to deliver long-term shareholder value by operating in an economically, environmentally and socially sustainable manner that is recognized as a model in our industry.

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. Predictions differ about the manner and speed of the transition, but our own scenario analyses are clear that Vermilion can best contribute by focusing on producing energy responsibly: reliably, cost-effectively and safely. We also believe those stakeholders who are concerned about sustainability, including investors, governments, regulators, communities and citizens, should turn to best-in-class operators such as Vermilion. Our crude oil and natural gas assets are strategic resources that can, and should, be deployed in the service of the transition and, indeed, of the framework for the planet’s health and wellbeing represented by the United Nations Sustainable Development Goals (SDGs).

To support our strategy, we regularly communicate with our stakeholders, including through our sustainability reporting. In 2020, this included providing alignment with TCFD and SASB. For more information, please see references to sustainability throughout this document, including the Climate Risk discussion. For additional context, our Sustainability Report is available online at www.vermilionenergy.com (under the heading “Our Responsibility”).

Vermilion’s sustainability performance and reporting have earned consistently strong recognition from external stakeholders:

Accomplishments

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- The Company received the top ranking for our peer group in SAM's 2020 Corporate Sustainability Assessment ("CSA") and was selected for The Sustainability Yearbook 2021, indicating that our sustainability performance is within the top 15% of our industry (SAM's Upstream Oil & Gas and Integrated category).
- Vermilion was ranked top of our peer group in the Sustainalytics ESG Risk Rating.
- Vermilion maintained its MSCI ESG rating of AA in 2020.
- As of February 2021, our ISS decile ratings were 1 for both Environmental and Social QualityScores, which assess corporate disclosure and transparency practices in these areas, where 1 indicates the lowest risk.

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Climate-related Disclosures: TCFD 2(a) and 2(b)

Vermilion has publicly communicated our identified climate-related risks and opportunities since our first annual CDP Climate Change response in 2014. We progressed this transparency by submitting our first CDP Water Security questionnaire in 2020. The following table summarizes climate-related issues as per TCFD Strategy recommendations 2(a) and 2(b).

For more information on our sustainability- and climate-related governance, strategy, risk management, and metrics and targets, please see our 2021 Proxy Statement and Information Circular, our online sustainability reporting, particularly the Index and Performance Metrics sections, and our 2020 CDP Responses, which include additional details for the following summaries of risks and opportunities.

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Category / Issue	Description of Impacts[1]	Potential Financial Impact	Management Approach
Short-term Transition Risks (0-3 Years)			
Policy and Legal: Increased Pricing of GHG Emissions e.g. Carbon Tax	In April 2019, our Saskatchewan operations became subject to the federal Greenhouse Gas Pollution Pricing Act, with carbon tax rates set at $20 per tonne of CO2e in 2019, rising to $50 by 2022. In Alberta, the TIER system will apply a tax rate of $30 per tonne of CO2e commencing January 2020. Since carbon pricing mechanisms are vulnerable to changes in government policy, regions with upcoming elections, coalition governments or minority governments may be subject to changes that cannot yet be identified. We note the political focus in the EU and Canada on a COVID-19 economic recovery that is both climate-focused and responsive to social justice issues such as labour practices.	Based on the probable cost scenarios identified in our Carbon Liability Assessment Tool, our Canadian carbon tax liability is not expected to exceed $0.5MM/ year in the medium term. The Ireland EU ETS liability is forecasted to be approximately $1.1MM/year between 2021 and 2025. The Ireland Carbon Tax liability is forecasted to be an additional approximately $0.3MM/year over this period. Commencing in 2021, our Netherlands operations will likely be subject to an indirect carbon tax applied to the price of fossil fuels. The cost implication of the tax is expected to be limited.	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 to determine where we are able to apply the principles of Operational Excellence supporting Integrated Sustainability. As a result, the potential financial impact is significantly decreased and anticipated to decrease further in the short term. Vermilion's ongoing efforts to reduce the energy intensity of our operations also contribute to managing this risk.
Policy and Legal: Enhanced Emissions Reporting Obligations	Emissions reporting obligations are an ongoing risk and can change due to political and regulatory evolution. The impact to Vermilion would be a decreased netback on a per BOE basis, due to increased expenditures for personnel time and system development and implementation. Based on the current output of Vermilion's facilities in Canada and Europe and on the current regulated thresholds, the cost associated with meeting emission reporting obligations will likely increase in the short-term.	The financial impact is anticipated to be realized as a small increase in operational cost associated with the management and quantification of emissions to meet new reporting requirements. This is built into Vermilion's operating expenses and is currently estimated at $0.4MM annually.	Regulations in all of our business units are monitored on an ongoing basis, and assumptions/scenario planning is used annually to assess risk. Vermilion also engages stakeholders relating to emissions reporting obligations. Management of this risk is built into Vermilion's operations and our Enterprise Risk Matrix.
Policy and Legal and Technology: Mandates on and Regulation of Existing Products and Services	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.	Operational changes to comply with methane reduction regulations is expected at approx. $1.5MM in the short term, with those associated with eliminating routine flaring in France not expected to exceed $0.5MM. Costs associated with the Netherlands MJA3 program are built into operating costs and no significant expenditures are anticipated in the short term.	Vermilion is allocating resources to complete these works on a planned program basis, as opposed to a reactive single replacement program, resulting in an overall reduction in costs associated with the work. Tying in vented equipment to flaring infrastructure in Canada is an example of projects planned in the near term to address this risk.
Medium-term Transition Risks (3-6 Years)			
Policy and Legal: Changes in Emissions Regulations	The risk associated with a change in emission regulations in one or more of our business units is accounted for by Vermilion's Enterprise Risk Matrix, with mitigation measures being reviewed, updated, and	Based on the anticipated changes in the various regulatory regimes under which Vermilion operates, the financial impact due to a regulatory change over the next 3 years is anticipated to be less than	The formalization of Integrated Sustainability as a strategic objective in Vermilion's long-term strategic plan allows us to better understand, identify, proactively respond, and manage the

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	implemented on an annual basis. A shift in international regulations may also result in an impact to Vermilion's supply chain, resulting in a limitation of market access or direct impact to the price of our products. As Vermilion maintains a diversified asset base, we believe the risk to the marketability of our products is low.	$2.0MM. This does not include the cost associated with emission reduction projects completed on an annual basis, or previous projects that have annual emissions reductions.	potential risk and uncertainty inherent in an evolving regulatory framework, both at a regional and corporate level. This includes the Sustainability Committee at the Board of Directors level, monthly Executive Committee meetings on Sustainability strategy and performance, and risk identification at the corporate and business unit level.
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 $234.5MM (total impact before insurance). The third-party costs associated with potential damages from extreme weather events are not tracked by Vermilion.	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 as a result of a severe weather event.
Long-term Transition Risks (6-50 Years)			
Market and Reputational: Changing Customer Behaviour	As consumers and governments become more socially aware of the sources of their energy, negative perceptions of organizations or production methods have the potential to impact energy sector companies through company valuations, restricted licensing and permitting, and stakeholder opposition.	The impact of decreased consumer confidence and perception is not calculable. On a per share basis, the market impact of the loss of $1 per share would be approximately $156.0MM. The direct cost of Vermilion's operating excellence and risk management cannot be quantified on a single risk basis.	Vermilion is positioned within the evolving energy transition, with an unwavering commitment to our priorities of health and safety, environmental protection, and economic prosperity. We believe that those commitments, and our contributions to the UN SDGs constitute qualitative advantages that set us apart from our competitors. Sustainable practices are ingrained into the way we operate, and we will continue to focus on our Integrated Sustainability strategic objective. We believe this advantage attracts investors to Vermilion and will continue to give Vermilion a competitive advantage in the future.

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Category / Issue	Description of Impacts[1]	Potential Financial Impact	Management Approach
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 and could result in a decrease in ability to access lands and increase 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 extreme weather cannot be controlled, Vermilion uses our various 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 reduces the aerial impact of these activities on the environment, habitat fragmentation and carbon emissions associated with lease construction and equipment mobilization/demobilization. This would significantly decrease capital considerations in the event that limited frost days occurred.
Chronic: Changes In Precipitation Patterns and Extreme Variability in Weather Patterns	Vermilion holds assets inland, in coastal regions, and offshore. A change in precipitation in any of these locations could have a negative 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. wild fire) has been assessed on a case-specific basis, and the financial implications of this event is 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, in the past Vermilion has implemented 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. We have identified and assessed the potential risk associated with rising sea levels here, as it has the potential to 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.	It has been estimated that a rise in sea level could have a maximum foreseeable financial impact of $91.3MM at our main gas processing facility Garijp (GTC) in the Netherlands, caused by an extreme tide/ extreme wind event 1 in 10000 years. The cost of insurance coverage associated with this risk is estimated at $0.4MM per annum.	Other than conventional berm protection, there is no measure available to protect Vermilion's assets in the Netherlands in the event that 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.
Short-term Opportunities (0-3 Years)			

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Products and Services: Development of New Products and Services through R&D and Innovation	As Vermilion has developed our emissions quantification programs across the globe, we have developed more robust methods for sharing of technologies and techniques from across our operations, both internally and externally. Our increased focus on tracking emissions has supported the assessment of opportunities across business units and sharing of technical expertise.	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. Potential also exists for significant cost adjustments, as assets slated for abandonment would be repurposed to enable them to continue to generate energy.	We have technical experts who provide input into renewable energy projects as they are identified. These teams are supported by corporate sustainability staff in connecting internal and external stakeholders. These teams have responsibilities specific to geothermal opportunities as these projects move through their preliminary stages. To further support identification of opportunities, and engagement with stakeholders, Vermilion has appointed sustainability leads in all our business units.
	Short-term Opportunities (0-3 Years)		
Products and Services: Access to New Markets	More stringent global measures to reduce emissions from individual ships by 30 per cent by 2030, established through amendments to MARPOL Annex VI, came into force on Jan1 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 will be sought by 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, and maintain our reputation of being a reliable source of low sulphur feedstock to refineries.
	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 upcoming shift in the cap and trade scheme will likely provide opportunities for Vermilion to generate certified energy reduction/offset credits through our geothermal cogeneration projects in France.	Vermilion is not accounting for any short term financial impact. It is estimated that following the change to the EU ETS in Phase 4, the carbon price will stabilize at between approximately €15 and €30 per tCO2e. The financial impact to Vermilion annually is estimated to be up to $0.5MM.	We are currently evaluating 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 is our Tomato Greenhouse and eco-neighbourhood geothermal coproduction projects in France. Vermilion's project assessment framework is applied to each identified opportunity, including considerations associated with emissions offset.

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Category / Issue	Description of Impacts[1]	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 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. Alberta has also committed to significantly reducing its demand for coal for power generation by 2050.	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. Based on 2019 production, an increase in gas price of $1 per MMBTU, the impact to sales would be approximately $54.0MM.	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.
Products and Services: Ability to Diversify Business Activities	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 opportunities in two distinct areas. We see opportunity 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 $36.6MM/yr (100,357 boe/d*365days*$1/boe)based on $1 at 2019 production levels). The second opportunity we have identified, and are already receiving benefit from, is access to more stringent markets, supported by our environmental and sustainability performance. Vermilion has entered into the German, Hungarian, Croatian, and Slovak oil and gas operations in the last several years. Our sustainability performance has supported our entry into these markets.	Vermilion made the organizational change to established Integrated Sustainability as one of our strategic objectives in 2015. This provided important organizational focus on matters such as environmental performance, including climate change. Our strategy is to continue to support Integrated Sustainability, with personnel who are experts in their field, as well as financially supporting programs and projects that reduce emissions while optimizing production. An example of this is the addition of personnel who have specific responsibilities associated with sustainability in our business units, including study and feasibility assessment of green energy generation.
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	On an operating netback (sales) basis, based on current estimates, the financial premium of our non-Canadian assets was $450.0MM.	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

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	reduction of the carbon footprint of our energy when compared to non-local sources.	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).

Notes:

(1) Risk summary is based on our fiscal year 2019 environmental reporting through CDP Climate. Fiscal year 2020 environmental reporting will be available in mid-2021.

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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, 2020, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, the President, for this specific purpose of acting in the capacity of Chief Executive Officer, and 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.

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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 President, for this specific purpose of acting in the capacity of 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, 2020. The effectiveness of Vermilion's internal control over financial reporting as of December 31, 2020 has been audited by Deloitte LLP, as reflected in their report included in the 2020 audited annual financial statements filed with

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the US Securities and Exchange Commission. No changes were made to Vermilion's internal control over financial reporting during the year ended December 31, 2020, that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting.

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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 2020			2020			Q4 2019	2019
	Liquids $/bbl	Natural Gas $/mcf	Total $/boe	Liquids $/bbl	Natural Gas $/mcf	Total $/boe	Total $/boe	Total $/boe
Canada								
Sales	43.65	2.82	**32.45**	36.86	2.06	**26.38**	38.38	37.82
Royalties	(5.03)	(0.06)	**(3.08)**	(4.25)	(0.05)	**(2.55)**	(4.48)	(4.30)
Transportation	(2.60)	(0.20)	**(2.02)**	(2.51)	(0.19)	**(1.92)**	(1.93)	(1.88)
Operating	(12.92)	(1.41)	**(11.05)**	(12.05)	(1.26)	**(10.13)**	(11.30)	(11.09)
Operating netback	23.10	1.15	**16.30**	18.05	0.56	**11.78**	20.67	20.55
General and administration			**(1.60)**			**(1.18)**	(1.38)	(1.07)
Fund flows from operations netback			**14.70**			**10.60**	19.29	19.48
United States								
Sales	39.70	1.97	**33.24**	39.43	1.77	**32.93**	43.77	44.17
Royalties	(11.64)	(0.59)	**(9.76)**	(10.30)	(0.50)	**(8.65)**	(10.17)	(10.96)
Transportation	(1.06)	—	**(0.82)**	(0.86)	—	**(0.67)**	—	—
Operating	(10.05)	(1.48)	**(9.77)**	(9.16)	(1.39)	**(8.97)**	(9.56)	(9.59)
Operating netback	16.95	(0.10)	**12.89**	19.11	(0.12)	**14.64**	24.04	23.62
General and administration			**(5.22)**			**(3.68)**	(4.01)	(4.43)
Fund flows from operations netback			**7.67**			**10.96**	20.03	19.19
France								
Sales	58.11	—	**58.11**	55.39	—	**55.39**	80.87	83.01
Royalties	(10.28)	—	**(10.28)**	(9.74)	—	**(9.75)**	(10.67)	(11.15)
Transportation	(4.66)	—	**(4.66)**	(4.44)	—	**(4.44)**	(3.34)	(5.49)
Operating	(17.73)	—	**(17.73)**	(17.36)	—	**(17.36)**	(16.78)	(15.57)
Operating netback	25.44	—	**25.44**	23.85	—	**23.84**	50.08	50.80
General and administration			**(3.68)**			**(3.98)**	(5.01)	(3.91)
Current income taxes			**(0.15)**			**(0.04)**	(5.16)	(5.45)
Fund flows from operations netback			**21.61**			**19.82**	39.91	41.44
Netherlands								
Sales	49.63	5.70	**34.40**	45.99	3.79	**23.02**	33.88	37.37
Royalties	—	(0.04)	**(0.22)**	—	(0.03)	**(0.16)**	(0.17)	(0.49)
Operating	—	(1.97)	**(11.64)**	—	(1.92)	**(11.38)**	(13.11)	(10.64)
Operating netback	49.63	3.69	**22.54**	45.99	1.84	**11.48**	20.60	26.24
General and administration			**—**			**(0.43)**	(1.03)	(0.88)
Current income taxes			**4.74**			**1.32**	15.05	1.31
Fund flows from operations netback			**27.28**			**12.37**	34.62	26.67
Germany								
Sales	51.53	5.64	**39.87**	48.43	3.69	**30.40**	39.14	45.75
Royalties	(1.17)	1.23	**4.44**	(2.18)	(0.05)	**(0.88)**	(1.99)	(4.20)
Transportation	(13.10)	(0.32)	**(5.74)**	(11.73)	(0.36)	**(5.19)**	(3.27)	(4.09)
Operating	(20.53)	(3.56)	**(21.07)**	(21.08)	(2.87)	**(18.42)**	(25.14)	(19.93)
Operating netback	16.73	2.99	**17.50**	13.44	0.41	**5.91**	8.74	17.53

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General and administration			**(7.44)**			**(5.80)**	(6.64)	(6.75)
Fund flows from operations netback			**10.06**			**0.11**	2.10	10.78
Ireland								
Sales	—	7.23	**43.38**	—	4.26	**25.59**	33.65	36.81
Transportation	—	(0.28)	**(1.68)**	—	(0.32)	**(1.94)**	(1.55)	(1.57)
Operating	—	(1.01)	**(6.06)**	—	(1.11)	**(6.67)**	(4.40)	(4.39)
Operating netback	—	5.94	**35.64**	—	2.83	**16.98**	27.70	30.85
General and administration			**(0.07)**			**(0.26)**	(0.75)	(0.88)
Fund flows from operations netback			**35.57**			**16.72**	26.95	29.97

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	Q4 2020			2020			Q4 2019	2019
	Liquids	Natural Gas	Total	Liquids	Natural Gas	Total	Total	Total
	$/bbl	$/mcf	$/boe	$/bbl	$/mcf	$/boe	$/boe	$/boe
Australia								
Sales	75.99	—	**75.99**	76.70	—	**76.70**	88.35	93.33
Operating	(36.39)	—	**(36.39)**	(29.59)	—	**(29.59)**	(34.09)	(25.20)
PRRT [(1)]	(10.18)	—	**(10.18)**	(10.93)	—	**(10.93)**	(5.87)	(13.13)
Operating netback	29.42	—	**29.42**	36.18	—	**36.18**	48.39	55.00
General and administration			**(2.56)**			**(2.08)**	(5.97)	(2.50)
Current income taxes			**7.55**			**1.14**	(2.00)	(4.25)
Fund flows from operations netback			**34.41**			**35.24**	40.42	48.25
Total Company								
Sales	49.14	4.13	**38.57**	44.22	2.77	**31.90**	44.00	46.12
Realized hedging gain (loss)	(1.15)	0.29	**0.10**	3.46	0.45	**3.11**	2.57	2.30
Royalties	(6.05)	—	**(3.43)**	(5.22)	(0.06)	**(3.04)**	(4.60)	(4.47)
Transportation	(2.87)	(0.18)	**(2.08)**	(2.63)	(0.18)	**(1.93)**	(1.76)	(1.98)
Operating	(15.79)	(1.56)	**(13.00)**	(14.53)	(1.44)	**(11.89)**	(12.52)	(12.01)
PRRT [(1)]	(0.87)	—	**(0.49)**	(1.04)	—	**(0.57)**	(0.16)	(0.71)
Operating netback	22.41	2.68	**19.67**	24.26	1.54	**17.58**	27.53	29.25
General and administration			**(2.27)**			**(1.73)**	(1.88)	(1.61)
Interest expense			**(2.42)**			**(2.14)**	(2.17)	(2.22)
Realized foreign exchange loss			**0.16**			**0.32**	0.23	(0.14)
Other income			**0.56**			**0.12**	0.03	0.21
Corporate income taxes			**0.80**			**0.17**	0.66	(0.72)
Fund flows from operations netback			**16.50**			**14.32**	24.40	24.77

(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.

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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, 2020:

	Unit	Currency	Bought Put Volume	Weighted Average Bought Put Price	Sold Call Volume	Weighted Average Sold Call Price	Sold Put Volume	Weighted Average Sold Put Price	Sold Swap Volume	Weighted Average Sold Swap Price	Bought Swap Volume	Weighted Average Bought Swap Price
Dated Brent												
Q1 2021	bbl	USD	1,000	47.50	1,000	53.75	1,000	40.00	2,000	49.18	—	—
Q2 2021	bbl	USD	—	—	—	—	—	—	500	47.50	—	—
WTI												
Q1 2021	bbl	USD	4,500	45.00	4,500	51.26	4,500	37.50	4,300	45.51	—	—
Q2 2021	bbl	USD	4,000	45.00	4,000	53.50	4,000	37.50	2,150	45.54	—	—
AECO												
Q2 2021	mcf	CAD	—	—	—	—	—	—	9,478	2.12	—	—
Q3 2021	mcf	CAD	—	—	—	—	—	—	9,478	2.12	—	—
Q4 2021	mcf	CAD	—	—	—	—	—	—	3,194	2.12	—	—
AECO Basis (AECO less NYMEX Henry Hub)												
Q1 2021	mcf	USD	—	—	—	—	—	—	30,000	(1.11)	—	—
Q2 2021	mcf	USD	—	—	—	—	—	—	45,000	(1.08)	—	—
Q3 2021	mcf	USD	—	—	—	—	—	—	45,000	(1.08)	—	—
Q4 2021	mcf	USD	—	—	—	—	—	—	35,054	(1.09)	—	—
Q1 2022	mcf	USD	—	—	—	—	—	—	30,000	(1.10)	—	—
Q2 2022	mcf	USD	—	—	—	—	—	—	35,000	(1.09)	—	—
Q3 2022	mcf	USD	—	—	—	—	—	—	35,000	(1.09)	—	—
Q4 2022	mcf	USD	—	—	—	—	—	—	11,793	(1.09)	—	—
NYMEX Henry Hub												
Q1 2021	mcf	USD	15,000	2.73	15,000	2.90	—	—	33,500	2.86	—	—
Q2 2021	mcf	USD	10,000	2.65	10,000	2.77	—	—	28,500	2.83	—	—
Q3 2021	mcf	USD	10,000	2.65	10,000	2.77	—	—	28,500	2.83	—	—
Q4 2021	mcf	USD	10,000	2.65	10,000	2.77	—	—	21,870	2.78	—	—
Ventura Basis (Ventura less NYMEX Henry Hub)												
Q1 2021	mcf	USD	—	—	—	—	—	—	—	—	10,000	0.04
Q2 2021	mcf	USD	—	—	—	—	—	—	—	—	10,000	0.04
Q3 2021	mcf	USD	—	—	—	—	—	—	—	—	10,000	0.04
Q4 2021	mcf	USD	—	—	—	—	—	—	—	—	3,370	0.04
SoCal Border											—	—
Q1 2021	mcf	USD	—	—	—	—	—	—	5,000	3.40	—	—
Conway Propane											—	—
Q1 2021	bbl	USD	—	—	—	—	—	—	500	56% WTI	—	—

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	Unit	Currency	Bought Put Volume	Weighted Average Bought Put Price	Sold Call Volume	Weighted Average Sold Call Price	Sold Put Volume	Weighted Average Sold Put Price	Sold Swap Volume	Weighted Average Sold Swap Price	Bought Swap Volume	Weighted Average Bought Swap Price
NBP												
Q1 2021	mcf	EUR	58,962	5.37	61,419	5.45	58,962	3.88	2,457	4.69	—	—
Q2 2021	mcf	EUR	49,135	5.37	49,135	5.43	49,135	3.87	2,457	4.69	—	—
Q3 2021	mcf	EUR	49,135	5.37	49,135	5.42	49,135	3.87	2,457	4.69	—	—
Q4 2021	mcf	EUR	58,962	5.37	58,962	5.36	58,962	3.88	2,457	4.69	—	—
Q1 2022	mcf	EUR	34,394	5.18	34,394	5.88	34,394	3.63	2,457	4.69	—	—
Q2 2022	mcf	EUR	27,024	5.07	27,024	5.64	27,024	3.50	2,457	4.69	—	—
Q3 2022	mcf	EUR	14,740	4.86	14,740	5.42	14,740	3.42	2,457	4.69	—	—
Q4 2022	mcf	EUR	14,740	4.86	14,740	5.41	14,740	3.42	2,457	4.69	—	—
Q1 2023	mcf	EUR	7,370	4.74	7,370	4.96	7,370	3.32	—	—	—	—
TTF												
Q2 2021	mcf	EUR	2,457	4.25	2,457	3.93	2,457	2.93	—	—	—	—
Q3 2021	mcf	EUR	2,457	4.25	2,457	3.92	2,457	2.93	—	—	—	—
Q1 2022	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—
Q2 2022	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—
Q3 2022	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—
Q4 2022	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—
Q1 2023	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—

VET Equity Swaps		Initial Share Price		Share Volume
Swap	Jan 2020 - Sep 2021	20.9788	CAD	2,250,000
Swap	Jan 2020 - Oct 2021	22.4587	CAD	1,500,000

Foreign Currency Swaps		Notional Amount		Notional Amount		Average Rate
Swap	Jan 2021	1,200,342,790	USD	1,570,298,550	CAD	1.3082

The following sold option instruments allow the counterparties, at the specified date, to enter into a derivative instrument contract with Vermilion at the detailed terms:

Period if Option Exercised	Unit	Currency	Option Expiration Date	Bought Put Volume	Weighted Average Bought Put Price	Sold Call Volume	Weighted Average Sold Call Price	Sold Put Volume	Weighted Average Sold Put Price	Sold Swap Volume	Weighted Average Sold Swap Price
NYMEX											
Apr 2021 - Oct 2021	mcf	USD	24-Mar-21	—	—	—	—	—	—	10,000	2.90
NBP											
Jan 2022 - Dec 2022	mcf	EUR	30-Jun-21	—	—	—	—	—	—	2,457	5.13
Dated Brent											
Apr 2021 - Mar 2022	bbl	USD	31-Mar-21	—	—	—	—	—	—	500	52.00

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Supplemental Table 3: Capital Expenditures and Acquisitions

By classification ($M)	Q4 2020	Q3 2020	Q4 2019	2020	2019
Drilling and development	**52,903**	29,762	97,114	**352,481**	486,677
Exploration and evaluation	**6,991**	1,568	3,511	**14,721**	36,487
Capital expenditures	**59,894**	31,330	100,625	**367,202**	523,164
Acquisitions	**4,821**	6,720	9,165	**25,810**	38,472
Acquisitions	**4,821**	6,720	9,165	**25,810**	38,472

By category ($M)	Q4 2020	Q3 2020	Q4 2019	2020	2019
Drilling, completion, new well equip and tie-in, workovers and recompletions	**42,063**	13,220	72,515	**285,401**	411,390
Production equipment and facilities	**21,866**	15,800	29,221	**70,483**	87,711
Seismic, studies, land and other	**(4,035)**	2,310	(1,111)	**11,318**	24,063
Capital expenditures	**59,894**	31,330	100,625	**367,202**	523,164
Acquisitions	**4,821**	6,720	9,165	**25,810**	38,472
Total capital expenditures and acquisitions	**64,715**	38,050	109,790	**393,012**	561,636

Capital expenditures by country ($M)	Q4 2020	Q3 2020	Q4 2019	2020	2019
Canada	**32,942**	3,837	66,643	**199,141**	293,744
United States	**839**	5,738	3,132	**66,120**	57,196
France	**12,830**	12,638	8,745	**42,328**	74,641
Netherlands	**3,417**	1,553	9,651	**10,105**	23,605
Germany	**3,127**	1,558	5,177	**15,819**	21,684
Ireland	**211**	928	923	**1,823**	1,372
Australia	**4,392**	3,926	6,452	**24,520**	30,550
Corporate	**2,136**	1,152	(98)	**7,346**	20,372
Total capital expenditures	**59,894**	31,330	100,625	**367,202**	523,164

Acquisitions by country ($M)	Q4 2020	Q3 2020	Q4 2019	2020	2019
Canada	**791**	6,621	5,003	**13,111**	24,064
United States	**946**	90	575	**7,643**	3,799
Netherlands	**—**	—	—	**—**	908
Germany	**828**	9	1,456	**1,420**	7,570
Corporate	**2,256**	—	2,131	**3,636**	2,131
Total acquisitions	**4,821**	6,720	9,165	**25,810**	38,472

In 2020, included in cash expenditures on acquisitions of $25.8 million is: $14.4 million relating to the carry component of farm-in arrangements;$11.7 million paid to acquire land; $0.5 million in asset improvements incurred subsequent to acquisitions for compliance with safety, environmental, and Vermilion's operating standards; and $0.8 million net received from vendors in relation to the purchase of assets from other oil and gas producers.

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Supplemental Table 4: Production

	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
Canada												
Light and medium crude oil (bbls/d)	**19,301**	19,847	22,545	22,767	23,259	23,610	23,973	25,067	25,640	24,602	13,103	5,960
Condensate (1) (bbls/d)	**4,662**	5,200	5,047	4,634	4,140	4,072	4,872	4,096	3,918	3,875	3,905	3,312
Other NGLs (1) (bbls/d)	**7,334**	8,350	8,248	6,943	7,005	6,632	7,352	6,968	6,816	6,126	5,589	5,106
NGLs (bbls/d)	**11,996**	13,550	13,295	11,577	11,145	10,704	12,224	11,064	10,734	10,001	9,494	8,418
Conventional natural gas (mmcf/d)	**135.27**	155.15	164.08	151.16	145.14	145.14	151.87	151.37	146.65	136.77	127.32	106.21
Total (boe/d)	**53,840**	59,256	63,187	59,537	58,593	58,504	61,507	61,360	60,814	57,397	43,817	32,078
United States												
Light and medium crude oil (bbls/d)	**2,495**	3,243	3,971	2,481	3,149	2,717	2,421	1,750	1,582	1,455	652	573
Condensate (1) (bbls/d)	**1**	6	6	6	12	4	63	(8)	23	6	3	1
Other NGLs (1) (bbls/d)	**1,294**	1,158	1,340	1,079	1,156	1,140	754	929	998	714	62	20
NGLs (bbls/d)	**1,295**	1,164	1,346	1,085	1,168	1,144	817	921	1,021	720	65	21
Conventional natural gas (mmcf/d)	**6.87**	7.94	8.35	6.72	8.20	6.38	7.06	5.89	5.65	4.82	0.40	0.15
Total (boe/d)	**4,934**	5,730	6,708	4,685	5,683	4,925	4,414	3,653	3,545	2,979	784	618
France												
Light and medium crude oil (bbls/d)	**9,255**	9,347	7,046	9,957	10,264	10,347	9,800	11,342	11,317	11,407	11,683	11,037
Conventional natural gas (mmcf/d)	**—**	—	—	—	—	—	—	0.77	0.82	—	—	—
Total (boe/d)	**9,255**	9,347	7,046	9,957	10,264	10,347	9,800	11,470	11,454	11,407	11,683	11,037
Netherlands												
Light and medium crude oil (bbls/d)	**1**	—	1	3	4	1	9	—	—	—	—	—
Condensate (1) (bbls/d)	**99**	83	86	84	86	81	91	93	112	84	87	77
NGLs (bbls/d)	**99**	83	86	84	86	81	91	93	112	84	87	77
Conventional natural gas (mmcf/d)	**42.95**	46.09	47.31	48.33	47.99	44.08	52.90	51.51	51.82	44.37	43.49	44.79
Total (boe/d)	**7,257**	7,764	7,972	8,143	8,088	7,429	8,917	8,677	8,749	7,479	7,335	7,541
Germany												
Light and medium crude oil (bbls/d)	**960**	964	1,039	909	800	845	1,047	978	913	1,019	1,008	1,078
Conventional natural gas (mmcf/d)	**11.50**	11.25	13.23	14.64	15.44	14.54	14.56	16.71	16.94	14.88	14.63	16.19
Total (boe/d)	**2,876**	2,839	3,244	3,349	3,373	3,269	3,474	3,763	3,736	3,498	3,447	3,777
Ireland												
Conventional natural gas (mmcf/d)	**34.76**	35.12	38.57	41.38	42.30	43.21	49.21	51.71	52.03	51.38	56.56	60.87
Total (boe/d)	**5,793**	5,853	6,428	6,896	7,049	7,202	8,201	8,619	8,672	8,563	9,426	10,144
Australia												
Light and medium crude oil (bbls/d)	**3,781**	4,549	5,299	4,041	4,548	5,564	6,689	5,862	4,174	4,704	4,132	4,971
Total (boe/d)	**3,781**	4,549	5,299	4,041	4,548	5,564	6,689	5,862	4,174	4,704	4,132	4,971
Central and Eastern Europe												
Conventional natural gas (mmcf/d)	**0.67**	0.80	2.89	3.27	1.66	—	—	—	2.86	1.17	—	—
Total (boe/d)	**111**	132	483	546	276	—	—	—	477	195	—	—
Consolidated												
Light and medium crude oil (bbls/d)	**35,793**	37,951	39,899	40,157	42,024	43,084	43,938	45,001	43,625	43,186	30,579	23,619
Condensate (1) (bbls/d)	**4,762**	5,289	5,142	4,724	4,237	4,158	5,026	4,181	4,053	3,965	3,995	3,389
Other NGLs (1) (bbls/d)	**8,627**	9,509	9,588	8,022	8,160	7,772	8,107	7,897	7,815	6,839	5,651	5,126
NGLs (bbls/d)	**13,389**	14,798	14,730	12,746	12,397	11,930	13,133	12,078	11,868	10,804	9,646	8,515
Conventional natural gas (mmcf/d)	**232.00**	256.34	274.42	265.51	260.72	253.36	275.60	277.96	276.77	253.38	242.40	228.20

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Total (boe/d)	**87,848**	95,471	100,366	97,154	97,875	97,239	103,003	103,404	101,621	96,222	80,625	70,167

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	2020	2019	2018	2017	2016	2015
Canada						
Light and medium crude oil (bbls/d)	**21,106**	23,971	17,400	6,015	6,657	9,549
Condensate (1) (bbls/d)	**4,886**	4,295	3,754	3,036	2,514	1,807
Other NGLs (1) (bbls/d)	**7,719**	6,988	5,914	4,144	2,552	2,301
NGLs (bbls/d)	**12,605**	11,283	9,668	7,180	5,066	4,108
Conventional natural gas (mmcf/d)	**151.38**	148.35	129.37	97.89	84.29	71.64
Total (boe/d)	**58,942**	59,979	48,630	29,510	25,771	25,598
United States						
Light and medium crude oil (bbls/d)	**3,046**	2,514	1,069	662	393	231
Condensate (1) (bbls/d)	**5**	18	8	4	—	—
Other NGLs (1) (bbls/d)	**1,218**	996	452	50	29	7
NGLs (bbls/d)	**1,223**	1,014	460	54	29	7
Conventional natural gas (mmcf/d)	**7.47**	6.89	2.78	0.39	0.21	0.05
Total (boe/d)	**5,514**	4,675	1,992	781	457	247
France						
Light and medium crude oil (bbls/d)	**8,903**	10,435	11,362	11,084	11,896	12,267
Conventional natural gas (mmcf/d)	**—**	0.19	0.21	—	0.44	0.97
Total (boe/d)	**8,903**	10,467	11,396	11,085	11,970	12,429
Netherlands						
Light and medium crude oil (bbls/d)	**1**	3	—	—	—	—
Condensate (1) (bbls/d)	**88**	88	90	90	88	99
NGLs (bbls/d)	**88**	88	90	90	88	99
Conventional natural gas (mmcf/d)	**46.16**	49.10	46.13	40.54	47.82	44.76
Total (boe/d)	**7,782**	8,274	7,779	6,847	8,058	7,559
Germany						
Light and medium crude oil (bbls/d)	**968**	917	1,004	1,060	—	—
Conventional natural gas (mmcf/d)	**12.65**	15.31	15.66	19.39	14.90	15.78
Total (boe/d)	**3,076**	3,468	3,614	4,291	2,483	2,630
Ireland						
Conventional natural gas (mmcf/d)	**37.44**	46.57	55.17	58.43	50.89	0.03
Total (boe/d)	**6,240**	7,762	9,195	9,737	8,482	5
Australia						
Light and medium crude oil (bbls/d)	**4,416**	5,662	4,494	5,770	6,304	6,454
Total (boe/d)	**4,416**	5,662	4,494	5,770	6,304	6,454
Central and Eastern Europe						
Conventional natural gas (mmcf/d)	**1.90**	0.42	1.02	—	—	—
Total (boe/d)	**317**	70	169	—	—	—
Consolidated						
Light and medium crude oil (bbls/d)	**38,441**	43,502	35,329	24,591	25,250	28,502
Condensate (1) (bbls/d)	**4,980**	4,400	3,853	3,130	2,602	1,906
Other NGLs (1) (bbls/d)	**8,937**	7,984	6,366	4,194	2,582	2,308
NGLs (bbls/d)	**13,917**	12,384	10,219	7,324	5,184	4,214
Conventional natural gas (mmcf/d)	**256.99**	266.82	250.33	216.64	198.55	133.24
Total (boe/d)	**95,190**	100,357	87,270	68,021	63,526	54,922

(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

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condensate", "NGLs" and "natural gas" to the product types. Elsewhere in this report, references to "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.

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Supplemental Table 5: Segmented Financial Results

	Three Months Ended December 31, 2020								
($M)	Canada	USA	France	Netherlands	Germany	Ireland	Australia	Corporate	Total
Drilling and development	32,942	839	12,749	3,412	3,221	211	4,392	(4,863)	52,903
Exploration and evaluation	—	—	81	5	(94)	—	—	6,999	6,991
Crude oil and condensate sales	112,489	11,796	53,198	455	4,720	1	30,148	—	212,807
NGL sales	13,195	2,046	—	—	—	—	—	—	15,241
Natural gas sales	35,035	1,247	—	22,512	5,961	23,117	—	278	88,150
Sales of purchased commodities	—	—	—	—	—	—	—	31,902	31,902
Royalties	(15,240)	(4,430)	(9,416)	(150)	1,190	—	—	(62)	(28,108)
Revenue from external customers	145,479	10,659	43,782	22,817	11,871	23,118	30,148	32,118	319,992
Purchased commodities	—	—	—	—	—	—	—	(31,902)	(31,902)
Transportation	(9,987)	(371)	(4,264)	—	(1,537)	(898)	—	—	(17,057)
Operating	(54,725)	(4,437)	(16,230)	(7,772)	(5,643)	(3,232)	(14,438)	(99)	(106,576)
General and administration	(7,929)	(2,369)	(3,369)	1	(1,992)	(38)	(1,015)	(1,931)	(18,642)
PRRT	—	—	—	—	—	—	(4,038)	—	(4,038)
Corporate income taxes	—	—	(141)	3,164	—	—	2,995	514	6,532
Interest expense	—	—	—	—	—	—	—	(19,808)	(19,808)
Realized gain on derivative instruments	—	—	—	—	—	—	—	790	790
Realized foreign exchange gain	—	—	—	—	—	—	—	1,329	1,329
Realized other income	—	—	—	—	—	—	—	4,592	4,592
Fund flows from operations	**72,838**	**3,482**	**19,778**	**18,210**	**2,699**	**18,950**	**13,652**	**(14,397)**	**135,212**

	Year Ended December 31, 2020								
($M)	Canada	USA	France	Netherlands	Germany	Ireland	Australia	Corporate	Total
Total assets	1,805,464	328,902	703,567	130,063	198,357	257,990	105,898	578,898	4,109,139
Drilling and development	199,141	66,120	42,145	10,331	13,005	1,823	24,520	(4,604)	352,481
Exploration and evaluation	—	—	183	(226)	2,814	—	—	11,950	14,721
Crude oil and condensate sales	418,610	55,099	182,292	1,502	17,143	13	141,452	8	816,119
NGL sales	36,204	6,513	—	—	—	—	—	—	42,717
Natural gas sales	114,377	4,834	—	64,073	17,067	58,433	—	1,925	260,709
Sales of purchased commodities	—	—	—	—	—	—	—	127,853	127,853
Royalties	(54,961)	(17,446)	(32,069)	(444)	(990)	—	—	(644)	(106,554)
Revenue from external customers	514,230	49,000	150,223	65,131	33,220	58,446	141,452	129,142	1,140,844
Purchased commodities	—	—	—	—	—	—	—	(127,853)	(127,853)
Transportation	(41,494)	(1,349)	(14,604)	—	(5,839)	(4,425)	—	—	(67,711)
Operating	(218,596)	(18,108)	(57,128)	(32,410)	(20,732)	(15,232)	(54,581)	(464)	(417,251)
General and administration	(25,462)	(7,420)	(13,108)	(1,220)	(6,532)	(594)	(3,841)	(2,663)	(60,840)
PRRT	—	—	—	—	—	—	(20,151)	—	(20,151)
Corporate income taxes	—	—	(141)	3,774	—	—	2,106	71	5,810
Interest expense	—	—	—	—	—	—	—	(75,077)	(75,077)
Realized gain on derivative instruments	—	—	—	—	—	—	—	109,093	109,093
Realized foreign exchange gain	—	—	—	—	—	—	—	11,110	11,110
Realized other income	—	—	—	—	—	—	—	4,091	4,091
Fund flows from operations	**228,678**	**22,123**	**65,242**	**35,275**	**117**	**38,195**	**64,985**	**47,450**	**502,065**

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Supplemental Table 6: Operational and Financial Data by Core Region

Production volumes [1]

	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
North America												
Crude oil and condensate (bbls/d)	26,459	28,296	31,569	29,888	30,560	30,403	31,329	30,905	31,163	29,938	17,663	9,846
NGLs (bbls/d)	8,628	9,508	9,588	8,022	8,161	7,772	8,106	7,897	7,814	6,840	5,651	5,126
Natural gas (mmcf/d)	142.13	163.09	172.43	157.88	153.34	151.52	158.93	157.26	152.30	141.59	127.72	106.35
Total (boe/d)	**58,774**	**64,986**	**69,895**	**64,222**	**64,276**	**63,429**	**65,921**	**65,013**	**64,359**	**60,376**	**44,601**	**32,696**
International												
Crude oil and condensate (bbls/d)	14,096	14,943	13,471	14,994	15,702	16,838	17,636	18,275	16,516	17,214	16,910	17,163
NGLs (bbls/d)	—	—	—	—	—	—	—	—	—	—	—	—
Natural gas (mmcf/d)	89.86	93.25	101.99	107.63	107.38	101.83	116.67	120.70	124.48	111.79	114.68	121.85
Total (boe/d)	**29,073**	**30,484**	**30,472**	**32,932**	**33,598**	**33,811**	**37,081**	**38,391**	**37,262**	**35,846**	**36,023**	**37,470**
Consolidated												
Crude oil and condensate (bbls/d)	40,555	43,240	45,041	44,881	46,261	47,242	48,964	49,182	47,678	47,151	34,574	27,008
NGLs (bbls/d)	8,627	9,509	9,588	8,022	8,160	7,772	8,107	7,897	7,815	6,839	5,651	5,126
Natural gas (mmcf/d)	232.00	256.34	274.42	265.51	260.72	253.36	275.60	277.96	276.77	253.38	242.40	228.20
Total (boe/d)	**87,848**	**95,471**	**100,366**	**97,154**	**97,875**	**97,239**	**103,003**	**103,404**	**101,621**	**96,222**	**80,625**	**70,167**

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

Sales volumes

	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
North America												
Crude oil and condensate (bbls/d)	26,459	28,297	31,569	29,888	30,560	30,404	31,327	30,906	31,162	29,938	17,664	9,846
NGLs (bbls/d)	8,628	9,508	9,588	8,022	8,161	7,772	8,106	7,897	7,814	6,840	5,651	5,126
Natural gas (mmcf/d)	142.13	163.09	172.43	157.88	153.34	151.52	158.93	157.26	152.30	141.59	127.72	106.35
Total (boe/d)	**58,774**	**64,986**	**69,895**	**64,222**	**64,276**	**63,429**	**65,921**	**65,013**	**64,359**	**60,376**	**44,601**	**32,696**
International												
Crude oil and condensate (bbls/d)	15,359	15,689	12,202	17,090	13,864	18,575	16,009	20,163	16,458	16,559	16,991	16,078
NGLs (bbls/d)	—	—	—	—	—	—	—	—	—	—	—	77
Natural gas (mmcf/d)	89.86	93.25	101.99	107.63	107.38	101.83	116.67	120.70	124.48	111.02	114.68	121.85
Total (boe/d)	**30,336**	**31,229**	**29,201**	**35,028**	**31,760**	**35,547**	**35,454**	**40,279**	**37,204**	**35,062**	**36,104**	**36,462**
Consolidated												
Crude oil and condensate (bbls/d)	41,818	43,985	43,771	46,977	44,423	48,979	47,337	51,068	47,620	46,368	34,655	26,001
NGLs (bbls/d)	8,627	9,509	9,588	8,022	8,160	7,772	8,107	7,897	7,815	6,839	5,651	5,126
Natural gas (mmcf/d)	232.00	256.34	274.42	265.51	260.72	253.36	275.60	277.96	276.77	253.38	242.40	228.20
Total (boe/d)	**89,111**	**96,217**	**99,096**	**99,250**	**96,037**	**98,976**	**101,377**	**105,291**	**101,563**	**95,437**	**80,706**	**69,159**

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Financial results

	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
North America												
Crude oil and condensate sales ($/bbl)	51.06	49.79	28.94	50.25	66.31	66.67	72.40	65.95	54.90	80.22	79.66	75.13
NGL sales ($/bbl)	19.20	15.04	8.94	8.92	14.63	6.14	11.25	22.49	25.70	27.97	26.06	25.37
Natural gas sales ($/mcf)	2.77	2.02	1.60	1.92	2.29	1.18	1.15	2.52	1.79	1.46	1.09	1.95
Sales ($/boe)	32.51	28.94	18.24	29.22	38.86	35.52	38.56	40.17	33.94	46.37	37.98	32.96
Royalties ($/boe)	(3.64)	(3.58)	(1.67)	(3.54)	(4.98)	(4.93)	(4.22)	(5.00)	(5.01)	(6.71)	(4.17)	(3.73)
Transportation ($/boe)	(1.92)	(1.74)	(1.72)	(1.91)	(1.76)	(1.78)	(1.63)	(1.83)	(1.88)	(1.63)	(1.28)	(1.54)
Operating ($/boe)	(10.94)	(7.82)	(9.60)	(11.93)	(11.15)	(10.67)	(10.66)	(11.46)	(10.96)	(10.48)	(8.90)	(8.38)
General and administration ($/boe)	(1.94)	(0.78)	(1.52)	(0.84)	(0.97)	(0.60)	(1.04)	(0.83)	(0.28)	(0.36)	(1.43)	(0.85)
Corporate income taxes ($/boe)	0.04	(0.02)	(0.02)	(0.04)	(0.11)	0.09	(0.02)	(0.03)	0.10	(0.16)	(0.23)	0.22
PRRT ($/boe)	—	—	—	—	—	—	—	—	—	—	—	—
Fund flows netback ($/boe)	**14.12**	**14.99**	**3.72**	**10.96**	**19.89**	**17.63**	**20.99**	**21.03**	**15.91**	**27.04**	**21.97**	**18.68**
Fund flows from operations	76,375	89,635	23,639	64,048	117,623	102,867	125,893	123,071	94,200	150,202	89,177	54,961
Capital expenditures	(33,781)	(9,575)	(23,979)	(197,926)	(69,775)	(91,027)	(42,047)	(148,091)	(93,092)	(101,223)	(39,396)	(84,983)
Free cash flow	**42,594**	**80,060**	**(340)**	**(133,878)**	**47,848**	**11,840**	**83,846**	**(25,020)**	**1,108**	**48,979**	**49,781**	**(30,022)**
International												
Crude oil and condensate sales ($/bbl)	62.65	58.19	50.27	73.35	82.14	84.55	93.28	84.95	87.56	95.32	95.65	83.41
NGL sales ($/bbl)	—	—	—	—	—	—	—	—	—	—	—	—
Natural gas sales ($/mcf)	6.27	2.91	2.28	4.44	5.49	4.29	5.73	8.46	10.78	10.34	8.86	9.17
Sales ($/boe)	50.30	37.94	28.98	49.42	54.42	56.46	60.98	67.87	74.80	77.76	73.16	67.43
Royalties ($/boe)	(3.02)	(3.32)	(2.16)	(3.27)	(3.85)	(3.89)	(3.97)	(3.89)	(4.16)	(5.13)	(4.44)	(3.66)
Transportation ($/boe)	(2.40)	(2.28)	(2.04)	(1.94)	(1.77)	(2.76)	(3.40)	(1.66)	(1.70)	(1.45)	(1.78)	(1.72)
Operating ($/boe)	(16.99)	(15.18)	(14.35)	(16.13)	(15.28)	(13.13)	(11.76)	(15.28)	(13.89)	(12.26)	(13.03)	(13.16)
General and administration ($/boe)	(2.92)	(2.53)	(2.72)	(2.63)	(3.70)	(3.10)	(2.93)	(2.27)	(3.27)	(3.49)	(2.55)	(2.81)
Corporate income taxes ($/boe)	2.25	0.04	(0.02)	(0.11)	2.22	(1.55)	(3.63)	(4.30)	(2.49)	(2.65)	(3.57)	(2.85)
PRRT ($/boe)	(1.45)	(1.27)	(1.21)	(2.90)	(0.50)	(1.78)	(2.56)	(2.87)	0.71	0.08	(0.81)	(1.48)
Fund flows netback ($/boe)	**25.77**	**13.40**	**6.47**	**22.44**	**31.54**	**30.26**	**32.73**	**37.60**	**49.99**	**52.88**	**46.97**	**41.75**
Fund flows from operations	71,934	38,498	17,193	71,526	92,160	98,955	105,600	136,298	171,119	170,563	154,319	137,002
Capital expenditures	(26,113)	(21,755)	(18,295)	(35,778)	(30,850)	(36,852)	(50,560)	(53,962)	(70,488)	(44,962)	(40,588)	(43,482)
Free cash flow	**45,821**	**16,743**	**(1,102)**	**35,748**	**61,310**	**62,103**	**55,040**	**82,336**	**100,631**	**125,601**	**113,731**	**93,520**

	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
Consolidated												
Crude oil and condensate sales ($/bbl)	55.31	52.79	34.89	58.66	71.25	73.45	79.46	73.45	66.19	85.84	87.50	80.02

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NGL sales ($/bbl)	19.20	15.04	8.94	8.92	14.63	6.14	11.25	22.49	25.69	27.97	26.06	25.37
Natural gas sales ($/mcf)	4.13	2.34	1.85	2.94	3.61	2.43	3.09	5.10	5.83	5.35	4.77	5.81
Sales ($/boe)	38.57	31.86	21.40	36.35	44.01	43.04	46.40	50.77	48.90	57.90	53.72	51.13
Royalties ($/boe)	(3.43)	(3.50)	(1.81)	(3.45)	(4.60)	(4.56)	(4.13)	(4.58)	(4.70)	(6.13)	(4.29)	(3.69)
Transportation ($/boe)	(2.08)	(1.92)	(1.81)	(1.92)	(1.76)	(2.13)	(2.25)	(1.76)	(1.81)	(1.56)	(1.50)	(1.64)
Operating ($/boe)	(13.00)	(10.21)	(11.00)	(13.41)	(12.52)	(11.55)	(11.04)	(12.92)	(12.04)	(11.13)	(10.75)	(10.90)
General and administration ($/boe)	(2.27)	(1.35)	(1.88)	(1.47)	(1.88)	(1.50)	(1.70)	(1.38)	(1.37)	(1.51)	(1.93)	(1.88)
Corporate income taxes ($/boe)	0.80	—	(0.02)	(0.06)	0.66	(0.50)	(1.28)	(1.66)	(0.85)	(1.07)	(1.73)	(1.40)
PRRT ($/boe)	(0.49)	(0.41)	(0.36)	(1.02)	(0.16)	(0.64)	(0.90)	(1.10)	0.26	0.03	(0.36)	(0.78)
Interest ($/boe)	(2.42)	(1.97)	(1.98)	(2.21)	(2.17)	(2.16)	(2.34)	(2.21)	(2.23)	(2.25)	(2.26)	(2.50)
Realized derivatives ($/boe)	0.10	0.47	6.07	5.47	2.57	4.06	1.54	1.09	(3.03)	(4.26)	(3.79)	(2.85)
Realized foreign exchange ($/boe)	0.16	(0.31)	0.44	0.94	0.23	(0.37)	(0.17)	(0.22)	0.63	(0.35)	(0.56)	0.25
Realized other ($/boe)	0.56	0.29	0.03	(0.37)	0.03	0.04	0.02	0.73	0.03	0.02	0.03	0.03
Fund flows netback ($/boe)	**16.49**	**12.97**	**9.08**	**18.85**	**24.40**	**23.74**	**24.14**	**26.76**	**23.80**	**29.69**	**26.58**	**25.77**

Fund flows from operations	135,212	114,776	81,852	170,225	215,592	216,153	222,738	253,572	222,342	260,705	195,190	160,415
Capital expenditures	(59,894)	(31,330)	(42,274)	(233,704)	(100,625)	(127,879)	(92,607)	(202,053)	(163,580)	(146,185)	(79,984)	(128,465)
Free cash flow	**75,318**	**83,446**	**39,578**	**(63,479)**	**114,967**	**88,274**	**130,131**	**51,519**	**58,762**	**114,520**	**115,206**	**31,950**

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Non-GAAP 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 measure of profit or loss in accordance with IFRS 8 “Operating Segments” (please see Segmented Information in the Notes to the Consolidated Financial Statements) and net debt, a measure of capital in accordance with IAS 1 “Presentation of Financial Statements” (please see Capital Disclosures in the Notes to the 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:

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.

Capital expenditures: The sum of drilling and development and exploration and evaluation 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.

Cash dividends per share: Represents cash dividends declared per share and 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.

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

Free cash flow: Represents fund flows from operations in excess of capital expenditures. We use free cash flow to determine the funding available for investing and financing activities, including payment of dividends, repayment of long-term debt, reallocation to existing business units, and deployment into new ventures. We also assess free cash flow as a percentage of fund flows from operations, which is a measure of the percentage of fund flows from operations that is retained for incremental investing and financing activities.

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 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.

Net dividends: We define net dividends as dividends declared less proceeds received for the issuance of shares pursuant to the Dividend Reinvestment Plan. Management monitors net dividends and net dividends as a percentage of fund flows from operations to assess our ability to pay dividends.

Operating netback: 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. In contrast, fund flows from operations netback also includes general and administration expense, corporate income taxes, and interest. Fund flows from operations netback is used by management to assess the profitability of our business units and Vermilion as a whole.

Payout: We define payout as net dividends plus drilling and development costs, exploration and evaluation costs, and asset retirement obligations settled. Management uses payout and payout as a percentage of fund flows from operations (also

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referred to as the **payout or sustainability ratio**) to assess the amount of cash distributed back to shareholders and re-invested in the business for maintaining production and organic growth.

Return on capital employed (ROCE): ROCE is a measure that we use to analyze our profitability and the efficiency of our capital allocation process. 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.

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The following tables reconcile net dividends, payout, and diluted shares outstanding from their most directly comparable GAAP measures as presented in our financial statements:

($M)	Q4 2020	Q3 2020	Q4 2019	2020	2019
Dividends declared	**—**	—	107,702	**90,067**	427,311
Shares issued for the Dividend Reinvestment Plan	**—**	—	(10,200)	**(8,277)**	(34,937)
Net dividends	**—**	—	97,502	**81,790**	392,374
Drilling and development	**52,903**	29,762	97,114	**352,481**	486,677
Exploration and evaluation	**6,991**	1,568	3,511	**14,721**	36,487
Asset retirement obligations settled	**7,271**	2,305	7,352	**14,278**	19,442
Payout	**67,165**	33,635	205,479	**463,270**	934,980
% of fund flows from operations	**50 %**	29 %	95 %	**92 %**	103 %

('000s of shares)	Q4 2020	Q3 2020	Q4 2019
Shares outstanding	**158,724**	158,308	156,290
Potential shares issuable pursuant to the VIP	**6,672**	5,492	3,622
Diluted shares outstanding	**165,396**	163,800	159,912

The following tables reconciles the calculation of return on capital employed:

	Twelve Months Ended	
($M)	Dec 31, 2020	Dec 31, 2019
Net (loss) earnings	**(1,517,427)**	32,799
Taxes	**(359,972)**	108,326
Interest expense	**75,077**	81,377
EBIT	**(1,802,322)**	222,502
Average capital employed	**4,562,960**	5,578,691
Return on capital employed	**(40)%**	4 %

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Exhibit 99.3

Disclaimer

Certain statements included or incorporated by reference in this document may constitute forward-looking statements or financial outlooks 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; 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 2021 guidance, and rates of average annual production growth; the effect of changes in crude oil and natural gas prices, changes in exchange rates and 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, and the wells expected to be drilled in 2021; exploration and development plans and the timing thereof; Vermilion’s ability to reduce its debt, including its ability to redeem senior unsecured notes prior to maturity; 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 and interest 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 Vermilion; and other risks and uncertainties described elsewhere in this document or in Vermilion’s other filings with Canadian securities regulatory authorities.

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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.

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.

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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
tCO_2e	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

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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, 2020.

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, 2020 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, 2020.

("Curtis Hicks")

Curtis Hicks
President
March 5, 2021

("Lars Glemser")

Lars Glemser
Vice President & Chief Financial Officer

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Report of Independent Registered Public Accounting Firm

To the Shareholders and 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, 2020, 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, 2020, 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, 2020, of the Company and our report dated March 5, 2021, expressed an unqualified opinion on those financial statements.

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 5, 2021

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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 sheets of Vermilion Energy Inc. (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of net (loss) earnings and comprehensive loss, 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, 2020, 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, 2020 and 2019, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2020, 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, 2020, 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 5, 2021, 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 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 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) relates 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 a separate opinion on the critical audit matters or on the accounts or disclosures to which they relates.

Impairment of Capital Assets - Refer to Notes 2 and 4 to the Financial Statements

Critical Audit Matter Description

The Company reviews all Cash Generating Units ("CGUs") for indicators of potential impairment at each reporting date. As a result of declining commodity price forecasts and a market capitalization deficiency during the year, indicators of impairment were identified for all CGUs. An impairment loss is recognized if the carrying amount of the CGU exceeds 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 requires management to make significant estimates and assumptions related to future oil and natural gas prices, discount rates, reserves, and future operating and development costs. Impairment charges totaling $1.68 billion were recorded for the year ended December 31, 2020.

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Given the significant judgments made by management related to future oil and natural gas prices, discount rates, 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.

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How the Critical Audit Matter Was Addressed in the Audit

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

- Evaluated the effectiveness of the relevant controls, including those over the determination of the future oil and natural gas prices, discount rates, 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.
    - 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.
- Evaluated the reasonableness of forecast oil and natural gas prices used by comparing the assumptions to historical data and available market trends.
- With the assistance of fair value specialists,
    - Evaluated the future oil 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.
    - Evaluated the reasonableness of the discount rates by testing the source information underlying the determination of the discount rates and developing a range of independent estimates and comparing those to the discount rates selected by management.

Deferred Taxes - Refer to Notes 2 and 9 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 tax profits, specifically forecasts of future revenue (commodity price forecasts and forecasted reserves). The Company recorded a deferred income tax asset for Canada primarily arising from past taxable losses in this jurisdiction.

To determine whether it is probable that the deferred income tax assets in Canada 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 an income tax specialist.

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 Canada 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 Canada.
- Evaluated management's ability to accurately forecast future revenue 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,

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- Evaluating whether management's estimates of commodity price forecasts and estimated reserves were consistent with the requirements of IAS 12 relating to the probability of forecasted future revenue and the length of the forecast period.

/s/ Deloitte LLP

Chartered Professional Accountants
Calgary, Canada
March 5, 2021

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

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Consolidated Financial Statements

Consolidated Balance Sheet

thousands of Canadian dollars

	Note	December 31, 2020	December 31, 2019
Assets			
Current			
Cash and cash equivalents	17	**6,904**	29,028
Accounts receivable	17	**196,077**	211,409
Crude oil inventory	17	**13,402**	29,389
Derivative instruments	7	**16,924**	55,645
Prepaid expenses	17	**27,686**	22,210
Total current assets		**260,993**	347,681
Derivative instruments	7	**2,451**	20,127
Deferred taxes	4, 9	**484,497**	196,543
Exploration and evaluation assets	5	**254,094**	286,149
Capital assets	4	**3,107,104**	5,015,620
Total assets		**4,109,139**	5,866,120
Liabilities			
Current	17		
Accounts payable and accrued liabilities		**297,670**	312,442
Dividends payable	11	**—**	35,947
Derivative instruments	7	**130,919**	62,405
Income taxes payable	17	**4,539**	5,416
Total current liabilities		**433,128**	416,210
Derivative instruments	7	**8,228**	24,358
Long-term debt	10	**1,933,848**	1,924,665
Lease obligations	8	**76,524**	93,072
Asset retirement obligations	6	**467,737**	618,201
Deferred taxes	9	**264,272**	336,309
Total liabilities		**3,183,737**	3,412,815
Shareholders' Equity			
Shareholders' capital	11	**4,181,160**	4,119,031
Contributed surplus		**66,250**	75,735
Accumulated other comprehensive income		**77,986**	49,578
Deficit		**(3,399,994)**	(1,791,039)
Total shareholders' equity		**925,402**	2,453,305
Total liabilities and shareholders' equity		**4,109,139**	5,866,120

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Approved by the Board

(Signed "Robert Michaleski")

Robert Michaleski, Director

(Signed "Lorenzo Donadeo")

Lorenzo Donadeo, Director

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Consolidated Statements of Net (Loss) Earnings and Comprehensive Loss

thousands of Canadian dollars, except share and per share amounts

		Year Ended	
	Note	Dec 31, 2020	Dec 31, 2019
Revenue			
Petroleum and natural gas sales		**1,119,545**	1,689,863
Royalties		**(106,554)**	(163,666)
Sales of purchased commodities		**127,853**	221,274
Petroleum and natural gas revenue		**1,140,844**	1,747,471
Expenses			
Purchased commodities		**127,853**	221,274
Operating	17	**417,251**	440,078
Transportation		**67,711**	72,446
Equity based compensation	13	**42,906**	64,233
Gain on derivative instruments	7	**(8,138)**	(26,792)
Interest expense		**75,077**	81,377
General and administration	17	**60,840**	58,976
Foreign exchange gain		**(60,122)**	(52,271)
Other income		**(3,258)**	(6,875)
Accretion	6	**35,318**	32,667
Depletion and depreciation	4, 5	**580,461**	675,177
Impairment	4	**1,682,344**	46,056
		3,018,243	1,606,346
(Loss) earnings before income taxes		**(1,877,399)**	141,125
Income tax (recovery) expense	4, 9		
Deferred		**(374,313)**	56,096
Current		**14,341**	52,230
		(359,972)	108,326
Net (loss) earnings		**(1,517,427)**	32,799
Other comprehensive loss			
Currency translation adjustments		**65,160**	(81,042)
Unrealized (loss) gain on hedges	7, 10	**(36,752)**	12,438
Other comprehensive loss		**(1,489,019)**	(35,805)
Net (loss) earnings per share	14		
Basic		**(9.61)**	0.21
Diluted		**(9.61)**	0.21
Weighted average shares outstanding (‘000s)	14		

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Basic	**157,908**	154,736
Diluted	**157,908**	156,095

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Consolidated Statements of Cash Flows

thousands of Canadian dollars

		Year Ended	
	Note	Dec 31, 2020	Dec 31, 2019
Operating			
Net (loss) earnings		**(1,517,427)**	32,799
Adjustments:			
Accretion	6	**35,318**	32,667
Depletion and depreciation	4, 5	**580,461**	675,177
Impairment	4	**1,682,344**	46,056
Unrealized loss on derivative instruments	7	**100,955**	57,427
Equity based compensation	13	**42,906**	64,233
Unrealized foreign exchange gain		**(49,012)**	(57,225)
Unrealized other expense		**833**	825
Deferred taxes	9	**(374,313)**	56,096
Asset retirement obligations settled	6	**(14,278)**	(19,442)
Changes in non-cash operating working capital	17	**12,365**	(65,148)
Cash flows from operating activities		**500,152**	823,465
Investing			
Drilling and development	4	**(352,481)**	(486,677)
Exploration and evaluation	5	**(14,721)**	(36,487)
Acquisitions	4, 5	**(25,810)**	(38,472)
Changes in non-cash investing working capital	17	**(8,422)**	(57,072)
Cash flows used in investing activities		**(401,434)**	(618,708)
Financing			
Borrowings on the revolving credit facility	10	**22,183**	214,895
Payments on lease obligations	8	**(25,048)**	(26,354)
Cash dividends	11	**(117,737)**	(391,549)
Cash flows used in financing activities		**(120,602)**	(203,008)
Foreign exchange (loss) gain on cash held in foreign currencies		**(240)**	470
Net change in cash and cash equivalents		**(22,124)**	2,219
Cash and cash equivalents, beginning of year		**29,028**	26,809
Cash and cash equivalents, end of year	17	**6,904**	29,028
Supplementary information for cash flows from operating activities			
Interest paid		**74,125**	73,783
Income taxes paid		**15,218**	84,224

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Consolidated Statements of Changes in Shareholders' Equity

thousands of Canadian dollars

		Year Ended	
	Note	Dec 31, 2020	Dec 31, 2019
Shareholders' capital	11		
Balance, beginning of year		**4,119,031**	4,008,828
Shares issued for the Dividend Reinvestment Plan		**8,277**	34,937
Vesting of equity based awards		**49,188**	51,108
Equity based compensation		**3,203**	15,868
Share-settled dividends on vested equity based awards		**1,461**	8,290
Balance, end of year		**4,181,160**	4,119,031
Contributed surplus	11		
Balance, beginning of year		**75,735**	78,478
Equity based compensation		**39,703**	48,365
Vesting of equity based awards		**(49,188)**	(51,108)
Balance, end of year		**66,250**	75,735
Accumulated other comprehensive income			
Balance, beginning of year		**49,578**	118,182
Currency translation adjustments		**65,160**	(81,042)
Hedge accounting reserve		**(36,752)**	12,438
Balance, end of year		**77,986**	49,578
Deficit			
Balance, beginning of year		**(1,791,039)**	(1,388,237)
Net (loss) earnings		**(1,517,427)**	32,799
Dividends declared	11	**(90,067)**	(427,311)
Share-settled dividends on vested equity based awards		**(1,461)**	(8,290)
Balance, end of year		**(3,399,994)**	(1,791,039)
Total shareholders' equity		**925,402**	2,453,305

Description of equity reserves

Shareholders' capital

Represents the recognized amount for common shares when issued, net of equity issuance costs and deferred taxes.

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 and hedge accounting reserve.

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.

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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, 2020, accumulated losses of $29.8 million and $6.9 million were recognized 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.

Deficit

Represents the cumulative net earnings less distributed earnings of Vermilion Energy Inc.

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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 5, 2021.

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.

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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.

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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.

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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 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.

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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 Vermilion Incentive Plan ("VIP") and the Deferred Share Unit Plan ("DSU"). Equity-settled awards issued under the VIP 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 VIP 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 earnings. 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

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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.

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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.

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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,

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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.

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3. Segmented information

Substantially all sales in the France, Netherlands, and Ireland operating segments for the years ended December 31, 2020 and 2019 were to one customer in each respective segment. In 2020 and 2019, France contributed more than 10% of Vermilion's consolidated revenues.

	Year Ended December 31, 2020								
($M)	Canada	USA	France	Netherlands	Germany	Ireland	Australia	Corporate	Total
Total assets	1,805,464	328,902	703,567	130,063	198,357	257,990	105,898	578,898	4,109,139
Drilling and development	199,141	66,120	42,145	10,331	13,005	1,823	24,520	(4,604)	352,481
Exploration and evaluation	—	—	183	(226)	2,814	—	—	11,950	14,721
Crude oil and condensate sales	418,610	55,099	182,292	1,502	17,143	13	141,452	8	816,119
NGL sales	36,204	6,513	—	—	—	—	—	—	42,717
Natural gas sales	114,377	4,834	—	64,073	17,067	58,433	—	1,925	260,709
Sales of purchased commodities	—	—	—	—	—	—	—	127,853	127,853
Royalties	(54,961)	(17,446)	(32,069)	(444)	(990)	—	—	(644)	(106,554)
Revenue from external customers	514,230	49,000	150,223	65,131	33,220	58,446	141,452	129,142	1,140,844
Purchased commodities	—	—	—	—	—	—	—	(127,853)	(127,853)
Transportation	(41,494)	(1,349)	(14,604)	—	(5,839)	(4,425)	—	—	(67,711)
Operating	(218,596)	(18,108)	(57,128)	(32,410)	(20,732)	(15,232)	(54,581)	(464)	(417,251)
General and administration	(25,462)	(7,420)	(13,108)	(1,220)	(6,532)	(594)	(3,841)	(2,663)	(60,840)
PRRT	—	—	—	—	—	—	(20,151)	—	(20,151)
Corporate income taxes	—	—	(141)	3,774	—	—	2,106	71	5,810
Interest expense	—	—	—	—	—	—	—	(75,077)	(75,077)
Realized gain on derivative instruments	—	—	—	—	—	—	—	109,093	109,093
Realized foreign exchange gain	—	—	—	—	—	—	—	11,110	11,110
Realized other income	—	—	—	—	—	—	—	4,091	4,091
Fund flows from operations	**228,678**	**22,123**	**65,242**	**35,275**	**117**	**38,195**	**64,985**	**47,450**	**502,065**

	Year Ended December 31, 2019								
($M)	Canada	USA	France	Netherlands	Germany	Ireland	Australia	Corporate	Total
Total assets	3,088,947	421,609	841,875	226,834	261,712	470,316	233,581	321,246	5,866,120
Drilling and development	293,744	57,196	74,579	19,866	10,806	1,372	30,550	(1,436)	486,677
Exploration and evaluation	—	—	62	3,739	10,878	—	—	21,808	36,487
Crude oil and condensate sales	699,290	63,449	326,578	2,411	25,783	27	184,490	—	1,302,028
NGL sales	33,159	6,499	—	—	—	—	—	—	39,658
Natural gas sales	95,621	5,416	121	110,446	31,529	104,247	—	797	348,177
Sales of purchased commodities	—	—	—	—	—	—	—	221,274	221,274
Royalties	(94,079)	(18,706)	(43,895)	(1,469)	(5,264)	—	—	(253)	(163,666)
Revenue from external customers	733,991	56,658	282,804	111,388	52,048	104,274	184,490	221,818	1,747,471
Purchased commodities	—	—	—	—	—	—	—	(221,274)	(221,274)
Transportation	(41,261)	—	(21,609)	—	(5,117)	(4,459)	—	—	(72,446)

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Operating	(242,790)	(16,370)	(61,281)	(32,125)	(24,970)	(12,431)	(49,810)	(301)	(440,078)
General and administration	(23,341)	(7,566)	(15,406)	(2,659)	(8,452)	(2,491)	(4,940)	5,879	(58,976)
PRRT	—	—	—	—	—	—	(25,947)	—	(25,947)
Corporate income taxes	—	—	(21,431)	3,961	—	—	(8,407)	(406)	(26,283)
Interest expense	—	—	—	—	—	—	—	(81,377)	(81,377)
Realized gain on derivative instruments	—	—	—	—	—	—	—	84,219	84,219
Realized foreign exchange loss	—	—	—	—	—	—	—	(4,954)	(4,954)
Realized other income	—	—	—	—	—	—	—	7,700	7,700
Fund flows from operations	**426,599**	**32,722**	**163,077**	**80,565**	**13,509**	**84,893**	**95,386**	**11,304**	**908,055**

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

	Year Ended	
	Dec 31, 2020	**Dec 31, 2019**
Fund flows from operations	**502,065**	908,055
Accretion	**(35,318)**	(32,667)
Depletion and depreciation	**(580,461)**	(675,177)
Impairment	**(1,682,344)**	(46,056)
Unrealized loss on derivative instruments	**(100,955)**	(57,427)
Equity based compensation	**(42,906)**	(64,233)
Unrealized foreign exchange gain	**49,012**	57,225
Unrealized other expense	**(833)**	(825)
Deferred tax	**374,313**	(56,096)
Net (loss) earnings	**(1,517,427)**	32,799

4. Capital assets

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

	2020	**2019**
Balance at January 1	**5,015,620**	5,316,873
Acquisitions	**24,430**	38,472
Additions	**352,481**	486,677
Increase in right-of-use assets	**5,245**	12,348
Transfers from exploration and evaluation assets	**—**	27,918
Impairment	**(1,682,344)**	(46,056)
Depletion and depreciation	**(517,734)**	(657,863)
Changes in asset retirement obligations	**(200,454)**	(10,354)
Foreign exchange	**109,860**	(152,395)
Balance at December 31	**3,107,104**	5,015,620
Cost	**9,863,537**	9,604,933
Accumulated depletion, depreciation, and impairment	**(6,756,433)**	(4,589,313)
Carrying amount at December 31	**3,107,104**	5,015,620

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, 2020:

	As at Dec 31, 2020		As at Dec 31, 2019	
($M)	**Depreciation**	**Balance**	**Depreciation**	**Balance**
Office space	**9,835**	**49,134**	9,745	53,777
Gas processing facilities	**7,109**	**27,593**	7,089	34,701
Oil storage facilities	**2,738**	**15,231**	2,633	16,803
Vehicles and equipment	**3,608**	**8,035**	3,209	10,327

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Total	**23,290**	**99,993**	22,676	115,608

Q4 2020 impairment

In the fourth quarter of 2020, indicators of impairment were present in our France CGUs due to a decrease in estimated reserves as a result of economic revisions. As a result of the indicators of impairment, the Company performed impairment tests on its four France 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 9.5%. Based on the results of the impairment tests completed, recoverable amounts were determined to be greater than the carrying values of the CGUs tested and no impairment charges were recorded.

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The following benchmark price forecasts were used to calculate the recoverable amounts:

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030 (2)
Brent Crude ($ US/bbl) (1)	50.75	55.00	58.50	61.79	62.95	64.13	65.33	66.56	67.81	69.17
Exchange rate (CAD/USD)	0.78	0.77	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76

(1) The forecast benchmark commodity prices listed are adjusted for quality differentials, heat content, transportation and marketing costs and other factors specific to the Company's operations.

(2) In 2031 and beyond, commodity price forecasts are inflated at a rate of 2.0% per annum. In 2030 and beyond there is no escalation of exchange rates.

The following are the results of impairment tests completed and sensitivity impacts which would increase impairment charges taken:

Operating Segment	CGU	Impairment	1% increase in discount rate	5% decrease in pricing
France	Aquitaine Basin	—	—	12,556
France	Neocomian	—	5,582	12,241
Total		**—**	**5,582**	**24,797**

In the fourth quarter of 2020, no indicators of impairment reversal were identified.

Q3 2020 impairment

In the third quarter of 2020, indicators of impairment were present due to a decline in the Company's market capitalization. As a result of the indicators of impairment, the Company performed impairment tests across all CGUs. 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 11.5%. Based on the results of the impairment tests completed, the Company recognized non-cash impairment charges of $35.4 million (net of $12.4 million income tax recovery) in the Neocomian CGU due to increased estimated transportation expenses as a result of an announcement during the quarter that the third-party Grandpuits refinery plans on converting into a zero-crude platform in 2021. As a result of this change, the Company estimates that incremental transportation expenses will be incurred to transport the crude oil production in the Neocomian, Chaunoy, and Champotran CGUs to alternative refineries in France.

The following benchmark price forecasts were used to calculate the recoverable amounts:

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 (2)
Brent Crude ($ US/bbl) (1)	44.00	46.75	51.00	56.50	60.00	62.95	64.13	65.33	66.56	67.81
WTI Crude ($ US/bbl) (1)	42.00	44.00	47.50	52.50	56.00	58.95	60.13	61.33	62.56	63.81
NBP (€/mmbtu) (1)	3.87	4.03	4.41	4.58	4.79	5.00	5.21	5.42	5.63	5.83
AECO Spot Gas ($/mmbtu) (1)	3.00	2.90	2.70	2.60	2.60	2.65	2.70	2.76	2.81	2.87
Exchange rate (CAD/USD)	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

(1) The forecast benchmark commodity prices listed are adjusted for quality differentials, heat content, transportation and marketing costs and other factors specific to the Company's operations.

(2) In 2030 and beyond, commodity price forecasts are inflated at a rate of 2.0% per annum. In 2030 and beyond there is no escalation of exchange rates.

The following are the results of impairment tests completed and sensitivity impacts which would increase impairment charges taken:

Operating Segment	CGU	Impairment	1% increase in discount rate	5% decrease in pricing
France	Neocomian	47,777	5,184	13,235

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Q2 2020 impairment

In the second quarter of 2020, indicators of impairment were present due to a decline in the Company's market capitalization. As a result of the indicators of impairment, the Company performed impairment tests across all CGUs. 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 11.5%. Based on the results of the impairment tests completed, the Company recognized non-cash impairment charges of $53.1 million (net of $16.6 million income tax recovery).

The following benchmark price forecasts were used to calculate the recoverable amounts:

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 (2)
Brent Crude ($ US/bbl) (1)	43.50	48.00	51.50	56.50	60.00	62.95	64.13	65.33	66.56	67.81
WTI Crude ($ US/bbl) (1)	41.00	44.00	47.50	52.50	56.00	58.95	60.13	61.33	62.56	63.81
NBP (€/mmbtu) (1)	2.75	4.25	4.75	5.25	5.75	6.00	6.25	6.50	6.75	7.00
AECO Spot Gas ($/mmbtu) (1)	2.10	2.35	2.40	2.45	2.55	2.65	2.70	2.76	2.81	2.87
Exchange rate (CAD/USD)	0.74	0.74	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

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(1) The forecast benchmark commodity prices listed are adjusted for quality differentials, heat content, transportation and marketing costs and other factors specific to the Company's operations.

(2) In 2030 and beyond, commodity price forecasts are inflated at a rate of 2.0% per annum. In 2030 and beyond there is no escalation of exchange rates.

The following are the results of impairment tests completed and sensitivity impacts which would increase impairment charges taken:

Operating Segment	CGU	Impairment	1% increase in discount rate	5% decrease in pricing
Australia	Australia	33,475	3,435	15,470
Germany	Germany Gas	10,177	1,370	2,818
Ireland	Ireland	26,061	9,198	19,208
Total		**69,713**	**14,003**	**37,496**

Q1 2020 impairment

In the first quarter of 2020, indicators of impairment were present due to global commodity price forecasts deteriorating from decreases in demand and an increase of supply around the world. As a result of the indicators of impairment, the Company performed impairment tests across all CGUs. 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 11.5%. Based on the results of the impairment tests completed, the Company recognized non-cash impairment charges of $1.2 billion (net of $0.4 billion income tax recovery).

The following benchmark price forecasts were used to calculate the recoverable amounts:

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 (2)
Brent Crude ($ US/bbl) (1)	34.00	45.50	52.50	57.50	62.50	62.95	64.13	65.33	66.56	67.81
WTI Crude ($ US/bbl) (1)	30.00	41.00	47.50	52.50	57.50	58.95	60.13	61.33	62.56	63.81
NBP (€/mmbtu) (1)	3.33	4.25	5.00	5.50	6.00	6.25	6.50	6.75	7.00	7.25
AECO Spot Gas ($/mmbtu) (1)	1.95	2.25	2.35	2.45	2.55	2.65	2.70	2.76	2.81	2.87
Exchange rate (CAD/USD)	0.72	0.73	0.74	0.74	0.75	0.75	0.75	0.75	0.75	0.75

(1) The forecast benchmark commodity prices listed are adjusted for quality differentials, heat content, transportation and marketing costs and other factors specific to the Company's operations.

(2) In 2030 and beyond, commodity price forecasts are inflated at a rate of 2.0% per annum. In 2030 and beyond there is no escalation of exchange rates.

The following are the results of impairment tests completed and sensitivity impacts which would increase impairment charges taken:

Operating Segment	CGU	Impairment	1% increase in discount rate	5% decrease in pricing
Australia	Australia	55,583	3,227	13,582
Canada	Saskatchewan	815,909	70,737	141,015
Canada	Drayton Valley Oil	364,879	13,204	23,582
France	Neocomian	22,758	8,576	13,609
Germany	Germany Gas	39,738	3,545	7,084
Ireland	Ireland	119,634	10,333	20,793
United States	United States	146,353	28,051	52,613
Total		**1,564,854**	**137,673**	**272,278**

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Q4 2019 impairment

In the fourth quarter of 2019, an indicator of impairment was present in the Ireland CGU due to declining natural gas price forecasts. As a result of the indicator of impairment, the Company performed an impairment test on its Ireland CGU whereby the recoverable amount was compared against its carrying amount. 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 9.0%. Based on the results of the impairment test completed, the Company recognized a non-cash impairment charge of $34.6 million (net of $11.5 million income tax recovery).

The following benchmark price forecast was used to calculate the recoverable amount:

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 (2)
NBP (€/mmbtu) (1)	5.58	5.51	5.54	5.65	5.77	5.88	6.00	6.12	6.24	6.37

(1) The forecast benchmark commodity prices listed are adjusted for quality differentials, heat content, transportation and marketing costs and other factors specific to the Company's operations.

(2) In 2030 and beyond, commodity price forecasts are inflated at a rate of 2.0% per annum.

The following is the result of the impairment test completed and sensitivity impacts of a 1% increase in after-tax discount rate and a 5% decrease in pricing on the impairment test completed:

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CGU	Operating Segment	Impairment	1% increase in discount rate	5% decrease in pricing
Ireland	Ireland	46,055	14,749	28,598

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.

Q4 2020 CGU Realignment

Previously, Vermilion's assets in Alberta were managed and organized based primarily on geological characteristics and were grouped into the Drayton Valley Gas and Drayton Valley Oil CGUs. In the fourth quarter of 2020, the Company finalized an evaluation of the management and organization of Vermilion's assets in Alberta resulting in a re-organization based primarily on geographical characteristics. This process resulted in the combination of its Drayton Valley Gas and Drayton Valley Oil CGU's into a combined Alberta CGU.

5. Exploration and evaluation assets

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

	2020	2019
Balance at January 1	**286,149**	303,295
Acquisitions	**1,380**	—
Additions	**14,721**	36,487
Changes in asset retirement obligations	**(500)**	36
Transfers to capital assets	**—**	(27,918)
Depreciation	**(54,838)**	(18,689)
Foreign exchange	**7,182**	(7,062)
Balance at December 31	**254,094**	286,149
Cost	**395,615**	371,632
Accumulated depreciation	**(141,521)**	(85,483)
Carrying amount at December 31	**254,094**	286,149

6. Asset retirement obligations

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

	2020	2019
Balance at January 1	**618,201**	650,164
Additional obligations recognized	**1,484**	7,595
Changes in estimated abandonment timing and costs	**74,235**	39,722
Obligations settled	**(14,278)**	(19,442)
Accretion	**35,318**	32,667
Changes in discount rates	**(276,673)**	(57,635)
Foreign exchange	**29,450**	(34,870)
Balance at December 31	**467,737**	618,201

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Vermilion calculated the present value of the obligations using a credit-adjusted risk-free rate, calculated using a credit spread of 9.5% (as at December 31, 2019 - 5.3%) added to risk-free rates based on long-term, risk-free government bonds. Vermilion's credit spread is determined as the yield to maturity on its senior unsecured notes as at the reporting period.

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

	Dec 31, 2020	Dec 31, 2019
Canada	**1.2%**	1.7%
United States	**1.6%**	2.4%
France	**0.3%**	0.9%
Netherlands	**(0.6)%**	(0.1)%
Germany	**(0.2)%**	0.3%
Ireland	**(0.1)%**	0.6%
Australia	**1.3%**	1.6%

Vermilion has estimated the asset retirement obligations based on current cost estimates of $2.0 billion (2019 - $1.8 billion). Current cost estimates are inflated to the estimated time of abandonment using inflation rates of between 0.2% and 2.9% (2019 - between 0.4% and 2.7%), resulting in inflated cost estimates of $2.5 billion (2019 - $2.6 billion). These payments are expected to be made between 2021 and 2080, with the majority of costs occurring between 2030 and 2040 ($0.8 billion) and 2049 to 2056 ($0.8 billion).

A 0.5% increase/decrease in the discount rate applied to asset retirement obligations would decrease/increase asset retirement obligations by approximately $26.8 million. A one-year increase/decrease in the expected timing of abandonment spend would decrease/increase asset retirement obligations by approximately $37.7 million.

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7. Derivative instruments

The following table reconciles the change in the fair value of Vermilion's derivative instruments:

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Fair value of contracts, beginning of year	**(10,991)**	38,339
Reversal of opening contracts settled during the year	**12,811**	(62,735)
Realized gain on contracts settled during the year	**109,093**	84,219
Unrealized (loss) gain during the year on contracts outstanding at the end of the year	**(113,766)**	5,308
Net receipt from counterparties on contract settlements during the year	**(109,093)**	(84,219)
Unrealized loss on derivatives designated as cash flow hedges	**(7,826)**	(1,071)
Unrealized gain on derivatives designated as net investment hedges	**—**	9,168
Fair value of contracts, end of year	**(119,772)**	(10,991)
Comprised of:		
Current derivative asset	**16,924**	55,645
Current derivative liability	**(130,919)**	(62,405)
Non-current derivative asset	**2,451**	20,127
Non-current derivative liability	**(8,228)**	(24,358)
Fair value of contracts, end of year	**(119,772)**	(10,991)

The gain on derivative instruments for 2020 and 2019 were comprised of the following:

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Realized gain on contracts settled during the year	**(109,093)**	(84,219)
Reversal of opening contracts settled during the year	**(12,811)**	62,735
Unrealized loss (gain) on contracts outstanding at the end of the year	**113,766**	(5,308)
Gain on derivative instruments	**(8,138)**	(26,792)

Please refer to Note 17 (Supplemental information) for a listing of Vermilion's outstanding derivative instruments as at December 31, 2020.

8. Leases

Vermilion had the following future commitments associated with its lease obligations:

	As at	
($M)	Dec 31, 2020	Dec 31, 2019
Less than 1 year	**27,927**	29,217
1 - 3 years	**41,270**	46,501
3 - 5 years	**31,412**	38,177
After 5 years	**14,178**	26,168
Total lease payments	**114,787**	140,063
Amounts representing interest	**(15,381)**	(23,309)
Present value of net lease payments	**99,406**	116,754

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Current portion of lease obligations	**(22,882)**	(23,682)
Non-current portion of lease obligations	**76,524**	93,072

Total cash outflow	**31,240**	33,276
Interest on lease liabilities	**6,192**	6,984

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9. Taxes

The following table reconciles Vermilion's deferred tax asset and liability:

	As at	
	Dec 31, 2020	**Dec 31, 2019**
Deferred tax assets:		
Non-capital losses	**420,060**	454,339
Derivative contracts	**33,064**	2,712
Other	**14,766**	3,149
Stock based compensation	**12,218**	—
Asset retirement obligations	**7,581**	36,170
Capital assets	**443**	(296,793)
Unrealized foreign exchange	**(3,635)**	(3,034)
Deferred tax assets	**484,497**	196,543
Deferred tax liabilities:		
Asset retirement obligations	**184,144**	123,257
Capital assets	**112,818**	262,669
Other	**1,682**	(1,610)
Non-capital losses	**(34,372)**	(48,007)
Deferred tax liabilities	**264,272**	336,309

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, 2020	**Dec 31, 2019**
Earnings before income taxes	**(1,877,399)**	141,125
Canadian corporate tax rate (1)	**25.31%**	26.72%
Expected tax expense	**(475,170)**	37,709
Increase (decrease) in taxes resulting from:		
Petroleum resource rent tax rate (PRRT) differential (2)	**(15,157)**	17,455
Foreign tax rate differentials (2) (3)	**(14,907)**	5,543
Equity based compensation expense	**2,445**	3,733
Amended returns and changes to estimated tax pools and tax positions	**(2,598)**	(24,387)
Statutory rate changes and the estimated reversal rates on temporary differences (4)	**33,770**	9,543
Derecognition (recognition) of deferred tax assets	**141,315**	65,522
Adjustment for uncertain tax positions	**—**	3,659
Other non-deductible items	**(29,670)**	(10,451)
Provision for income taxes	**(359,972)**	108,326

(1) In Canada, the lower tax rate is a result of reductions to the Alberta corporate tax rate from 10% to 8%.

(2) In Australia, current taxes include both corporate income tax rates and PRRT. Corporate income tax rates were applied at a rate of 30% and PRRT was applied at a rate of 40%.

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(3) The applicable tax rates for 2020 were: 28.9% in France, 50.0% in the Netherlands, 31.6% in Germany, 25.0% in Ireland, and 21.0% in the United States (2019: 32.0% in France, 50.0% in the Netherlands, 31.8% in Germany, 25.0% in Ireland, and 21.0% in the United States).

(4) 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 July 1, 2020, the Alberta government reduced the provincial corporate tax rate from 10% to 8%, accelerating the previously enacted schedule of rate reductions.

At December 31, 2020, Vermilion had $2.9 billion (2019 - $2.5 billion) of unused tax losses of which $1.3 billion (2019 - $1.2 billion) relates to Vermilion's Canada segment and expire between 2028 and 2040. The majority of the remaining unused tax losses relates to Vermilion's Ireland segment and do not expire.

At December 31, 2020, Vermilion derecognized $141.3 million (2019 - derecognized $65.5 million) of deferred income tax assets primarily relating to the aforementioned non-expiring tax loss in Ireland as there is uncertainty as to the Company's ability to fully utilize such losses based on the forecasted commodity prices in effect as at December 31, 2020.

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The aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized as at December 31, 2020 is approximately $0.5 billion (2019 – approximately $0.5 billion).

10. Long-term debt

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

	As at	
	Dec 31, 2020	Dec 31, 2019
Revolving credit facility	**1,555,215**	1,539,225
Senior unsecured notes	**378,633**	385,440
Long-term debt	**1,933,848**	1,924,665

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 senior unsecured notes as at December 31, 2020 was $329.1 million.

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

	2020	2019
Balance at January 1	**1,924,665**	1,796,207
Borrowings on the revolving credit facility	**22,183**	207,787
Amortization of transaction costs	**833**	4,379
Foreign exchange	**(13,833)**	(83,708)
Balance at December 31	**1,933,848**	1,924,665

Revolving credit facility

In Q1 2020, we negotiated an extension to our $2.1 billion revolving credit facility to extend the maturity to May 31, 2024.

As at December 31, 2020, Vermilion had in place a bank revolving credit facility maturing May 31, 2024 with the following terms:

	As at	
	Dec 31, 2020	Dec 31, 2019
Total facility amount	**2,100,000**	2,100,000
Amount drawn	**(1,555,215)**	(1,539,225)
Letters of credit outstanding	**(23,210)**	(10,230)
Unutilized capacity	**521,575**	550,545

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.

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

As at December 31, 2020, the revolving credit facility was subject to the following financial covenants:

		As at	
Financial covenant	Limit	Dec 31, 2020	Dec 31, 2019
Consolidated total debt to consolidated EBITDA	Less than 4.0	**3.48**	1.94

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Consolidated total senior debt to consolidated EBITDA	Less than 3.5	**2.82**	1.56
Consolidated EBITDA to consolidated interest expense	Greater than 2.5	**8.12**	13.46

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 balance sheet.
- Consolidated total senior debt: Defined as consolidated total debt excluding unsecured and subordinated debt.

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- Consolidated EBITDA: Defined as 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, 2020, 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, 2020 and 2019, Vermilion was in compliance with the above covenants.

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
2021	102.813%
2022	101.406%
2023 and thereafter	100.000%

Cross currency interest rate swaps

On June 12, 2019, Vermilion entered into a series of cross currency interest rate swaps with a syndicate of banks. Vermilion applied hedge accounting to these derivative instruments. The cross currency interest rate swaps had an original maturity of March 15, 2025.

The USD-to-CAD cross currency interest swaps were designated as the hedging instrument in a cash flow hedge while the CAD-to-EUR cross currency interest rate swaps were designated as the hedging instrument in a net investment hedge.

In 2020, Vermilion executed a number of transactions that resulted in a termination of the cross currency interest rate swaps in exchange for $42.3 million ($16.8 million received in the three months ended March 30, 2020 and $25.5 million received in the three months ended June 30, 2020). As a result of the termination, Vermilion has discontinued hedge accounting and amounts previously recognized for the hedge reserve within accumulated other comprehensive income will be reclassified into net income over the remaining life of the senior unsecured notes.

11. Shareholders’ capital

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

	2020		2019	
Shareholders’ capital	Shares (‘000s)	Amount ($M)	Shares (‘000s)	Amount ($M)

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Balance at January 1	**156,290**	**4,119,031**	152,704	4,008,828
Shares issued for the Dividend Reinvestment Plan	**619**	**8,277**	1,417	34,937
Vesting of equity based awards	**1,103**	**49,188**	1,359	51,108
Shares issued for equity based compensation	**415**	**3,203**	552	15,868
Share-settled dividends on vested equity based awards	**297**	**1,461**	258	8,290
Balance at December 31	**158,724**	**4,181,160**	156,290	4,119,031

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, 2020 were $90.1 million or $0.58 per common share (2019 - $427.3 million or $2.76 per common share).

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At Vermilion's Annual General and Special Meeting held on April 28, 2020 shareholders of the Company approved a $3.7 billion reduction in the stated capital of Vermilion's common shares, with the $3.7 billion reduction deducted from the stated capital account maintained for the common shares of Vermilion and an offsetting increase to the contributed surplus account of Vermilion. The transaction did not result in an adjustment to the financial statements under IFRS.

12. Capital disclosures

Vermilion defines capital as net debt (long-term debt plus net working capital) and shareholders' capital. Vermilion excludes from its definition of capital any obligations secured by an offsetting asset, such as lease obligations.

Vermilion monitors the ratio of net debt to fund flows from operations. As at December 31, 2020, our ratio of net debt to trailing fund flows from operations is 4.19 (2019 - 2.20). 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 1.5 over time.

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

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Long-term debt	**1,933,848**	1,924,665
Current liabilities	**433,128**	416,210
Current assets	**(260,993)**	(347,681)
Net debt	**2,105,983**	1,993,194
Ratio of net debt to four quarter trailing fund flows from operations	**4.19**	2.20

13. Equity based compensation

The following table summarizes the number of awards outstanding under the VIP:

Number of VIP and Five Year Compensation Awards ('000s)	2020	2019
Opening balance	**2,268**	1,931
Granted	**5,120**	1,193
Vested	**(650)**	(688)
Forfeited	**(494)**	(168)
Closing balance	**6,244**	2,268

For the year ended December 31, 2020, the awards had a weighted average grant date fair value of $5.92 (2019 - $30.92). 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 (2020 - 1.2; 2019 - 1.7) adjusted by an estimated annual forfeiture rate (2020 - 5.8%; 2019 - 5.2%). Equity based compensation expense of $38.9 million was recorded during the year ended December 31, 2020 (2019 - $46.6 million) relating to the awards.

For the year ended December 31, 2020, there were 252,910 DSUs granted and outstanding with a weighted average grant date fair value of $4.48. Equity based compensation expense of $0.8 million was recorded during the year ended December 31, 2020 relating to the DSUs.

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14. Per share amounts

Basic and diluted net (loss) earnings per share have been determined based on the following:

	Year Ended	
	Dec 31, 2020	**Dec 31, 2019**
Net (loss) earnings	**(1,517,427)**	32,799
Basic weighted average shares outstanding ('000s)	**157,908**	154,736
Dilutive impact of equity based compensation ('000s)	**—**	1,359
Diluted weighted average shares outstanding ('000s)	**157,908**	156,095
Basic loss per share	**(9.61)**	0.21
Diluted loss per share	**(9.61)**	0.21

15. Financial instruments

Classification of financial instruments

The following table summarizes the carrying value relating to Vermilion's financial instruments:

	As at Dec 31, 2020				As at Dec 31, 2019			
($M)	FVTPL	FVTOCI	Amortized Cost	Total	FVTPL	FVTOCI	Amortized Cost	Total
Cash and cash equivalents	**6,904**	**—**	**—**	**6,904**	29,028	—	—	29,028
Derivative assets	**19,375**	**—**	**—**	**19,375**	64,135	11,637	—	75,772
Derivative liabilities	**(139,147)**	**—**	**—**	**(139,147)**	(83,223)	(3,540)	—	(86,763)
Accounts receivable	**—**	**—**	**196,077**	**196,077**	—	—	211,409	211,409
Accounts payable and accrued liabilities	**—**	**—**	**(297,670)**	**(297,670)**	—	—	(312,442)	(312,442)
Dividends payable	**—**	**—**	**—**	**—**	—	—	(35,947)	(35,947)
Lease obligations	**—**	**—**	**(76,524)**	**(76,524)**	—	—	(93,072)	(93,072)
Long-term debt (1)	**—**	**—**	**(1,933,848)**	**(1,933,848)**	—	—	(1,924,665)	(1,924,665)

(1) The carrying value of the above equals fair value except for long-term debt. The fair value of long-term debt was $1,884,296 (2019 - $1,905,588).

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, 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

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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, 2020 and 2019.

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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, 2020	Dec 31, 2019
Currency risk - Euro to Canadian dollar		
$0.01 increase in strength of the Canadian dollar against the Euro	**(873)**	(1,599)
$0.01 decrease in strength of the Canadian dollar against the Euro	**873**	1,599
Currency risk - US dollar to Canadian dollar		
$0.01 increase in strength of the Canadian dollar against the US $	**2,711**	(5,594)
$0.01 decrease in strength of the Canadian dollar against the US $	**(2,711)**	5,594
Commodity price risk - Crude oil		
US $5.00/bbl increase in crude oil price used to determine the fair value of derivatives	**(11,783)**	(44,106)
US $5.00/bbl decrease in crude oil price used to determine the fair value of derivatives	**7,207**	47,777
Commodity price risk - European natural gas		
€ 0.5/GJ increase in European natural gas price used to determine the fair value of derivatives	**(23,904)**	(28,192)
€ 0.5/GJ decrease in European natural gas price used to determine the fair value of derivatives	**24,088**	22,670
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)

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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, 2020, Vermilion's maximum exposure to receivable credit risk was $215.5 million (December 31, 2019 - $287.2 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, 2020 and 2019 is not material. As at the balance sheet date, approximately 1.4% (2019 - 3.6%) of the accounts receivable balance was outstanding for more than 90 days. Vermilion considers the balance of accounts receivable to be collectible.

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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, 2020	92,991	181,475	23,204	2,006,530
December 31, 2019	134,502	208,752	5,136	1,608,435

16. 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, 2020 and 2019:

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Short-term benefits	**4,800**	8,084
Equity based compensation	**13,169**	16,296
	17,969	24,380
Number of individuals included in the above amounts	**18**	19

During the year ended December 31, 2020, Vermilion recorded $0.2 million of office rent recoveries (2019 - $0.2 million) relating to an office sub-lease to a company whose Managing Director is also a member of Vermilion's Board of Directors. 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.

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17. Supplemental information

Changes in non-cash working capital was comprised of the following:

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Changes in:		
Accounts receivable	**15,332**	48,913
Crude oil inventory	**15,987**	(1,638)
Prepaid expenses	**(5,476)**	(2,882)
Accounts payable and accrued liabilities	**(14,772)**	(137,209)
Income taxes payable	**(877)**	(31,994)
Foreign exchange	**(6,251)**	2,590
Changes in non-cash working capital	**3,943**	(122,220)
Changes in non-cash operating working capital	**12,365**	(65,148)
Changes in non-cash investing working capital	**(8,422)**	(57,072)
Changes in non-cash working capital	**3,943**	(122,220)

Cash and cash equivalents was comprised of the following:

	As at	
	Dec 31, 2020	Dec 31, 2019
Cash on deposit with financial institutions	**6,777**	28,898
Guaranteed investment certificates	**127**	130
Cash and cash equivalents	**6,904**	29,028

Wages and benefits included in operating expenses and general and administration expenses were:

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Operating expense	**70,414**	77,868
General and administration expense	**60,551**	47,310
Wages and benefits	**130,965**	125,178

The following tables summarize Vermilion’s outstanding risk management positions as at December 31, 2020:

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	Unit	Currency	Bought Put Volume	Weighted Average Bought Put Price	Sold Call Volume	Weighted Average Sold Call Price	Sold Put Volume	Weighted Average Sold Put Price	Sold Swap Volume	Weighted Average Sold Swap Price	Bought Swap Volume	Weighted Average Bought Swap Price
Dated Brent												
Q1 2021	bbl	USD	1,000	47.50	1,000	53.75	1,000	40.00	2,000	49.18	—	—
Q2 2021	bbl	USD	—	—	—	—	—	—	500	47.50	—	—
WTI												
Q1 2021	bbl	USD	4,500	45.00	4,500	51.26	4,500	37.50	4,300	45.51	—	—
Q2 2021	bbl	USD	4,000	45.00	4,000	53.50	4,000	37.50	2,150	45.54	—	—
AECO												
Q2 2021	mcf	CAD	—	—	—	—	—	—	9,478	2.12	—	—
Q3 2021	mcf	CAD	—	—	—	—	—	—	9,478	2.12	—	—
Q4 2021	mcf	CAD	—	—	—	—	—	—	3,194	2.12	—	—
AECO Basis (AECO less NYMEX Henry Hub)												
Q1 2021	mcf	USD	—	—	—	—	—	—	30,000	(1.11)	—	—
Q2 2021	mcf	USD	—	—	—	—	—	—	45,000	(1.08)	—	—
Q3 2021	mcf	USD	—	—	—	—	—	—	45,000	(1.08)	—	—
Q4 2021	mcf	USD	—	—	—	—	—	—	35,054	(1.09)	—	—
Q1 2022	mcf	USD	—	—	—	—	—	—	30,000	(1.10)	—	—
Q2 2022	mcf	USD	—	—	—	—	—	—	35,000	(1.09)	—	—
Q3 2022	mcf	USD	—	—	—	—	—	—	35,000	(1.09)	—	—
Q4 2022	mcf	USD	—	—	—	—	—	—	11,793	(1.09)	—	—
NYMEX Henry Hub												
Q1 2021	mcf	USD	15,000	2.73	15,000	2.90	—	—	33,500	2.86	—	—
Q2 2021	mcf	USD	10,000	2.65	10,000	2.77	—	—	28,500	2.83	—	—
Q3 2021	mcf	USD	10,000	2.65	10,000	2.77	—	—	28,500	2.83	—	—
Q4 2021	mcf	USD	10,000	2.65	10,000	2.77	—	—	21,870	2.78	—	—
Ventura Basis (Ventura less NYMEX Henry Hub)												
Q1 2021	mcf	USD	—	—	—	—	—	—	—	—	10,000	0.04
Q2 2021	mcf	USD	—	—	—	—	—	—	—	—	10,000	0.04
Q3 2021	mcf	USD	—	—	—	—	—	—	—	—	10,000	0.04
Q4 2021	mcf	USD	—	—	—	—	—	—	—	—	3,370	0.04
SoCal Border											—	—
Q1 2021	mcf	USD	—	—	—	—	—	—	5,000	3.40	—	—
Conway Propane											—	—
Q1 2021	bbl	USD	—	—	—	—	—	—	500	56% WTI	—	—

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	Unit	Currency	Bought Put Volume	Weighted Average Bought Put Price	Sold Call Volume	Weighted Average Sold Call Price	Sold Put Volume	Weighted Average Sold Put Price	Sold Swap Volume	Weighted Average Sold Swap Price	Bought Swap Volume	Weighted Average Bought Swap Price
NBP												
Q1 2021	mcf	EUR	58,962	5.37	61,419	5.45	58,962	3.88	2,457	4.69	—	—
Q2 2021	mcf	EUR	49,135	5.37	49,135	5.43	49,135	3.87	2,457	4.69	—	—
Q3 2021	mcf	EUR	49,135	5.37	49,135	5.42	49,135	3.87	2,457	4.69	—	—
Q4 2021	mcf	EUR	58,962	5.37	58,962	5.36	58,962	3.88	2,457	4.69	—	—
Q1 2022	mcf	EUR	34,394	5.18	34,394	5.88	34,394	3.63	2,457	4.69	—	—
Q2 2022	mcf	EUR	27,024	5.07	27,024	5.64	27,024	3.50	2,457	4.69	—	—
Q3 2022	mcf	EUR	14,740	4.86	14,740	5.42	14,740	3.42	2,457	4.69	—	—
Q4 2022	mcf	EUR	14,740	4.86	14,740	5.41	14,740	3.42	2,457	4.69	—	—
Q1 2023	mcf	EUR	7,370	4.74	7,370	4.96	7,370	3.32	—	—	—	—
TTF												
Q2 2021	mcf	EUR	2,457	4.25	2,457	3.93	2,457	2.93	—	—	—	—
Q3 2021	mcf	EUR	2,457	4.25	2,457	3.92	2,457	2.93	—	—	—	—
Q1 2022	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—
Q2 2022	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—
Q3 2022	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—
Q4 2022	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—
Q1 2023	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—

VET Equity Swaps		Initial Share Price		Share Volume
Swap	Jan 2020 - Sep 2021	20.9788	CAD	2,250,000
Swap	Jan 2020 - Oct 2021	22.4587	CAD	1,500,000

Foreign Currency Swaps		Notional Amount		Notional Amount		Average Rate
Swap	Jan 2021	1,200,342,790	USD	1,570,298,550	CAD	1.3082

The following sold option instruments allow the counterparties, at the specified date, to enter into a derivative instrument contract with Vermilion at the detailed terms:

Period if Option Exercised	Unit	Currency	Option Expiration Date	Bought Put Volume	Weighted Average Bought Put Price	Sold Call Volume	Weighted Average Sold Call Price	Sold Put Volume	Weighted Average Sold Put Price	Sold Swap Volume	Weighted Average Sold Swap Price
NYMEX											
Apr 2021 - Oct 2021	mcf	USD	24-Mar-21	—	—	—	—	—	—	10,000	2.90
NBP											
Jan 2022 - Dec 2022	mcf	EUR	30-Jun-21	—	—	—	—	—	—	2,457	5.13
Dated Brent											
Apr 2021 - Mar 2022	bbl	USD	31-Mar-21	—	—	—	—	—	—	500	52.00

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DIRECTORS

Lorenzo Donadeo [1]
Calgary, Alberta

Larry J. Macdonald [2, 4, 6, 8]
Calgary, Alberta

Carin Knickel [5, 8, 12]
Golden, Colorado

Stephen P. Larke [4, 6, 12]
Calgary, Alberta

Loren M. Leiker [10, 13]
McKinney, Texas

Timothy R. Marchant [7, 10, 11]
Calgary, Alberta

Robert Michaleski [3, 6]
Calgary, Alberta

William Roby [8, 9, 12]
Katy, Texas

Catherine L. Williams [4, 6]
Calgary, Alberta

1 Executive Chairman
2 Lead Director (Independent)
3 Audit Committee Chair (Independent)
4 Audit Committee Member
5 Governance and Human Resources Committee Chair (Independent)
6 Governance and Human Resources Committee Member
7 Health, Safety and Environment Committee Chair (Independent)
8 Health, Safety and Environment Committee Member
9 Independent Reserves Committee Chair (Independent)
10 Independent Reserves Committee Member
11 Sustainability Committee Chair (Independent)
12 Sustainability Committee Member
13 New Venture Working Team Chair (Independent)

OFFICERS AND KEY PERSONNEL

CANADA
Lorenzo Donadeo *
Executive Chairman

Curtis Hicks *
President

Lars Glemser *
Vice President & Chief Financial Officer

Dion Hatcher *
Vice President North America

Terry Hergott
Vice President Marketing

Darcy Kerwin *
Vice President International & HSE

Kyle Preston
Vice President Investor Relations

Jenson Tan *
Vice President Business Development

Adam Iwanicki
Director Marketing

Yvonne Jeffery
Director Sustainability

Jeremy Kalanuk
Director Operations Accounting

Bryce Kremnica
Director Field Operations - Canada Business Unit

Tom Rafter
Director Land - Canada Business Unit

Steve Reece
Director Information Technology & Information Systems

Averyl Schraven
Director, People & Culture

Robert (Bob) J. Engbloom
Corporate Secretary

UNITED STATES
Scott Seatter
Managing Director - U.S. Business Unit

EUROPE
Gerard Schut *

AUDITORS

Deloitte LLP
Calgary, Alberta

BANKERS

The Toronto-Dominion Bank

Bank of Montreal

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

Bank of America N.A., Canada Branch

Citibank N.A., Canadian Branch - Citibank Canada

JPMorgan Chase Bank, N.A., Toronto Branch

La Caisse Centrale Desjardins du Québec

Alberta Treasury Branches

Canadian Western Bank

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

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Vice President European Operations

Sylvain Nothhelfer
Managing Director - France Business Unit

Sven Tummers
Managing Director - Netherlands Business Unit

Bill Liutkus
Managing Director - Germany Business Unit

Ryan Carty
Managing Director - Ireland Business Unit

AUSTRALIA
Bruce D. Lake
Managing Director - Australia Business Unit

* Executive Committee

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

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Exhibit 99.4

Deloitte LLP
700, 850 2 Street SW
Calgary, AB T2P 0R8
Canada

Tel: 403-267-1700
Fax: 587-774-5379
www.deloitte.ca

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 5, 2021 relating to the financial statements of Vermilion Energy Inc. (the "Company") and the effectiveness of the Company's internal control over financial reporting appearing in the Annual Report on Form 40-F for the year ended December 31, 2020.

/s/ Deloitte LLP

Chartered Professional Accountants
March 5, 2021

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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, 2020, 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 12, 2021

1920, 401 – 9th Ave SW Calgary, AB, Canada T2P 3C5 I tel 403-266-9500 I gljpc.com

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EXHIBIT 99.6

VERMILION ENERGY INC.
CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, Curtis Hicks, President, 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 5, 2021

/s/ Curtis Hicks
[Signature]

Curtis Hicks, President
Acting in the capacity of Chief Executive Officer

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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 5, 2021

/s/ Lars Glemser
[Signature]

Lars Glemser, Vice President and Chief Financial Officer

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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, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Curtis Hicks, President 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 5th day of March 2021.

("Curtis Hicks")
[Signature]

Curtis Hicks, President
Acting in the capacity of Chief Executive Officer

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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, 2020, 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 5th day of March 2021.

(“Lars Glemser”)
[Signature]

Lars Glemser, Vice President and Chief Financial Officer

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Document And Entity Information	12 Months Ended Dec. 31, 2020 shares
Document And Entity Information [Abstract]	
Document Type	40-F
Amendment Flag	false
Entity Emerging Growth Company	false
Document Period End Date	Dec. 31, 2020
Document Fiscal Year Focus	2020
Document Fiscal Period Focus	FY
Entity Registrant Name	Vermilion Energy Inc.
Entity Central Index Key	0001293135
Current Fiscal Year End Date	--12-31
Entity Current Reporting Status	Yes
Entity Interactive Data Current	Yes
Trading Symbol	VET
Entity Common Stock, Shares Outstanding	158,723,841
Title of 12(b) Security	Common Shares
Security Exchange Name	NYSE

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Consolidated Balance Sheet - CAD ($) $ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Current		
Cash and cash equivalents	$ 6,904	$ 29,028
Accounts receivable	196,077	211,409
Crude oil inventory	13,402	29,389
Derivative instruments	16,924	55,645
Prepaid expenses	27,686	22,210
Total current assets	260,993	347,681
Derivative instruments	2,451	20,127
Deferred taxes	484,497	196,543
Exploration and evaluation assets	254,094	286,149
Capital assets	3,107,104	5,015,620
Total assets	4,109,139	5,866,120
Current		
Accounts payable and accrued liabilities	297,670	312,442
Dividends payable		35,947
Derivative instruments	130,919	62,405
Income taxes payable	4,539	5,416
Total current liabilities	433,128	416,210
Derivative instruments	8,228	24,358
Long-term debt	1,933,848	1,924,665
Lease obligations	76,524	93,072
Asset retirement obligations	467,737	618,201
Deferred taxes	264,272	336,309
Total liabilities	3,183,737	3,412,815
Shareholders' Equity		
Shareholders' capital	4,181,160	4,119,031
Contributed surplus	66,250	75,735
Accumulated other comprehensive income	77,986	49,578
Deficit	(3,399,994)	(1,791,039)
Total shareholders' equity	925,402	2,453,305
Total liabilities and shareholders' equity	$ 4,109,139	$ 5,866,120

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Consolidated Statements of Net (Loss) Earnings and Comprehensive Loss - CAD ($) shares in Thousands, $ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Revenue		
Petroleum and natural gas sales	$ 1,119,545	$ 1,689,863
Royalties	(106,554)	(163,666)
Sales of purchased commodities	127,853	221,274
Petroleum and natural gas revenue	1,140,844	1,747,471
Expenses		
Purchased commodities	127,853	221,274
Operating	417,251	440,078
Transportation	67,711	72,446
Equity based compensation	42,906	64,233
Gain on derivative instruments	(8,138)	(26,792)
Interest expense	75,077	81,377
General and administration	60,840	58,976
Foreign exchange gain	(60,122)	(52,271)
Other income	(3,258)	(6,875)
Accretion	35,318	32,667
Depletion and depreciation	580,461	675,177
Impairment	1,682,344	46,056
Expenses	3,018,243	1,606,346
(Loss) earnings before income taxes	(1,877,399)	141,125
Income tax (recovery) expense		
Deferred	(374,313)	56,096
Current	14,341	52,230
Taxes	(359,972)	108,326
Net (loss) earnings	(1,517,427)	32,799
Other comprehensive loss		
Currency translation adjustments	65,160	(81,042)
Unrealized (loss) gain on hedges	(36,752)	12,438
Other comprehensive loss	$ (1,489,019)	$ (35,805)
Net (loss) earnings per share		
Basic	$ (9.61)	$ 0.21
Diluted	$ (9.61)	$ 0.21
Weighted average shares outstanding ('000s)		
Basic	157,908	154,736
Diluted	157,908	156,095

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Consolidated Statements of Cash Flows - CAD ($) $ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Operating		
Net (loss) earnings	$ (1,517,427)	$ 32,799
Adjustments:		
Accretion	35,318	32,667
Depletion and depreciation	580,461	675,177
Impairment	1,682,344	46,056
Unrealized loss on derivative instruments	100,955	57,427
Equity based compensation	42,906	64,233
Unrealized foreign exchange gain	(49,012)	(57,225)
Unrealized other expense	833	825
Deferred taxes	(374,313)	56,096
Asset retirement obligations settled	(14,278)	(19,442)
Changes in non-cash operating working capital	12,365	(65,148)
Cash flows from operating activities	500,152	823,465
Investing		
Drilling and development	(352,481)	(486,677)
Exploration and evaluation	(14,721)	(36,487)
Acquisitions	(25,810)	(38,472)
Changes in non-cash investing working capital	(8,422)	(57,072)
Cash flows used in investing activities	(401,434)	(618,708)
Financing		
Borrowings on the revolving credit facility	22,183	214,895
Payments on lease obligations	(25,048)	(26,354)
Cash dividends	(117,737)	(391,549)
Cash flows used in financing activities	(120,602)	(203,008)
Foreign exchange (loss) gain on cash held in foreign currencies	(240)	470
Net change in cash and cash equivalents	(22,124)	2,219
Cash and cash equivalents, beginning of year	29,028	26,809
Cash and cash equivalents, end of year	6,904	29,028
Supplementary information for cash flows from operating activities		
Interest paid	74,125	73,783
Income taxes paid	$ 15,218	$ 84,224

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Consolidated Statements of Changes in Shareholders' Equity - CAD ($) $ in Thousands	Issued capital [member]	Share premium [member]	Retained Earnings [Member]	Total
Balance, beginning of year at Dec. 31, 2018				$ 4,008,828
Shareholders' capital				
Shares issued for the Dividend Reinvestment Plan				34,937
Vesting of equity based awards	$ 51,108	$ (51,108)		
Equity based compensation	15,868	48,365		
Share-settled dividends on vested equity based awards	8,290		$ 8,290	
Balance, end of year at Dec. 31, 2019				4,119,031
Balance, beginning of year at Dec. 31, 2018				78,478
Contributed surplus				
Equity based compensation	15,868	48,365		
Vesting of equity based awards	51,108	(51,108)		
Balance, end of year at Dec. 31, 2019				75,735
Balance, beginning of year at Dec. 31, 2018				118,182
Accumulated other comprehensive income				
Currency translation adjustments				(81,042)
Hedge accounting reserve				12,438
Balance, end of year at Dec. 31, 2019				49,578
Balance, beginning of year at Dec. 31, 2018				(1,388,237)
Deficit				
Net (loss) earnings			32,799	32,799
Dividends declared			(427,311)	
Share-settled dividends on vested equity based awards	(8,290)		(8,290)	
Balance, end of year at Dec. 31, 2019				(1,791,039)
Deficit				
Total shareholders' equity				2,453,305
Shares issued for the Dividend Reinvestment Plan				8,277
Vesting of equity based awards	49,188	(49,188)		
Equity based compensation	3,203	39,703		
Share-settled dividends on vested equity based awards	1,461		1,461	
Balance, end of year at Dec. 31, 2020				4,181,160
Contributed surplus				
Equity based compensation	3,203	39,703		
Vesting of equity based awards	49,188	$ (49,188)		

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Balance, end of year at Dec. 31, 2020				66,250
Accumulated other comprehensive income				
Currency translation adjustments				65,160
Hedge accounting reserve				(36,752)
Loss on derivatives designated as cash flow hedges, net of tax				29,800
Loss on derivatives designated as net investment hedges, net of tax				6,900
Balance, end of year at Dec. 31, 2020				77,986
Deficit				
Net (loss) earnings			(1,517,427)	(1,517,427)
Dividends declared			(90,067)	
Share-settled dividends on vested equity based awards	$ (1,461)		$ (1,461)	
Balance, end of year at Dec. 31, 2020				(3,399,994)
Deficit				
Total shareholders' equity				$ 925,402

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Basis of presentation	12 Months Ended Dec. 31, 2020
Basis of presentation	
Basis of presentation	

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 5, 2021.

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Significant accounting policies	12 Months Ended Dec. 31, 2020
Significant accounting policies	
Significant accounting policies	**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.

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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

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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 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.

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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 Vermilion Incentive Plan ("VIP") and the Deferred Share Unit Plan ("DSU"). Equity-settled awards issued under the VIP 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 VIP 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

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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 earnings. 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.

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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

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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.

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Segmented information

Segmented information

Segmented information

12 Months Ended Dec. 31, 2020

3. Segmented information

Substantially all sales in the France, Netherlands, and Ireland operating segments for the years ended December 31, 2020 and 2019 were to one customer in each respective segment. In 2020 and 2019, France contributed more than 10% of Vermilion's consolidated revenues.

	Year Ended December 31, 2020								
($M)	Canada	USA	France	Netherlands	Germany	Ireland	Australia	Corporate	Total
Total assets	1,805,464	328,902	703,567	130,063	198,357	257,990	105,898	578,898	4,109,139
Drilling and development	199,141	66,120	42,145	10,331	13,005	1,823	24,520	(4,604)	352,481
Exploration and evaluation	—	—	183	(226)	2,814	—	—	11,950	14,721
Crude oil and condensate sales	418,610	55,099	182,292	1,502	17,143	13	141,452	8	816,119
NGL sales	36,204	6,513	—	—	—	—	—	—	42,717
Natural gas sales	114,377	4,834	—	64,073	17,067	58,433	—	1,925	260,709
Sales of purchased commodities	—	—	—	—	—	—	—	127,853	127,853
Royalties	(54,961)	(17,446)	(32,069)	(444)	(990)	—	—	(644)	(106,554)
Revenue from external customers	514,230	49,000	150,223	65,131	33,220	58,446	141,452	129,142	1,140,844
Purchased commodities	—	—	—	—	—	—	—	(127,853)	(127,853)
Transportation	(41,494)	(1,349)	(14,604)	—	(5,839)	(4,425)	—	—	(67,711)
Operating	(218,596)	(18,108)	(57,128)	(32,410)	(20,732)	(15,232)	(54,581)	(464)	(417,251)
General and administration	(25,462)	(7,420)	(13,108)	(1,220)	(6,532)	(594)	(3,841)	(2,663)	(60,840)
PRRT	—	—	—	—	—	—	(20,151)	—	(20,151)
Corporate income taxes	—	—	(141)	3,774	—	—	2,106	71	5,810
Interest expense	—	—	—	—	—	—	—	(75,077)	(75,077)
Realized gain on derivative instruments	—	—	—	—	—	—	—	109,093	109,093
Realized foreign exchange gain	—	—	—	—	—	—	—	11,110	11,110
Realized other income	—	—	—	—	—	—	—	4,091	4,091
Fund flows from operations	**228,678**	**22,123**	**65,242**	**35,275**	**117**	**38,195**	**64,985**	**47,450**	**502,065**

	Year Ended December 31, 2019								
($M)	Canada	USA	France	Netherlands	Germany	Ireland	Australia	Corporate	Total
Total assets	3,088,947	421,609	841,875	226,834	261,712	470,316	233,581	321,246	5,866,120
Drilling and development	293,744	57,196	74,579	19,866	10,806	1,372	30,550	(1,436)	486,677
Exploration and evaluation	—	—	62	3,739	10,878	—	—	21,808	36,487
Crude oil and condensate sales	699,290	63,449	326,578	2,411	25,783	27	184,490	—	1,302,028
NGL sales	33,159	6,499	—	—	—	—	—	—	39,658
Natural gas sales	95,621	5,416	121	110,446	31,529	104,247	—	797	348,177

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Sales of purchased commodities	—	—	—	—	—	—	—	221,274	221,274
Royalties	(94,079)	(18,706)	(43,895)	(1,469)	(5,264)	—	—	(253)	(163,666)
Revenue from external customers	733,991	56,658	282,804	111,388	52,048	104,274	184,490	221,818	1,747,471
Purchased commodities	—	—	—	—	—	—	—	(221,274)	(221,274)
Transportation	(41,261)	—	(21,609)	—	(5,117)	(4,459)	—	—	(72,446)
Operating	(242,790)	(16,370)	(61,281)	(32,125)	(24,970)	(12,431)	(49,810)	(301)	(440,078)
General and administration	(23,341)	(7,566)	(15,406)	(2,659)	(8,452)	(2,491)	(4,940)	5,879	(58,976)
PRRT	—	—	—	—	—	—	(25,947)	—	(25,947)
Corporate income taxes	—	—	(21,431)	3,961	—	—	(8,407)	(406)	(26,283)
Interest expense	—	—	—	—	—	—	—	(81,377)	(81,377)
Realized gain on derivative instruments	—	—	—	—	—	—	—	84,219	84,219
Realized foreign exchange loss	—	—	—	—	—	—	—	(4,954)	(4,954)
Realized other income	—	—	—	—	—	—	—	7,700	7,700
Fund flows from operations	**426,599**	**32,722**	**163,077**	**80,565**	**13,509**	**84,893**	**95,386**	**11,304**	**908,055**

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

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Fund flows from operations	**502,065**	908,055
Accretion	**(35,318)**	(32,667)
Depletion and depreciation	**(580,461)**	(675,177)
Impairment	**(1,682,344)**	(46,056)
Unrealized loss on derivative instruments	**(100,955)**	(57,427)
Equity based compensation	**(42,906)**	(64,233)
Unrealized foreign exchange gain	**49,012**	57,225
Unrealized other expense	**(833)**	(825)
Deferred tax	**374,313**	(56,096)
Net (loss) earnings	**(1,517,427)**	32,799

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Capital assets	12 Months Ended Dec. 31, 2020

[Capital assets.](#)

[Capital assets](#)

4. Capital assets

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

	2020	2019
Balance at January 1	**5,015,620**	5,316,873
Acquisitions	**24,430**	38,472
Additions	**352,481**	486,677
Increase in right-of-use assets	**5,245**	12,348
Transfers from exploration and evaluation assets	**—**	27,918
Impairment	**(1,682,344)**	(46,056)
Depletion and depreciation	**(517,734)**	(657,863)
Changes in asset retirement obligations	**(200,454)**	(10,354)
Foreign exchange	**109,860**	(152,395)
Balance at December 31	**3,107,104**	5,015,620

Cost	**9,863,537**	9,604,933
Accumulated depletion, depreciation, and impairment	**(6,756,433)**	(4,589,313)
Carrying amount at December 31	**3,107,104**	5,015,620

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, 2020:

	As at Dec 31, 2020		As at Dec 31, 2019	
($M)	Depreciation	Balance	Depreciation	Balance
Office space	**9,835**	**49,134**	9,745	53,777
Gas processing facilities	**7,109**	**27,593**	7,089	34,701
Oil storage facilities	**2,738**	**15,231**	2,633	16,803
Vehicles and equipment	**3,608**	**8,035**	3,209	10,327
Total	**23,290**	**99,993**	22,676	115,608

Q4 2020 impairment

In the fourth quarter of 2020, indicators of impairment were present in our France CGUs due to a decrease in estimated reserves as a result of economic revisions. As a result of the indicators of impairment, the Company performed impairment tests on its four France 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 9.5%. Based on the results of the impairment tests completed, recoverable amounts were determined to be greater than the carrying values of the CGUs tested and no impairment charges were recorded.

The following benchmark price forecasts were used to calculate the recoverable amounts:

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030 (2)
Brent Crude ($ US/bbl) (1)	50.75	55.00	58.50	61.79	62.95	64.13	65.33	66.56	67.81	69.17
Exchange rate (CAD/ USD)	0.78	0.77	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76

(1) The forecast benchmark commodity prices listed are adjusted for quality differentials, heat content, transportation and marketing costs and other factors specific to the Company’s operations.

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(2) In 2031 and beyond, commodity price forecasts are inflated at a rate of 2.0% per annum. In 2030 and beyond there is no escalation of exchange rates.

The following are the results of impairment tests completed and sensitivity impacts which would increase impairment charges taken:

Operating Segment	CGU	Impairment	1% increase in discount rate	5% decrease in pricing
France	Aquitaine Basin	—	—	12,556
France	Neocomian	—	5,582	12,241
Total		**—**	**5,582**	**24,797**

In the fourth quarter of 2020, no indicators of impairment reversal were identified.

Q3 2020 impairment
In the third quarter of 2020, indicators of impairment were present due to a decline in the Company's market capitalization. As a result of the indicators of impairment, the Company performed impairment tests across all CGUs. 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 11.5%. Based on the results of the impairment tests completed, the Company recognized non-cash impairment charges of $35.4 million (net of $12.4 million income tax recovery) in the Neocomian CGU due to increased estimated transportation expenses as a result of an announcement during the quarter that the third-party Grandpuits refinery plans on converting into a zero-crude platform in 2021. As a result of this change, the Company estimates that incremental transportation expenses will be incurred to transport the crude oil production in the Neocomian, Chaunoy, and Champotran CGUs to alternative refineries in France.

The following benchmark price forecasts were used to calculate the recoverable amounts:

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 (2)
Brent Crude ($US/bbl) (1)	44.00	46.75	51.00	56.50	60.00	62.95	64.13	65.33	66.56	67.81
WTI Crude ($US/bbl) (1)	42.00	44.00	47.50	52.50	56.00	58.95	60.13	61.33	62.56	63.81
NBP (€/mmbtu) (1)	3.87	4.03	4.41	4.58	4.79	5.00	5.21	5.42	5.63	5.83
AECO Spot Gas ($/mmbtu) (1)	3.00	2.90	2.70	2.60	2.60	2.65	2.70	2.76	2.81	2.87
Exchange rate (CAD/USD)	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

(1) The forecast benchmark commodity prices listed are adjusted for quality differentials, heat content, transportation and marketing costs and other factors specific to the Company's operations.

(2) In 2030 and beyond, commodity price forecasts are inflated at a rate of 2.0% per annum. In 2030 and beyond there is no escalation of exchange rates.

The following are the results of impairment tests completed and sensitivity impacts which would increase impairment charges taken:

Operating Segment	CGU	Impairment	1% increase in discount rate	5% decrease in pricing
France	Neocomian	47,777	5,184	13,235

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Q2 2020 impairment
In the second quarter of 2020, indicators of impairment were present due to a decline in the Company's market capitalization. As a result of the indicators of impairment, the Company performed impairment tests across all CGUs. 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 11.5%. Based on the results of the impairment tests completed, the Company recognized non-cash impairment charges of $53.1 million (net of $16.6 million income tax recovery).

The following benchmark price forecasts were used to calculate the recoverable amounts:

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 (2)
Brent Crude ($US/bbl) (1)	43.50	48.00	51.50	56.50	60.00	62.95	64.13	65.33	66.56	67.81
WTI Crude ($US/bbl) (1)	41.00	44.00	47.50	52.50	56.00	58.95	60.13	61.33	62.56	63.81
NBP (€/mmbtu) (1)	2.75	4.25	4.75	5.25	5.75	6.00	6.25	6.50	6.75	7.00
AECO Spot Gas ($/mmbtu) (1)	2.10	2.35	2.40	2.45	2.55	2.65	2.70	2.76	2.81	2.87
Exchange rate (CAD/USD)	0.74	0.74	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

(1) The forecast benchmark commodity prices listed are adjusted for quality differentials, heat content, transportation and marketing costs and other factors specific to the Company's operations.

(2) In 2030 and beyond, commodity price forecasts are inflated at a rate of 2.0% per annum. In 2030 and beyond there is no escalation of exchange rates.

The following are the results of impairment tests completed and sensitivity impacts which would increase impairment charges taken:

Operating Segment	CGU	Impairment	1% increase in discount rate	5% decrease in pricing
Australia	Australia	33,475	3,435	15,470
Germany	Germany Gas	10,177	1,370	2,818
Ireland	Ireland	26,061	9,198	19,208
Total		**69,713**	**14,003**	**37,496**

Q1 2020 impairment
In the first quarter of 2020, indicators of impairment were present due to global commodity price forecasts deteriorating from decreases in demand and an increase of supply around the world. As a result of the indicators of impairment, the Company performed impairment tests across all CGUs. 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 11.5%. Based on the results of the impairment tests completed, the Company recognized non-cash impairment charges of $1.2 billion (net of $0.4 billion income tax recovery).

The following benchmark price forecasts were used to calculate the recoverable amounts:

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 (2)
Brent Crude	34.00	45.50	52.50	57.50	62.50	62.95	64.13	65.33	66.56	67.81

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($US/ bbl) (1)										
WTI Crude ($US/ bbl) (1)	30.00	41.00	47.50	52.50	57.50	58.95	60.13	61.33	62.56	63.81
NBP (€/ mmbtu) (1)	3.33	4.25	5.00	5.50	6.00	6.25	6.50	6.75	7.00	7.25
AECO Spot Gas ($/ mmbtu) (1)	1.95	2.25	2.35	2.45	2.55	2.65	2.70	2.76	2.81	2.87
Exchange rate (CAD/ USD)	0.72	0.73	0.74	0.74	0.75	0.75	0.75	0.75	0.75	0.75

(1) The forecast benchmark commodity prices listed are adjusted for quality differentials, heat content, transportation and marketing costs and other factors specific to the Company's operations.

(2) In 2030 and beyond, commodity price forecasts are inflated at a rate of 2.0% per annum. In 2030 and beyond there is no escalation of exchange rates.

The following are the results of impairment tests completed and sensitivity impacts which would increase impairment charges taken:

Operating Segment	CGU	Impairment	1% increase in discount rate	5% decrease in pricing
Australia	Australia	55,583	3,227	13,582
Canada	Saskatchewan	815,909	70,737	141,015
Canada	Drayton Valley Oil	364,879	13,204	23,582
France	Neocomian	22,758	8,576	13,609
Germany	Germany Gas	39,738	3,545	7,084
Ireland	Ireland	119,634	10,333	20,793
United States	United States	146,353	28,051	52,613
Total		**1,564,854**	**137,673**	**272,278**

Q4 2019 impairment
In the fourth quarter of 2019, an indicator of impairment was present in the Ireland CGU due to declining natural gas price forecasts. As a result of the indicator of impairment, the Company performed an impairment test on its Ireland CGU whereby the recoverable amount was compared against its carrying amount. 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 9.0%. Based on the results of the impairment test completed, the Company recognized a non-cash impairment charge of $34.6 million (net of $11.5 million income tax recovery).

The following benchmark price forecast was used to calculate the recoverable amount:

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 (2)
NBP (€/mmbtu) (1)	5.58	5.51	5.54	5.65	5.77	5.88	6.00	6.12	6.24	6.37

(1) The forecast benchmark commodity prices listed are adjusted for quality differentials, heat content, transportation and marketing costs and other factors specific to the Company's operations.

(2) In 2030 and beyond, commodity price forecasts are inflated at a rate of 2.0% per annum.

The following is the result of the impairment test completed and sensitivity impacts of a 1% increase in after-tax discount rate and a 5% decrease in pricing on the impairment test completed:

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CGU	Operating Segment	Impairment	1% increase in discount rate	5% decrease in pricing
Ireland	Ireland	46,055	14,749	28,598

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.

Q4 2020 CGU Realignment

Previously, Vermilion's assets in Alberta were managed and organized based primarily on geological characteristics and were grouped into the Drayton Valley Gas and Drayton Valley Oil CGUs. In the fourth quarter of 2020, the Company finalized an evaluation of the management and organization of Vermilion's assets in Alberta resulting in a re-organization based primarily on geographical characteristics. This process resulted in the combination of its Drayton Valley Gas and Drayton Valley Oil CGU's into a combined Alberta CGU.

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Exploration and evaluation assets	12 Months Ended Dec. 31, 2020

Exploration and evaluation assets

Exploration and evaluation assets

5. Exploration and evaluation assets

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

	2020	2019
Balance at January 1	**286,149**	303,295
Acquisitions	**1,380**	—
Additions	**14,721**	36,487
Changes in asset retirement obligations	**(500)**	36
Transfers to capital assets	**—**	(27,918)
Depreciation	**(54,838)**	(18,689)
Foreign exchange	**7,182**	(7,062)
Balance at December 31	**254,094**	286,149
Cost	**395,615**	371,632
Accumulated depreciation	**(141,521)**	(85,483)
Carrying amount at December 31	**254,094**	286,149

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Asset retirement obligations	12 Months Ended Dec. 31, 2020

Asset retirement obligations

Asset retirement obligations

6. Asset retirement obligations

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

	2020	2019
Balance at January 1	**618,201**	650,164
Additional obligations recognized	**1,484**	7,595
Changes in estimated abandonment timing and costs	**74,235**	39,722
Obligations settled	**(14,278)**	(19,442)
Accretion	**35,318**	32,667
Changes in discount rates	**(276,673)**	(57,635)
Foreign exchange	**29,450**	(34,870)
Balance at December 31	**467,737**	618,201

Vermilion calculated the present value of the obligations using a credit-adjusted risk-free rate, calculated using a credit spread of 9.5% (as at December 31, 2019 – 5.3%) added to risk-free rates based on long-term, risk-free government bonds. Vermilion's credit spread is determined as the yield to maturity on its senior unsecured notes as at the reporting period.

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

	Dec 31, 2020	Dec 31, 2019
Canada	**1.2 %**	1.7 %
United States	**1.6 %**	2.4 %
France	**0.3 %**	0.9 %
Netherlands	**(0.6)%**	(0.1)%
Germany	**(0.2)%**	0.3 %
Ireland	**(0.1)%**	0.6 %
Australia	**1.3 %**	1.6 %

Vermilion has estimated the asset retirement obligations based on current cost estimates of $2.0 billion (2019 - $1.8 billion). Current cost estimates are inflated to the estimated time of abandonment using inflation rates of between 0.2% and 2.9% (2019 - between 0.4% and 2.7%), resulting in inflated cost estimates of $2.5 billion (2019 - $2.6 billion). These payments are expected to be made between 2021 and 2080, with the majority of costs occurring between 2030 and 2040 ($0.8 billion) and 2049 to 2056 ($0.8 billion).

A 0.5% increase/decrease in the discount rate applied to asset retirement obligations would decrease/increase asset retirement obligations by approximately $26.8 million. A one-year increase/decrease in the expected timing of abandonment spend would decrease/increase asset retirement obligations by approximately $37.7 million.

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Derivative instruments	12 Months Ended Dec. 31, 2020

Derivative instruments

Derivative instruments

7. Derivative instruments

The following table reconciles the change in the fair value of Vermilion's derivative instruments:

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Fair value of contracts, beginning of year	**(10,991)**	38,339
Reversal of opening contracts settled during the year	**12,811**	(62,735)
Realized gain on contracts settled during the year	**109,093**	84,219
Unrealized (loss) gain during the year on contracts outstanding at the end of the year	**(113,766)**	5,308
Net receipt from counterparties on contract settlements during the year	**(109,093)**	(84,219)
Unrealized loss on derivatives designated as cash flow hedges	**(7,826)**	(1,071)
Unrealized gain on derivatives designated as net investment hedges	**—**	9,168
Fair value of contracts, end of year	**(119,772)**	(10,991)
Comprised of:		
Current derivative asset	**16,924**	55,645
Current derivative liability	**(130,919)**	(62,405)
Non-current derivative asset	**2,451**	20,127
Non-current derivative liability	**(8,228)**	(24,358)
Fair value of contracts, end of year	**(119,772)**	(10,991)

The gain on derivative instruments for 2020 and 2019 were comprised of the following:

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Realized gain on contracts settled during the year	**(109,093)**	(84,219)
Reversal of opening contracts settled during the year	**(12,811)**	62,735
Unrealized loss (gain) on contracts outstanding at the end of the year	**113,766**	(5,308)
Gain on derivative instruments	**(8,138)**	(26,792)

Please refer to Note 17 (Supplemental information) for a listing of Vermilion's outstanding derivative instruments as at December 31, 2020.

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Leases	12 Months Ended Dec. 31, 2020

Leases

Leases

8. Leases

Vermilion had the following future commitments associated with its lease obligations:

	As at	
($M)	Dec 31, 2020	Dec 31, 2019
Less than 1 year	**27,927**	29,217
1 - 3 years	**41,270**	46,501
3 - 5 years	**31,412**	38,177
After 5 years	**14,178**	26,168
Total lease payments	**114,787**	140,063
Amounts representing interest	**(15,381)**	(23,309)
Present value of net lease payments	**99,406**	116,754
Current portion of lease obligations	**(22,882)**	(23,682)
Non-current portion of lease obligations	**76,524**	93,072

Total cash outflow	**31,240**	33,276
Interest on lease liabilities	**6,192**	6,984

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Taxes	12 Months Ended Dec. 31, 2020

[Taxes]

[Taxes]

9. Taxes

The following table reconciles Vermilion's deferred tax asset and liability:

	As at	
	Dec 31, 2020	Dec 31, 2019
Deferred tax assets:		
Non-capital losses	**420,060**	454,339
Derivative contracts	**33,064**	2,712
Other	**14,766**	3,149
Stock based compensation	**12,218**	—
Asset retirement obligations	**7,581**	36,170
Capital assets	**443**	(296,793)
Unrealized foreign exchange	**(3,635)**	(3,034)
Deferred tax assets	**484,497**	196,543
Deferred tax liabilities:		
Asset retirement obligations	**184,144**	123,257
Capital assets	**112,818**	262,669
Other	**1,682**	(1,610)
Non-capital losses	**(34,372)**	(48,007)
Deferred tax liabilities	**264,272**	336,309

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, 2020	Dec 31, 2019
Earnings before income taxes	**(1,877,399)**	141,125
Canadian corporate tax rate (1)	**25.31 %**	26.72 %
Expected tax expense	**(475,170)**	37,709
Increase (decrease) in taxes resulting from:		
Petroleum resource rent tax rate (PRRT) differential (2)	**(15,157)**	17,455
Foreign tax rate differentials (2) (3)	**(14,907)**	5,543
Equity based compensation expense	**2,445**	3,733
Amended returns and changes to estimated tax pools and tax positions	**(2,598)**	(24,387)
Statutory rate changes and the estimated reversal rates on temporary differences (4)	**33,770**	9,543
Derecognition (recognition) of deferred tax assets	**141,315**	65,522
Adjustment for uncertain tax positions	**—**	3,659
Other non-deductible items	**(29,670)**	(10,451)
Provision for income taxes	**(359,972)**	108,326

(1) In Canada, the lower tax rate is a result of reductions to the Alberta corporate tax rate from 10% to 8%.

(2) In Australia, current taxes include both corporate income tax rates and PRRT. Corporate income tax rates were applied at a rate of 30% and PRRT was applied at a rate of 40%.

(3) The applicable tax rates for 2020 were: 28.9% in France, 50.0% in the Netherlands, 31.6% in Germany, 25.0% in Ireland, and 21.0% in the United States (2019: 32.0% in France, 50.0% in the Netherlands, 31.8% in Germany, 25.0% in Ireland, and 21.0% in the United States).

(4) 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

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rate for companies with sales below €250 million from 32.0% to 25.8% by 2022. On July 1, 2020, the Alberta government reduced the provincial corporate tax rate from 10% to 8%, accelerating the previously enacted schedule of rate reductions.

At December 31, 2020, Vermilion had $2.9 billion (2019 - $2.5 billion) of unused tax losses of which $1.3 billion (2019 - $1.2 billion) relates to Vermilion's Canada segment and expire between 2028 and 2040. The majority of the remaining unused tax losses relates to Vermilion's Ireland segment and do not expire.

At December 31, 2020, Vermilion derecognized $141.3 million (2019 - derecognized $65.5 million) of deferred income tax assets primarily relating to the aforementioned non-expiring tax loss in Ireland as there is uncertainty as to the Company's ability to fully utilize such losses based on the forecasted commodity prices in effect as at December 31, 2020.

The aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized as at December 31, 2020 is approximately $0.5 billion (2019 – approximately $0.5 billion).

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Long-term debt

12 Months Ended Dec. 31, 2020

Long-term debt

Long-term debt

10. Long-term debt

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

	As at	
	Dec 31, 2020	Dec 31, 2019
Revolving credit facility	**1,555,215**	1,539,225
Senior unsecured notes	**378,633**	385,440
Long-term debt	**1,933,848**	1,924,665

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 senior unsecured notes as at December 31, 2020 was $329.1 million.

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

	2020	2019
Balance at January 1	**1,924,665**	1,796,207
Borrowings on the revolving credit facility	**22,183**	207,787
Amortization of transaction costs	**833**	4,379
Foreign exchange	**(13,833)**	(83,708)
Balance at December 31	**1,933,848**	1,924,665

Revolving credit facility

In Q1 2020, we negotiated an extension to our $2.1 billion revolving credit facility to extend the maturity to May 31, 2024.

As at December 31, 2020, Vermilion had in place a bank revolving credit facility maturing May 31, 2024 with the following terms:

	As at	
	Dec 31, 2020	Dec 31, 2019
Total facility amount	**2,100,000**	2,100,000
Amount drawn	**(1,555,215)**	(1,539,225)
Letters of credit outstanding	**(23,210)**	(10,230)
Unutilized capacity	**521,575**	550,545

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.

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

As at December 31, 2020, the revolving credit facility was subject to the following financial covenants:

		As at	
Financial covenant	Limit	Dec 31, 2020	Dec 31, 2019
Consolidated total debt to consolidated EBITDA	Less than 4.0	**3.48**	1.94
Consolidated total senior debt to consolidated EBITDA	Less than 3.5	**2.82**	1.56

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Consolidated EBITDA to consolidated interest expense	Greater than 2.5	**8.12**	13.46

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 balance sheet.
- Consolidated total senior debt: Defined as consolidated total debt excluding unsecured and subordinated debt.
- Consolidated EBITDA: Defined as 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, 2020, 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, 2020 and 2019, Vermilion was in compliance with the above covenants.

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
2021	102.813 %
2022	101.406 %
2023 and thereafter	100.000 %

Cross currency interest rate swaps
On June 12, 2019, Vermilion entered into a series of cross currency interest rate swaps with a syndicate of banks. Vermilion applied hedge accounting to these derivative instruments. The cross currency interest rate swaps had an original maturity of March 15, 2025.

The USD-to-CAD cross currency interest swaps were designated as the hedging instrument in a cash flow hedge while the CAD-to-EUR cross currency interest rate swaps were designated as the hedging instrument in a net investment hedge.

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In 2020, Vermilion executed a number of transactions that resulted in a termination of the cross currency interest rate swaps in exchange for $42.3 million ($16.8 million received in the three months ended March 30, 2020 and $25.5 million received in the three months ended June 30, 2020). As a result of the termination, Vermilion has discontinued hedge accounting and amounts previously recognized for the hedge reserve within accumulated other comprehensive income will be reclassified into net income over the remaining life of the senior unsecured notes.

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Shareholders' capital	12 Months Ended Dec. 31, 2020

Shareholders' capital

Shareholders' capital

11. Shareholders’ capital

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

	2020		2019	
Shareholders’ capital	**Shares (‘000s)**	**Amount ($M)**	**Shares (‘000s)**	**Amount ($M)**
Balance at January 1	**156,290**	**4,119,031**	152,704	4,008,828
Shares issued for the Dividend Reinvestment Plan	**619**	**8,277**	1,417	34,937
Vesting of equity based awards	**1,103**	**49,188**	1,359	51,108
Shares issued for equity based compensation	**415**	**3,203**	552	15,868
Share-settled dividends on vested equity based awards	**297**	**1,461**	258	8,290
Balance at December 31	**158,724**	**4,181,160**	156,290	4,119,031

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, 2020 were $90.1 million or $0.58 per common share (2019 - $427.3 million or $2.76 per common share).

At Vermilion’s Annual General and Special Meeting held on April 28, 2020 shareholders of the Company approved a $3.7 billion reduction in the stated capital of Vermilion’s common shares, with the $3.7 billion reduction deducted from the stated capital account maintained for the common shares of Vermilion and an offsetting increase to the contributed surplus account of Vermilion. The transaction did not result in an adjustment to the financial statements under IFRS.

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Capital disclosures	12 Months Ended Dec. 31, 2020

Capital disclosures

Capital disclosures

12. Capital disclosures

Vermilion defines capital as net debt (long-term debt plus net working capital) and shareholders' capital. Vermilion excludes from its definition of capital any obligations secured by an offsetting asset, such as lease obligations.

Vermilion monitors the ratio of net debt to fund flows from operations. As at December 31, 2020, our ratio of net debt to trailing fund flows from operations is 4.19 (2019 – 2.20). 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 1.5 over time.

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

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Long-term debt	**1,933,848**	1,924,665
Current liabilities	**433,128**	416,210
Current assets	**(260,993)**	(347,681)
Net debt	**2,105,983**	1,993,194
Ratio of net debt to four quarter trailing fund flows from operations	**4.19**	2.20

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Equity based compensation	12 Months Ended Dec. 31, 2020

Equity based compensation

Equity based compensation

13. Equity based compensation

The following table summarizes the number of awards outstanding under the VIP:

Number of VIP and Five Year Compensation Awards (‘000s)	2020	2019
Opening balance	**2,268**	1,931
Granted	**5,120**	1,193
Vested	**(650)**	(688)
Forfeited	**(494)**	(168)
Closing balance	**6,244**	2,268

For the year ended December 31, 2020, the awards had a weighted average grant date fair value of $5.92 (2019 - $30.92). 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 (2020 – 1.2; 2019 – 1.7) adjusted by an estimated annual forfeiture rate (2020 – 5.8%; 2019 – 5.2%). Equity based compensation expense of $38.9 million was recorded during the year ended December 31, 2020 (2019 - $46.6 million) relating to the awards.

For the year ended December 31, 2020, there were 252,910 DSUs granted and outstanding with a weighted average grant date fair value of $4.48. Equity based compensation expense of $0.8 million was recorded during the year ended December 31, 2020 relating to the DSUs.

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Per share amounts	12 Months Ended Dec. 31, 2020

Per share amounts

Per share amounts

14. Per share amounts

Basic and diluted net (loss) earnings per share have been determined based on the following:

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Net (loss) earnings	**(1,517,427)**	32,799
Basic weighted average shares outstanding (‘000s)	**157,908**	154,736
Dilutive impact of equity based compensation (‘000s)	**—**	1,359
Diluted weighted average shares outstanding (‘000s)	**157,908**	156,095
Basic loss per share	**(9.61)**	0.21
Diluted loss per share	**(9.61)**	0.21

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Financial instruments

Financial instruments
Financial instruments

12 Months Ended
Dec. 31, 2020

15. Financial instruments

Classification of financial instruments
The following table summarizes the carrying value relating to Vermilion's financial instruments:

	As at Dec 31, 2020				As at Dec 31, 2019			
($M)	FVTPL	FVTOCI	Amortized Cost	Total	FVTPL	FVTOCI	Amortized Cost	Total
Cash and cash equivalents	**6,904**	—	—	**6,904**	29,028	—	—	29,028
Derivative assets	**19,375**	—	—	**19,375**	64,135	11,637	—	75,772
Derivative liabilities	**(139,147)**	—	—	**(139,147)**	(83,223)	(3,540)	—	(86,763)
Accounts receivable	—	—	**196,077**	**196,077**	—	—	211,409	211,409
Accounts payable and accrued liabilities	—	—	**(297,670)**	**(297,670)**	—	—	(312,442)	(312,442)
Dividends payable	—	—	—	—	—	—	(35,947)	(35,947)
Lease obligations	—	—	**(76,524)**	**(76,524)**	—	—	(93,072)	(93,072)
Long-term debt (1)	—	—	**(1,933,848)**	**(1,933,848)**	—	—	(1,924,665)	(1,924,665)

(1) The carrying value of the above equals fair value except for long-term debt. The fair value of long-term debt was $1,884,296 (2019 - $1,905,588).

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, 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, 2020 and 2019.

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

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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, 2020	Dec 31, 2019
Currency risk - Euro to Canadian dollar		
$0.01 increase in strength of the Canadian dollar against the Euro	**(873)**	(1,599)
$0.01 decrease in strength of the Canadian dollar against the Euro	**873**	1,599
Currency risk - US dollar to Canadian dollar		
$0.01 increase in strength of the Canadian dollar against the US $	**2,711**	(5,594)
$0.01 decrease in strength of the Canadian dollar against the US $	**(2,711)**	5,594
Commodity price risk - Crude oil		
US $5.00/bbl increase in crude oil price used to determine the fair value of derivatives	**(11,783)**	(44,106)
US $5.00/bbl decrease in crude oil price used to determine the fair value of derivatives	**7,207**	47,777
Commodity price risk - European natural gas		
€ 0.5/GJ increase in European natural gas price used to determine the fair value of derivatives	**(23,904)**	(28,192)
€ 0.5/GJ decrease in European natural gas price used to determine the fair value of derivatives	**24,088**	22,670
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, 2020, Vermilion's maximum exposure to receivable credit risk was $215.5 million (December 31, 2019 - $287.2 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, 2020 and 2019 is not material. As at the balance sheet date, approximately 1.4% (2019 – 3.6%) 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:

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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, 2020	92,991	181,475	23,204	2,006,530
December 31, 2019	134,502	208,752	5,136	1,608,435

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Related party disclosures	12 Months Ended Dec. 31, 2020
Related party disclosures	
Related party disclosures	

16. 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, 2020 and 2019:

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Short-term benefits	**4,800**	8,084
Equity based compensation	**13,169**	16,296
	17,969	24,380
Number of individuals included in the above amounts	**18**	19

During the year ended December 31, 2020, Vermilion recorded $0.2 million of office rent recoveries (2019 - $0.2 million) relating to an office sub-lease to a company whose Managing Director is also a member of Vermilion's Board of Directors. 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.

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Supplemental information

12 Months Ended
Dec. 31, 2020

Supplemental information
Supplemental information

17. Supplemental information

Changes in non-cash working capital was comprised of the following:

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Changes in:		
Accounts receivable	**15,332**	48,913
Crude oil inventory	**15,987**	(1,638)
Prepaid expenses	**(5,476)**	(2,882)
Accounts payable and accrued liabilities	**(14,772)**	(137,209)
Income taxes payable	**(877)**	(31,994)
Foreign exchange	**(6,251)**	2,590
Changes in non-cash working capital	**3,943**	(122,220)
Changes in non-cash operating working capital	**12,365**	(65,148)
Changes in non-cash investing working capital	**(8,422)**	(57,072)
Changes in non-cash working capital	**3,943**	(122,220)

Cash and cash equivalents was comprised of the following:

	As at	
	Dec 31, 2020	Dec 31, 2019
Cash on deposit with financial institutions	**6,777**	28,898
Guaranteed investment certificates	**127**	130
Cash and cash equivalents	**6,904**	29,028

Wages and benefits included in operating expenses and general and administration expenses were:

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Operating expense	**70,414**	77,868
General and administration expense	**60,551**	47,310
Wages and benefits	**130,965**	125,178

The following tables summarize Vermilion's outstanding risk management positions as at December 31, 2020:

	Unit	Currency	Bought Put Volume	Weighted Average Bought Put Price	Sold Call Volume	Weighted Average Sold Call Price	Sold Put Volume	Weighted Average Sold Put Price	Sold Swap Volume	Weighted Average Sold Swap Price	Bought Swap Volume	Weighted Average Bought Swap Price
Dated Brent												
Q1 2021	bbl	USD	1,000	47.50	1,000	53.75	1,000	40.00	2,000	49.18	—	—
Q2 2021	bbl	USD	—	—	—	—	—	—	500	47.50	—	—
WTI												
Q1 2021	bbl	USD	4,500	45.00	4,500	51.26	4,500	37.50	4,300	45.51	—	—
Q2 2021	bbl	USD	4,000	45.00	4,000	53.50	4,000	37.50	2,150	45.54	—	—
AECO												
Q2 2021	mcf	CAD	—	—	—	—	—	—	9,478	2.12	—	—
Q3 2021	mcf	CAD	—	—	—	—	—	—	9,478	2.12	—	—
Q4 2021	mcf	CAD	—	—	—	—	—	—	3,194	2.12	—	—
AECO Basis (AECO less NYMEX Henry Hub)												
Q1 2021	mcf	USD	—	—	—	—	—	—	30,000	(1.11)	—	—
Q2 2021	mcf	USD	—	—	—	—	—	—	45,000	(1.08)	—	—
Q3 2021	mcf	USD	—	—	—	—	—	—	45,000	(1.08)	—	—
Q4 2021	mcf	USD	—	—	—	—	—	—	35,054	(1.09)	—	—
Q1 2022	mcf	USD	—	—	—	—	—	—	30,000	(1.10)	—	—

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Q2 2022	mcf	USD	—	—	—	—	—	—	35,000	(1.09)	—	—
Q3 2022	mcf	USD	—	—	—	—	—	—	35,000	(1.09)	—	—
Q4 2022	mcf	USD	—	—	—	—	—	—	11,793	(1.09)	—	—
NYMEX Henry Hub												
Q1 2021	mcf	USD	15,000	2.73	15,000	2.90	—	—	33,500	2.86	—	—
Q2 2021	mcf	USD	10,000	2.65	10,000	2.77	—	—	28,500	2.83	—	—
Q3 2021	mcf	USD	10,000	2.65	10,000	2.77	—	—	28,500	2.83	—	—
Q4 2021	mcf	USD	10,000	2.65	10,000	2.77	—	—	21,870	2.78	—	—
Ventura Basis (Ventura less NYMEX Henry Hub)												
Q1 2021	mcf	USD	—	—	—	—	—	—	—	—	10,000	0.04
Q2 2021	mcf	USD	—	—	—	—	—	—	—	—	10,000	0.04
Q3 2021	mcf	USD	—	—	—	—	—	—	—	—	10,000	0.04
Q4 2021	mcf	USD	—	—	—	—	—	—	—	—	3,370	0.04
SoCal Border											—	—
Q1 2021	mcf	USD	—	—	—	—	—	—	5,000	3.40	—	—
Conway Propane											—	—
Q1 2021	bbl	USD	—	—	—	—	—	—	500	56% WTI	—	—

	Unit	Currency	Bought Put Volume	Weighted Average Bought Put Price	Sold Call Volume	Weighted Average Sold Call Price	Sold Put Volume	Weighted Average Sold Put Price	Sold Swap Volume	Weighted Average Sold Swap Price	Bought Swap Volume	Weighted Average Bought Swap Price
NBP												
Q1 2021	mcf	EUR	58,962	5.37	61,419	5.45	58,962	3.88	2,457	4.69	—	—
Q2 2021	mcf	EUR	49,135	5.37	49,135	5.43	49,135	3.87	2,457	4.69	—	—
Q3 2021	mcf	EUR	49,135	5.37	49,135	5.42	49,135	3.87	2,457	4.69	—	—
Q4 2021	mcf	EUR	58,962	5.37	58,962	5.36	58,962	3.88	2,457	4.69	—	—
Q1 2022	mcf	EUR	34,394	5.18	34,394	5.88	34,394	3.63	2,457	4.69	—	—
Q2 2022	mcf	EUR	27,024	5.07	27,024	5.64	27,024	3.50	2,457	4.69	—	—
Q3 2022	mcf	EUR	14,740	4.86	14,740	5.42	14,740	3.42	2,457	4.69	—	—
Q4 2022	mcf	EUR	14,740	4.86	14,740	5.41	14,740	3.42	2,457	4.69	—	—
Q1 2023	mcf	EUR	7,370	4.74	7,370	4.96	7,370	3.32	—	—	—	—
TTF												
Q2 2021	mcf	EUR	2,457	4.25	2,457	3.93	2,457	2.93	—	—	—	—
Q3 2021	mcf	EUR	2,457	4.25	2,457	3.92	2,457	2.93	—	—	—	—
Q1 2022	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—
Q2 2022	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—
Q3 2022	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—
Q4 2022	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—
Q1 2023	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—

VET Equity Swaps		Initial Share Price		Share Volume
Swap	Jan 2020 - Sep 2021	20.9788	CAD	2,250,000
Swap	Jan 2020 - Oct 2021	22.4587	CAD	1,500,000

Foreign Currency Swaps		Notional Amount		Notional Amount		Average Rate
Swap	Jan 2021	1,200,342,790	USD	1,570,298,550	CAD	1.3082

The following sold option instruments allow the counterparties, at the specified date, to enter into a derivative instrument contract with Vermilion at the detailed terms:

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Period if Option Exercised	Unit	Currency	Option Expiration Date	Bought Put Volume	Weighted Average Bought Put Price	Sold Call Volume	Weighted Average Sold Call Price	Sold Put Volume	Weighted Average Sold Put Price	Sold Swap Volume	Weighted Average Sold Swap Price
NYMEX											
Apr 2021 - Oct 2021	mcf	USD	24-Mar-21	—	—	—	—	—	—	10,000	2.90
NBP											
Jan 2022 - Dec 2022	mcf	EUR	30-Jun-21	—	—	—	—	—	—	2,457	5.13
Dated Brent											
Apr 2021 - Mar 2022	bbl	USD	31-Mar-21	—	—	—	—	—	—	500	52.00

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Significant accounting policies (Policies)	12 Months Ended Dec. 31, 2020
Significant accounting policies	
Accounting framework	*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	*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	*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	*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	*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,

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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

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

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
Cash and cash equivalents include cash on deposit with financial institutions and guaranteed investment certificates.

Crude oil inventory

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

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.

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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 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

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 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

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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

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 Vermilion Incentive Plan ("VIP") and the Deferred Share Unit Plan ("DSU"). Equity-settled awards issued under the VIP 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 VIP 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

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

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

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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 earnings. 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

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

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

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.

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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

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:

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- 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.

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Segmented information (Tables)

Segmented information

Summary of segment operations

12 Months Ended Dec. 31, 2020

	Year Ended December 31, 2020								
($M)	Canada	USA	France	Netherlands	Germany	Ireland	Australia	Corporate	Total
Total assets	1,805,464	328,902	703,567	130,063	198,357	257,990	105,898	578,898	4,109,139
Drilling and development	199,141	66,120	42,145	10,331	13,005	1,823	24,520	(4,604)	352,481
Exploration and evaluation	—	—	183	(226)	2,814	—	—	11,950	14,721
Crude oil and condensate sales	418,610	55,099	182,292	1,502	17,143	13	141,452	8	816,119
NGL sales	36,204	6,513	—	—	—	—	—	—	42,717
Natural gas sales	114,377	4,834	—	64,073	17,067	58,433	—	1,925	260,709
Sales of purchased commodities	—	—	—	—	—	—	—	127,853	127,853
Royalties	(54,961)	(17,446)	(32,069)	(444)	(990)	—	—	(644)	(106,554)
Revenue from external customers	514,230	49,000	150,223	65,131	33,220	58,446	141,452	129,142	1,140,844
Purchased commodities	—	—	—	—	—	—	—	(127,853)	(127,853)
Transportation	(41,494)	(1,349)	(14,604)	—	(5,839)	(4,425)	—	—	(67,711)
Operating	(218,596)	(18,108)	(57,128)	(32,410)	(20,732)	(15,232)	(54,581)	(464)	(417,251)
General and administration	(25,462)	(7,420)	(13,108)	(1,220)	(6,532)	(594)	(3,841)	(2,663)	(60,840)
PRRT	—	—	—	—	—	—	(20,151)	—	(20,151)
Corporate income taxes	—	—	(141)	3,774	—	—	2,106	71	5,810
Interest expense	—	—	—	—	—	—	—	(75,077)	(75,077)
Realized gain on derivative instruments	—	—	—	—	—	—	—	109,093	109,093
Realized foreign exchange gain	—	—	—	—	—	—	—	11,110	11,110
Realized other income	—	—	—	—	—	—	—	4,091	4,091
Fund flows from operations	**228,678**	**22,123**	**65,242**	**35,275**	**117**	**38,195**	**64,985**	**47,450**	**502,065**

	Year Ended December 31, 2019								
($M)	Canada	USA	France	Netherlands	Germany	Ireland	Australia	Corporate	Total
Total assets	3,088,947	421,609	841,875	226,834	261,712	470,316	233,581	321,246	5,866,120
Drilling and development	293,744	57,196	74,579	19,866	10,806	1,372	30,550	(1,436)	486,677
Exploration and evaluation	—	—	62	3,739	10,878	—	—	21,808	36,487
Crude oil and condensate sales	699,290	63,449	326,578	2,411	25,783	27	184,490	—	1,302,028
NGL sales	33,159	6,499	—	—	—	—	—	—	39,658
Natural gas sales	95,621	5,416	121	110,446	31,529	104,247	—	797	348,177
Sales of purchased commodities	—	—	—	—	—	—	—	221,274	221,274
Royalties	(94,079)	(18,706)	(43,895)	(1,469)	(5,264)	—	—	(253)	(163,666)
Revenue from external customers	733,991	56,658	282,804	111,388	52,048	104,274	184,490	221,818	1,747,471

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Purchased commodities	—	—	—	—	—	—	—	(221,274)	(221,274)
Transportation	(41,261)	—	(21,609)	—	(5,117)	(4,459)	—	—	(72,446)
Operating	(242,790)	(16,370)	(61,281)	(32,125)	(24,970)	(12,431)	(49,810)	(301)	(440,078)
General and administration	(23,341)	(7,566)	(15,406)	(2,659)	(8,452)	(2,491)	(4,940)	5,879	(58,976)
PRRT	—	—	—	—	—	—	(25,947)	—	(25,947)
Corporate income taxes	—	—	(21,431)	3,961	—	—	(8,407)	(406)	(26,283)
Interest expense	—	—	—	—	—	—	—	(81,377)	(81,377)
Realized gain on derivative instruments	—	—	—	—	—	—	—	84,219	84,219
Realized foreign exchange loss	—	—	—	—	—	—	—	(4,954)	(4,954)
Realized other income	—	—	—	—	—	—	—	7,700	7,700
Fund flows from operations	**426,599**	**32,722**	**163,077**	**80,565**	**13,509**	**84,893**	**95,386**	**11,304**	**908,055**

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

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Fund flows from operations	**502,065**	908,055
Accretion	**(35,318)**	(32,667)
Depletion and depreciation	**(580,461)**	(675,177)
Impairment	**(1,682,344)**	(46,056)
Unrealized loss on derivative instruments	**(100,955)**	(57,427)
Equity based compensation	**(42,906)**	(64,233)
Unrealized foreign exchange gain	**49,012**	57,225
Unrealized other expense	**(833)**	(825)
Deferred tax	**374,313**	(56,096)
Net (loss) earnings	**(1,517,427)**	32,799

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Capital assets (Tables)

12 Months Ended Dec. 31, 2020

Capital assets.

Schedule of changes in Vermilion's capital assets

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

	2020	2019
Balance at January 1	**5,015,620**	5,316,873
Acquisitions	**24,430**	38,472
Additions	**352,481**	486,677
Increase in right-of-use assets	**5,245**	12,348
Transfers from exploration and evaluation assets	**—**	27,918
Impairment	**(1,682,344)**	(46,056)
Depletion and depreciation	**(517,734)**	(657,863)
Changes in asset retirement obligations	**(200,454)**	(10,354)
Foreign exchange	**109,860**	(152,395)
Balance at December 31	**3,107,104**	5,015,620

Cost	**9,863,537**	9,604,933
Accumulated depletion, depreciation, and impairment	**(6,756,433)**	(4,589,313)
Carrying amount at December 31	**3,107,104**	5,015,620

Summary of carrying balance and depreciation charge relating to right-of-use assets

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, 2020:

	As at Dec 31, 2020		As at Dec 31, 2019	
($M)	Depreciation	Balance	Depreciation	Balance
Office space	**9,835**	**49,134**	9,745	53,777
Gas processing facilities	**7,109**	**27,593**	7,089	34,701
Oil storage facilities	**2,738**	**15,231**	2,633	16,803
Vehicles and equipment	**3,608**	**8,035**	3,209	10,327
Total	**23,290**	**99,993**	22,676	115,608

Schedule of benchmark price forecasts used to calculate the recoverable amounts

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030 (2)
Brent Crude ($ US/bbl) (1)	50.75	55.00	58.50	61.79	62.95	64.13	65.33	66.56	67.81	69.17
Exchange rate (CAD/ USD)	0.78	0.77	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 (2)
Brent Crude ($US/bbl) (1)	44.00	46.75	51.00	56.50	60.00	62.95	64.13	65.33	66.56	67.81
WTI Crude ($US/bbl) (1)	42.00	44.00	47.50	52.50	56.00	58.95	60.13	61.33	62.56	63.81
NBP (€/ mmbtu) (1)	3.87	4.03	4.41	4.58	4.79	5.00	5.21	5.42	5.63	5.83

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AECO Spot Gas ($/mmbtu) [1]	3.00	2.90	2.70	2.60	2.60	2.65	2.70	2.76	2.81	2.87
Exchange rate (CAD/USD)	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 [2]
Brent Crude ($US/bbl) [1]	43.50	48.00	51.50	56.50	60.00	62.95	64.13	65.33	66.56	67.81
WTI Crude ($US/bbl) [1]	41.00	44.00	47.50	52.50	56.00	58.95	60.13	61.33	62.56	63.81
NBP (€/mmbtu) [1]	2.75	4.25	4.75	5.25	5.75	6.00	6.25	6.50	6.75	7.00
AECO Spot Gas ($/mmbtu) [1]	2.10	2.35	2.40	2.45	2.55	2.65	2.70	2.76	2.81	2.87
Exchange rate (CAD/USD)	0.74	0.74	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 [2]
Brent Crude ($US/bbl) [1]	34.00	45.50	52.50	57.50	62.50	62.95	64.13	65.33	66.56	67.81
WTI Crude ($US/bbl) [1]	30.00	41.00	47.50	52.50	57.50	58.95	60.13	61.33	62.56	63.81
NBP (€/mmbtu) [1]	3.33	4.25	5.00	5.50	6.00	6.25	6.50	6.75	7.00	7.25
AECO Spot Gas ($/mmbtu) [1]	1.95	2.25	2.35	2.45	2.55	2.65	2.70	2.76	2.81	2.87
Exchange rate (CAD/USD)	0.72	0.73	0.74	0.74	0.75	0.75	0.75	0.75	0.75	0.75

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 [2]
NBP (€/mmbtu) [1]	5.58	5.51	5.54	5.65	5.77	5.88	6.00	6.12	6.24	6.37

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Schedule of sensitivity impacts on impairment charges

Operating Segment	CGU	Impairment	1% increase in discount rate	5% decrease in pricing
France	Aquitaine Basin	—	—	12,556
France	Neocomian	—	5,582	12,241
Total		**—**	**5,582**	**24,797**

Operating Segment	CGU	Impairment	1% increase in discount rate	5% decrease in pricing
France	Neocomian	47,777	5,184	13,235

Operating Segment	CGU	Impairment	1% increase in discount rate	5% decrease in pricing
Australia	Australia	33,475	3,435	15,470
Germany	Germany Gas	10,177	1,370	2,818
Ireland	Ireland	26,061	9,198	19,208
Total		**69,713**	**14,003**	**37,496**

Operating Segment	CGU	Impairment	1% increase in discount rate	5% decrease in pricing
Australia	Australia	55,583	3,227	13,582
Canada	Saskatchewan	815,909	70,737	141,015
Canada	Drayton Valley Oil	364,879	13,204	23,582
France	Neocomian	22,758	8,576	13,609
Germany	Germany Gas	39,738	3,545	7,084
Ireland	Ireland	119,634	10,333	20,793
United States	United States	146,353	28,051	52,613
Total		**1,564,854**	**137,673**	**272,278**

CGU	Operating Segment	Impairment	1% increase in discount rate	5% decrease in pricing
Ireland	Ireland	46,055	14,749	28,598

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Exploration and evaluation assets (Tables)	12 Months Ended Dec. 31, 2020
Exploration and evaluation assets [member]	
Disclosure Of Exploration And Evaluation Assets [Line Items]	
Summary of reconciliation of changes in Vermilion's exploration and evaluation assets	The following table reconciles the change in Vermilion's exploration and evaluation assets:

	2020	2019
Balance at January 1	**286,149**	303,295
Acquisitions	**1,380**	—
Additions	**14,721**	36,487
Changes in asset retirement obligations	**(500)**	36
Transfers to capital assets	**—**	(27,918)
Depreciation	**(54,838)**	(18,689)
Foreign exchange	**7,182**	(7,062)
Balance at December 31	**254,094**	286,149
Cost	**395,615**	371,632
Accumulated depreciation	**(141,521)**	(85,483)
Carrying amount at December 31	**254,094**	286,149

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Asset retirement obligations (Tables)	12 Months Ended Dec. 31, 2020
Asset retirement obligations	
Summary of reconciliation of changes in Vermilion's asset obligations	The following table reconciles the change in Vermilion's asset retirement obligations:

	2020	2019
Balance at January 1	**618,201**	650,164
Additional obligations recognized	**1,484**	7,595
Changes in estimated abandonment timing and costs	**74,235**	39,722
Obligations settled	**(14,278)**	(19,442)
Accretion	**35,318**	32,667
Changes in discount rates	**(276,673)**	(57,635)
Foreign exchange	**29,450**	(34,870)
Balance at December 31	**467,737**	618,201

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

	Dec 31, 2020	Dec 31, 2019
Canada	**1.2 %**	1.7 %
United States	**1.6 %**	2.4 %
France	**0.3 %**	0.9 %
Netherlands	**(0.6)%**	(0.1)%
Germany	**(0.2)%**	0.3 %
Ireland	**(0.1)%**	0.6 %
Australia	**1.3 %**	1.6 %

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Derivative instruments (Tables)	12 Months Ended Dec. 31, 2020

Derivative instruments

Summary of reconciliation of change in fair value of derivative instruments

The following table reconciles the change in the fair value of Vermilion's derivative instruments:

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Fair value of contracts, beginning of year	**(10,991)**	38,339
Reversal of opening contracts settled during the year	**12,811**	(62,735)
Realized gain on contracts settled during the year	**109,093**	84,219
Unrealized (loss) gain during the year on contracts outstanding at the end of the year	**(113,766)**	5,308
Net receipt from counterparties on contract settlements during the year	**(109,093)**	(84,219)
Unrealized loss on derivatives designated as cash flow hedges	**(7,826)**	(1,071)
Unrealized gain on derivatives designated as net investment hedges	**—**	9,168
Fair value of contracts, end of year	**(119,772)**	(10,991)
Comprised of:		
Current derivative asset	**16,924**	55,645
Current derivative liability	**(130,919)**	(62,405)
Non-current derivative asset	**2,451**	20,127
Non-current derivative liability	**(8,228)**	(24,358)
Fair value of contracts, end of year	**(119,772)**	(10,991)

Summary of loss (gain) on derivative instruments

The gain on derivative instruments for 2020 and 2019 were comprised of the following:

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Realized gain on contracts settled during the year	**(109,093)**	(84,219)
Reversal of opening contracts settled during the year	**(12,811)**	62,735
Unrealized loss (gain) on contracts outstanding at the end of the year	**113,766**	(5,308)
Gain on derivative instruments	**(8,138)**	(26,792)

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Leases (Tables)	12 Months Ended Dec. 31, 2020

Leases

Summary of future commitments associated with lease obligations

Vermilion had the following future commitments associated with its lease obligations:

($M)	As at Dec 31, 2020	Dec 31, 2019
Less than 1 year	**27,927**	29,217
1 - 3 years	**41,270**	46,501
3 - 5 years	**31,412**	38,177
After 5 years	**14,178**	26,168
Total lease payments	**114,787**	140,063
Amounts representing interest	**(15,381)**	(23,309)
Present value of net lease payments	**99,406**	116,754
Current portion of lease obligations	**(22,882)**	(23,682)
Non-current portion of lease obligations	**76,524**	93,072
Total cash outflow	**31,240**	33,276
Interest on lease liabilities	**6,192**	6,984

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Taxes (Tables)	12 Months Ended Dec. 31, 2020

Taxes

Summary of deferred tax asset and liability

The following table reconciles Vermilion’s deferred tax asset and liability:

	As at	
	Dec 31, 2020	Dec 31, 2019
Deferred tax assets:		
Non-capital losses	**420,060**	454,339
Derivative contracts	**33,064**	2,712
Other	**14,766**	3,149
Stock based compensation	**12,218**	—
Asset retirement obligations	**7,581**	36,170
Capital assets	**443**	(296,793)
Unrealized foreign exchange	**(3,635)**	(3,034)
Deferred tax assets	**484,497**	196,543
Deferred tax liabilities:		
Asset retirement obligations	**184,144**	123,257
Capital assets	**112,818**	262,669
Other	**1,682**	(1,610)
Non-capital losses	**(34,372)**	(48,007)
Deferred tax liabilities	**264,272**	336,309

Summary of reconciliation of accounting profit multiplied by applicable tax rates

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, 2020	Dec 31, 2019
Earnings before income taxes	**(1,877,399)**	141,125
Canadian corporate tax rate (1)	**25.31 %**	26.72 %
Expected tax expense	**(475,170)**	37,709
Increase (decrease) in taxes resulting from:		
Petroleum resource rent tax rate (PRRT) differential (2)	**(15,157)**	17,455
Foreign tax rate differentials (2) (3)	**(14,907)**	5,543
Equity based compensation expense	**2,445**	3,733
Amended returns and changes to estimated tax pools and tax positions	**(2,598)**	(24,387)
Statutory rate changes and the estimated reversal rates on temporary differences (4)	**33,770**	9,543
Derecognition (recognition) of deferred tax assets	**141,315**	65,522
Adjustment for uncertain tax positions	**—**	3,659
Other non-deductible items	**(29,670)**	(10,451)
Provision for income taxes	**(359,972)**	108,326

(1) In Canada, the lower tax rate is a result of reductions to the Alberta corporate tax rate from 10% to 8%.

(2) In Australia, current taxes include both corporate income tax rates and PRRT. Corporate income tax rates were applied at a rate of 30% and PRRT was applied at a rate of 40%.

(3) The applicable tax rates for 2020 were: 28.9% in France, 50.0% in the Netherlands, 31.6% in Germany, 25.0% in Ireland, and 21.0% in the United States (2019: 32.0% in France, 50.0% in the Netherlands, 31.8% in Germany, 25.0% in Ireland, and 21.0% in the United States).

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 July 1, 2020, the Alberta government reduced the provincial corporate tax rate from 10% to 8%, accelerating the previously enacted schedule of rate reductions.

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Long-term debt (Tables)	12 Months Ended Dec. 31, 2020

Disclosure of Long-term Debt [Line Items]

Summary of outstanding long-term debt

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

	As at	
	Dec 31, 2020	Dec 31, 2019
Revolving credit facility	**1,555,215**	1,539,225
Senior unsecured notes	**378,633**	385,440
Long-term debt	**1,933,848**	1,924,665

Summary of change in long-term debt

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

	2020	2019
Balance at January 1	**1,924,665**	1,796,207
Borrowings on the revolving credit facility	**22,183**	207,787
Amortization of transaction costs	**833**	4,379
Foreign exchange	**(13,833)**	(83,708)
Balance at December 31	**1,933,848**	1,924,665

Summary of financial covenants

As at December 31, 2020, the revolving credit facility was subject to the following financial covenants:

		As at	
Financial covenant	Limit	Dec 31, 2020	Dec 31, 2019
Consolidated total debt to consolidated EBITDA	Less than 4.0	**3.48**	1.94
Consolidated total senior debt to consolidated EBITDA	Less than 3.5	**2.82**	1.56
Consolidated EBITDA to consolidated interest expense	Greater than 2.5	**8.12**	13.46

Summary of redemption price of unsecured notes

Year	Redemption price
2021	102.813 %
2022	101.406 %
2023 and thereafter	100.000 %

Revolving Credit Facilities [Member]

Disclosure of Long-term Debt [Line Items]

Summary of outstanding long-term debt

As at December 31, 2020, Vermilion had in place a bank revolving credit facility maturing May 31, 2024 with the following terms:

	As at	
	Dec 31, 2020	Dec 31, 2019
Total facility amount	**2,100,000**	2,100,000
Amount drawn	**(1,555,215)**	(1,539,225)
Letters of credit outstanding	**(23,210)**	(10,230)
Unutilized capacity	**521,575**	550,545

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Shareholders' capital (Tables)	12 Months Ended Dec. 31, 2020
Shareholders' capital	
Summary of changes in shareholders' capital	The following table reconciles the change in Vermilion’s shareholders’ capital:

Shareholders’ capital	2020 Shares (‘000s)	2020 Amount ($M)	2019 Shares (‘000s)	2019 Amount ($M)
Balance at January 1	**156,290**	**4,119,031**	152,704	4,008,828
Shares issued for the Dividend Reinvestment Plan	**619**	**8,277**	1,417	34,937
Vesting of equity based awards	**1,103**	**49,188**	1,359	51,108
Shares issued for equity based compensation	**415**	**3,203**	552	15,868
Share-settled dividends on vested equity based awards	**297**	**1,461**	258	8,290
Balance at December 31	**158,724**	**4,181,160**	156,290	4,119,031

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Capital disclosures (Tables)	12 Months Ended Dec. 31, 2020

Capital disclosures

Schedule of ratio of net debt to fund flows from operations

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

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Long-term debt	**1,933,848**	1,924,665
Current liabilities	**433,128**	416,210
Current assets	**(260,993)**	(347,681)
Net debt	**2,105,983**	1,993,194
Ratio of net debt to four quarter trailing fund flows from operations	**4.19**	2.20

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Equity based compensation (Tables)	12 Months Ended Dec. 31, 2020
Vermilion incentive plan [Member]	
Disclosure Of Equity Based Compensation [Line Items]	
Summary of number of awards outstanding under VIP and the Five-Year Compensation Arrangement	The following table summarizes the number of awards outstanding under the VIP:

Number of VIP and Five Year Compensation Awards (‘000s)	2020	2019
Opening balance	**2,268**	1,931
Granted	**5,120**	1,193
Vested	**(650)**	(688)
Forfeited	**(494)**	(168)
Closing balance	**6,244**	2,268

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Per share amounts (Tables)	12 Months Ended Dec. 31, 2020
Per share amounts	
Schedule of determination of basic and diluted net earnings per share	Basic and diluted net (loss) earnings per share have been determined based on the following:

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Net (loss) earnings	**(1,517,427)**	32,799
Basic weighted average shares outstanding ('000s)	**157,908**	154,736
Dilutive impact of equity based compensation ('000s)	**—**	1,359
Diluted weighted average shares outstanding ('000s)	**157,908**	156,095
Basic loss per share	**(9.61)**	0.21
Diluted loss per share	**(9.61)**	0.21

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Financial instruments (Tables)

12 Months Ended Dec. 31, 2020

Financial instruments

Summary of financial instruments

The following table summarizes the carrying value relating to Vermilion's financial instruments:

	As at Dec 31, 2020				As at Dec 31, 2019			
($M)	FVTPL	FVTOCI	Amortized Cost	Total	FVTPL	FVTOCI	Amortized Cost	Total
Cash and cash equivalents	**6,904**	**—**	**—**	**6,904**	29,028	—	—	29,028
Derivative assets	**19,375**	**—**	**—**	**19,375**	64,135	11,637	—	75,772
Derivative liabilities	**(139,147)**	**—**	**—**	**(139,147)**	(83,223)	(3,540)	—	(86,763)
Accounts receivable	**—**	**—**	**196,077**	**196,077**	—	—	211,409	211,409
Accounts payable and accrued liabilities	**—**	**—**	**(297,670)**	**(297,670)**	—	—	(312,442)	(312,442)
Dividends payable	**—**	**—**	**—**	**—**	—	—	(35,947)	(35,947)
Lease obligations	**—**	**—**	**(76,524)**	**(76,524)**	—	—	(93,072)	(93,072)
Long-term debt [(1)]	**—**	**—**	**(1,933,848)**	**(1,933,848)**	—	—	(1,924,665)	(1,924,665)

Summary of increase (decrease) to net earnings before tax

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, 2020	Dec 31, 2019
Currency risk - Euro to Canadian dollar		
$0.01 increase in strength of the Canadian dollar against the Euro	**(873)**	(1,599)
$0.01 decrease in strength of the Canadian dollar against the Euro	**873**	1,599
Currency risk - US dollar to Canadian dollar		
$0.01 increase in strength of the Canadian dollar against the US $	**2,711**	(5,594)
$0.01 decrease in strength of the Canadian dollar against the US $	**(2,711)**	5,594
Commodity price risk - Crude oil		
US $5.00/bbl increase in crude oil price used to determine the fair value of derivatives	**(11,783)**	(44,106)
US $5.00/bbl decrease in crude oil price used to determine the fair value of derivatives	**7,207**	47,777
Commodity price risk - European natural gas		
€ 0.5/GJ increase in European natural gas price used to determine the fair value of derivatives	**(23,904)**	(28,192)
€ 0.5/GJ decrease in European natural gas price used to determine the fair value of derivatives	**24,088**	22,670
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)

Schedule of undiscounted non-derivative financial liabilities and their contractual maturities

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, 2020	92,991	181,475	23,204	2,006,530
December 31, 2019	134,502	208,752	5,136	1,608,435

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Related party disclosures (Tables)

12 Months Ended Dec. 31, 2020

Related party disclosures

Summary of compensation of directors and other members of key management personnel

The following table summarizes the compensation of directors and other members of key management personnel during the years ended December 31, 2020 and 2019:

	Year Ended	
	Dec 31, 2020	Dec 31, 2019
Short-term benefits	**4,800**	8,084
Equity based compensation	**13,169**	16,296
	17,969	24,380
Number of individuals included in the above amounts	**18**	19

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Supplemental information (Tables)

12 Months Ended Dec. 31, 2020

Supplemental information

Summary of changes in non-working capital

Changes in non-cash working capital was comprised of the following:

	Year Ended Dec 31, 2020	Year Ended Dec 31, 2019
Changes in:		
Accounts receivable	**15,332**	48,913
Crude oil inventory	**15,987**	(1,638)
Prepaid expenses	**(5,476)**	(2,882)
Accounts payable and accrued liabilities	**(14,772)**	(137,209)
Income taxes payable	**(877)**	(31,994)
Foreign exchange	**(6,251)**	2,590
Changes in non-cash working capital	**3,943**	(122,220)
Changes in non-cash operating working capital	**12,365**	(65,148)
Changes in non-cash investing working capital	**(8,422)**	(57,072)
Changes in non-cash working capital	**3,943**	(122,220)

Schedule of components of cash and cash equivalents

Cash and cash equivalents was comprised of the following:

	As at Dec 31, 2020	As at Dec 31, 2019
Cash on deposit with financial institutions	**6,777**	28,898
Guaranteed investment certificates	**127**	130
Cash and cash equivalents	**6,904**	29,028

Summary of wages and benefits

Wages and benefits included in operating expenses and general and administration expenses were:

	Year Ended Dec 31, 2020	Year Ended Dec 31, 2019
Operating expense	**70,414**	77,868
General and administration expense	**60,551**	47,310
Wages and benefits	**130,965**	125,178

Summary of outstanding risk management positions

The following tables summarize Vermilion's outstanding risk management positions as at December 31, 2020:

	Unit	Currency	Bought Put Volume	Weighted Average Bought Put Price	Sold Call Volume	Weighted Average Sold Call Price	Sold Put Volume	Weighted Average Sold Put Price	Sold Swap Volume	Weighted Average Sold Swap Price	Bought Swap Volume	Weighted Average Bought Swap Price
Dated Brent												
Q1 2021	bbl	USD	1,000	47.50	1,000	53.75	1,000	40.00	2,000	49.18	—	—
Q2 2021	bbl	USD	—	—	—	—	—	—	500	47.50	—	—
WTI												
Q1 2021	bbl	USD	4,500	45.00	4,500	51.26	4,500	37.50	4,300	45.51	—	—
Q2 2021	bbl	USD	4,000	45.00	4,000	53.50	4,000	37.50	2,150	45.54	—	—
AECO												
Q2 2021	mcf	CAD	—	—	—	—	—	—	9,478	2.12	—	—
Q3 2021	mcf	CAD	—	—	—	—	—	—	9,478	2.12	—	—
Q4 2021	mcf	CAD	—	—	—	—	—	—	3,194	2.12	—	—
AECO Basis (AECO less NYMEX Henry Hub)												
Q1 2021	mcf	USD	—	—	—	—	—	—	30,000	(1.11)	—	—
Q2 2021	mcf	USD	—	—	—	—	—	—	45,000	(1.08)	—	—
Q3 2021	mcf	USD	—	—	—	—	—	—	45,000	(1.08)	—	—
Q4 2021	mcf	USD	—	—	—	—	—	—	35,054	(1.09)	—	—
Q1 2022	mcf	USD	—	—	—	—	—	—	30,000	(1.10)	—	—
Q2 2022	mcf	USD	—	—	—	—	—	—	35,000	(1.09)	—	—

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Q3 2022	mcf	USD	—	—	—	—	—	—	35,000	(1.09)	—	—
Q4 2022	mcf	USD	—	—	—	—	—	—	11,793	(1.09)	—	—
NYMEX Henry Hub												
Q1 2021	mcf	USD	15,000	2.73	15,000	2.90	—	—	33,500	2.86	—	—
Q2 2021	mcf	USD	10,000	2.65	10,000	2.77	—	—	28,500	2.83	—	—
Q3 2021	mcf	USD	10,000	2.65	10,000	2.77	—	—	28,500	2.83	—	—
Q4 2021	mcf	USD	10,000	2.65	10,000	2.77	—	—	21,870	2.78	—	—
Ventura Basis (Ventura less NYMEX Henry Hub)												
Q1 2021	mcf	USD	—	—	—	—	—	—	—	—	10,000	0.04
Q2 2021	mcf	USD	—	—	—	—	—	—	—	—	10,000	0.04
Q3 2021	mcf	USD	—	—	—	—	—	—	—	—	10,000	0.04
Q4 2021	mcf	USD	—	—	—	—	—	—	—	—	3,370	0.04
SoCal Border											—	—
Q1 2021	mcf	USD	—	—	—	—	—	—	5,000	3.40	—	—
Conway Propane											—	—
Q1 2021	bbl	USD	—	—	—	—	—	—	500	56% WTI	—	—

	Unit	Currency	Bought Put Volume	Weighted Average Bought Put Price	Sold Call Volume	Weighted Average Sold Call Price	Sold Put Volume	Weighted Average Sold Put Price	Sold Swap Volume	Weighted Average Sold Swap Price	Bought Swap Volume	Weighted Average Bought Swap Price
NBP												
Q1 2021	mcf	EUR	58,962	5.37	61,419	5.45	58,962	3.88	2,457	4.69	—	—
Q2 2021	mcf	EUR	49,135	5.37	49,135	5.43	49,135	3.87	2,457	4.69	—	—
Q3 2021	mcf	EUR	49,135	5.37	49,135	5.42	49,135	3.87	2,457	4.69	—	—
Q4 2021	mcf	EUR	58,962	5.37	58,962	5.36	58,962	3.88	2,457	4.69	—	—
Q1 2022	mcf	EUR	34,394	5.18	34,394	5.88	34,394	3.63	2,457	4.69	—	—
Q2 2022	mcf	EUR	27,024	5.07	27,024	5.64	27,024	3.50	2,457	4.69	—	—
Q3 2022	mcf	EUR	14,740	4.86	14,740	5.42	14,740	3.42	2,457	4.69	—	—
Q4 2022	mcf	EUR	14,740	4.86	14,740	5.41	14,740	3.42	2,457	4.69	—	—
Q1 2023	mcf	EUR	7,370	4.74	7,370	4.96	7,370	3.32	—	—	—	—
TTF												
Q2 2021	mcf	EUR	2,457	4.25	2,457	3.93	2,457	2.93	—	—	—	—
Q3 2021	mcf	EUR	2,457	4.25	2,457	3.92	2,457	2.93	—	—	—	—
Q1 2022	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—
Q2 2022	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—
Q3 2022	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—
Q4 2022	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—
Q1 2023	mcf	EUR	2,457	4.84	2,457	5.64	2,457	3.52	—	—	—	—

VET Equity Swaps		Initial Share Price		Share Volume
Swap	Jan 2020 - Sep 2021	20.9788	CAD	2,250,000
Swap	Jan 2020 - Oct 2021	22.4587	CAD	1,500,000

Foreign Currency Swaps		Notional Amount		Notional Amount		Average Rate
Swap	Jan 2021	1,200,342,790	USD	1,570,298,550	CAD	1.3082

Summary of sold option instruments counterparties

Period if Option	Option Expiration	Bought Put	Weighted Average Bought Put	Sold Call	Weighted Average Sold Call	Sold Put	Weighted Average Sold Put	Sold Swap	Weighted Average Sold Swap

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Exercised	Unit	Currency	Date	Volume	Price	Volume	Price	Volume	Price	Volume	Price
NYMEX											
Apr 2021 - Oct 2021	mcf	USD	24-Mar-21	—	—	—	—	—	—	10,000	2.90
NBP											
Jan 2022 - Dec 2022	mcf	EUR	30-Jun-21	—	—	—	—	—	—	2,457	5.13
Dated Brent											
Apr 2021 - Mar 2022	bbl	USD	31-Mar-21	—	—	—	—	—	—	500	52.00

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Segmented information - Segment Operations (Details) - CAD ($) $ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Disclosure Of Segmented Information [Line Items]		
Total assets	$ 4,109,139	$ 5,866,120
Drilling and development	352,481	486,677
Exploration and evaluation	14,721	36,487
Royalties	(106,554)	(163,666)
Revenue from external customers	1,140,844	1,747,471
Transportation	(67,711)	(72,446)
Operating	(417,251)	(440,078)
General and administration	(60,840)	(58,976)
PRRT	14,341	52,230
Current tax income (expense)	(14,341)	(52,230)
Interest expense	(75,077)	(81,377)
Fund flows from operations	502,065	908,055
Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
Total assets	4,109,139	5,866,120
Drilling and development	352,481	486,677
Exploration and evaluation	14,721	36,487
Crude oil and condensate sales	816,119	1,302,028
NGL sales	42,717	39,658
Natural gas sales	260,709	348,177
Sales of purchased commodities	127,853	221,274
Royalties	(106,554)	(163,666)
Revenue from external customers	1,140,844	1,747,471
Purchased commodities	(127,853)	(221,274)
Transportation	(67,711)	(72,446)
Operating	(417,251)	(440,078)
General and administration	(60,840)	(58,976)
Interest expense	(75,077)	(81,377)
Realized gain on derivative instruments	109,093	84,219
Realized other income	4,091	7,700
Fund flows from operations	502,065	908,055
Reportable segments [member] | Operating Segments [Member]		
Disclosure Of Segmented Information [Line Items]		
Realized foreign exchange gain	11,110	(4,954)
PRRT [Member] | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
PRRT	20,151	25,947
Current tax income (expense)	(20,151)	(25,947)
Corporate income tax [Member] | Reportable segments [member]		

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Disclosure Of Segmented Information [Line Items]		
PRRT	(5,810)	26,283
Current tax income (expense)	5,810	(26,283)
Canada | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
Total assets	1,805,464	3,088,947
Drilling and development	199,141	293,744
Exploration and evaluation	0	0
Crude oil and condensate sales	418,610	699,290
NGL sales	36,204	33,159
Natural gas sales	114,377	95,621
Sales of purchased commodities	0	0
Royalties	(54,961)	(94,079)
Revenue from external customers	514,230	733,991
Purchased commodities	0	0
Transportation	(41,494)	(41,261)
Operating	(218,596)	(242,790)
General and administration	(25,462)	(23,341)
Interest expense	0	0
Realized gain on derivative instruments	0	0
Realized foreign exchange gain	0	0
Realized other income	0	0
Fund flows from operations	228,678	426,599
Canada | PRRT [Member] | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
PRRT	0	0
Current tax income (expense)	0	0
Canada | Corporate income tax [Member] | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
PRRT	0	0
Current tax income (expense)	$ 0	$ 0
France		
Disclosure Of Segmented Information [Line Items]		
Revenue (as a percentage)	10.00%	10.00%
France | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
Total assets	$ 703,567	$ 841,875
Drilling and development	42,145	74,579
Exploration and evaluation	183	62
Crude oil and condensate sales	182,292	326,578
NGL sales	0	0
Natural gas sales	0	121
Sales of purchased commodities	0	0
Royalties	(32,069)	(43,895)

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Revenue from external customers	150,223	282,804
Purchased commodities	0	0
Transportation	(14,604)	(21,609)
Operating	(57,128)	(61,281)
General and administration	(13,108)	(15,406)
Interest expense	0	0
Realized gain on derivative instruments	0	0
Realized foreign exchange gain	0	0
Realized other income	0	0
Fund flows from operations	65,242	163,077
France | PRRT [Member] | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
PRRT	0	0
Current tax income (expense)	0	0
France | Corporate income tax [Member] | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
PRRT	141	21,431
Current tax income (expense)	(141)	(21,431)
Netherlands | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
Total assets	130,063	226,834
Drilling and development	10,331	19,866
Exploration and evaluation	(226)	3,739
Crude oil and condensate sales	1,502	2,411
NGL sales	0	0
Natural gas sales	64,073	110,446
Sales of purchased commodities	0	0
Royalties	(444)	(1,469)
Revenue from external customers	65,131	111,388
Purchased commodities	0	0
Transportation	0	0
Operating	(32,410)	(32,125)
General and administration	(1,220)	(2,659)
Interest expense	0	0
Realized gain on derivative instruments	0	0
Realized foreign exchange gain	0	0
Realized other income	0	0
Fund flows from operations	35,275	80,565
Netherlands | PRRT [Member] | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
PRRT	0	0
Current tax income (expense)	0	0
Netherlands | Corporate income tax [Member] | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		

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PRRT	(3,774)	(3,961)
Current tax income (expense)	3,774	3,961
Germany | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
Total assets	198,357	261,712
Drilling and development	13,005	10,806
Exploration and evaluation	2,814	10,878
Crude oil and condensate sales	17,143	25,783
NGL sales	0	0
Natural gas sales	17,067	31,529
Sales of purchased commodities	0	0
Royalties	(990)	(5,264)
Revenue from external customers	33,220	52,048
Purchased commodities	0	0
Transportation	(5,839)	(5,117)
Operating	(20,732)	(24,970)
General and administration	(6,532)	(8,452)
Interest expense	0	0
Realized gain on derivative instruments	0	0
Realized foreign exchange gain	0	0
Realized other income	0	0
Fund flows from operations	117	13,509
Germany | PRRT [Member] | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
PRRT	0	0
Current tax income (expense)	0	0
Germany | Corporate income tax [Member] | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
PRRT	0	0
Current tax income (expense)	0	0
Ireland | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
Total assets	257,990	470,316
Drilling and development	1,823	1,372
Exploration and evaluation	0	0
Crude oil and condensate sales	13	27
NGL sales	0	0
Natural gas sales	58,433	104,247
Sales of purchased commodities	0	0
Royalties	0	0
Revenue from external customers	58,446	104,274
Purchased commodities	0	0
Transportation	(4,425)	(4,459)
Operating	(15,232)	(12,431)

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General and administration	(594)	(2,491)
Interest expense	0	0
Realized gain on derivative instruments	0	0
Realized foreign exchange gain	0	0
Realized other income	0	0
Fund flows from operations	38,195	84,893
Ireland | PRRT [Member] | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
PRRT	0	0
Current tax income (expense)	0	0
Ireland | Corporate income tax [Member] | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
PRRT	0	0
Current tax income (expense)	0	0
Australia | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
Total assets	105,898	233,581
Drilling and development	24,520	30,550
Exploration and evaluation	0	0
Crude oil and condensate sales	141,452	184,490
NGL sales	0	0
Natural gas sales	0	0
Sales of purchased commodities	0	0
Royalties	0	0
Revenue from external customers	141,452	184,490
Purchased commodities	0	0
Transportation	0	0
Operating	(54,581)	(49,810)
General and administration	(3,841)	(4,940)
Interest expense	0	0
Realized gain on derivative instruments	0	0
Realized foreign exchange gain	0	0
Realized other income	0	0
Fund flows from operations	64,985	95,386
Australia | PRRT [Member] | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
PRRT	20,151	25,947
Current tax income (expense)	(20,151)	(25,947)
Australia | Corporate income tax [Member] | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
PRRT	(2,106)	8,407
Current tax income (expense)	2,106	(8,407)
United States | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		

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Total assets	328,902	421,609
Drilling and development	66,120	57,196
Crude oil and condensate sales	55,099	63,449
NGL sales	6,513	6,499
Natural gas sales	4,834	5,416
Royalties	(17,446)	(18,706)
Revenue from external customers	49,000	56,658
Transportation	(1,349)	
Operating	(18,108)	(16,370)
General and administration	(7,420)	(7,566)
Fund flows from operations	22,123	32,722
Corporate | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
Total assets	578,898	321,246
Drilling and development	(4,604)	(1,436)
Exploration and evaluation	11,950	21,808
Crude oil and condensate sales	8	0
NGL sales	0	0
Natural gas sales	1,925	797
Sales of purchased commodities	127,853	221,274
Royalties	(644)	(253)
Revenue from external customers	129,142	221,818
Purchased commodities	(127,853)	(221,274)
Transportation	0	0
Operating	(464)	(301)
General and administration	(2,663)	5,879
Interest expense	(75,077)	(81,377)
Realized gain on derivative instruments	109,093	84,219
Realized other income	4,091	7,700
Fund flows from operations	47,450	11,304
Corporate | Reportable segments [member] | Operating Segments [Member]		
Disclosure Of Segmented Information [Line Items]		
Realized foreign exchange gain	11,110	(4,954)
Corporate | PRRT [Member] | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
PRRT	0	0
Current tax income (expense)	0	0
Corporate | Corporate income tax [Member] | Reportable segments [member]		
Disclosure Of Segmented Information [Line Items]		
PRRT	(71)	406
Current tax income (expense)	$ 71	$ (406)

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Segmented information - Reconciliation of Fund Flows from Operations to Net Earnings (Details) - CAD ($)	3 Months Ended	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2020	Dec. 31, 2019
Segmented information			
Fund flows from operations		$ 502,065,000	$ 908,055,000
Accretion		(35,318,000)	(32,667,000)
Depletion and depreciation		(580,461,000)	(675,177,000)
Impairment	$ 0	(1,682,344,000)	(46,056,000)
Unrealized loss on derivative instruments		(100,955,000)	(57,427,000)
Equity based compensation		(42,906,000)	(64,233,000)
Unrealized foreign exchange gain		49,012,000	57,225,000
Unrealized other expense		(833,000)	(825,000)
Deferred tax		374,313,000	(56,096,000)
Net (loss) earnings		$ (1,517,427,000)	$ 32,799,000

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Capital assets - Reconciliation of Change in Carrying Amount (Details) - CAD ($) $ in Thousands	3 Months Ended				12 Months Ended	
	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Disclosure of Capital assets [Line Items]						
Beginning balance			$ 5,015,620		$ 5,015,620	
Impairment	$ (35,400)	$ (53,100)	(1,200,000)	$ (34,600)	(1,682,344)	$ (46,056)
Ending balance				5,015,620	3,107,104	5,015,620
Property, plant and equipment			5,015,620	5,015,620	3,107,104	5,015,620
Capital assets [Member]						
Disclosure of Capital assets [Line Items]						
Beginning balance			5,015,620		5,015,620	5,316,873
Acquisitions					24,430	38,472
Additions					352,481	486,677
Increase in right-of-use assets					5,245	12,348
Transfers from exploration and evaluation assets						27,918
Impairment					(1,682,344)	(46,056)
Depletion and depreciation					(517,734)	(657,863)
Changes in asset retirement obligations					(200,454)	(10,354)
Foreign exchange					109,860	(152,395)
Ending balance				5,015,620	3,107,104	5,015,620
Property, plant and equipment			5,015,620	5,015,620	3,107,104	5,015,620
Capital assets [Member] | Gross carrying amount [member]						
Disclosure of Capital assets [Line Items]						
Beginning balance			9,604,933		9,604,933	
Ending balance				9,604,933	9,863,537	9,604,933
Property, plant and equipment			9,604,933	9,604,933	9,863,537	9,604,933
Capital assets [Member] | Accumulated depletion, depreciation, and impairment [member]						
Disclosure of Capital assets [Line Items]						
Beginning balance			(4,589,313)		(4,589,313)	
Ending balance				(4,589,313)	(6,756,433)	(4,589,313)
Property, plant and equipment			$ (4,589,313)	$ (4,589,313)	$ (6,756,433)	$ (4,589,313)

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Capital assets - Carrying Balance and Depreciation (Details) - CAD ($) $ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Disclosure of Capital assets [Line Items]		
Depreciation	$ 23,290	$ 22,676
Balance	99,993	115,608
Office space [Member]		
Disclosure of Capital assets [Line Items]		
Depreciation	9,835	9,745
Balance	49,134	53,777
Gas processing facilities [Member]		
Disclosure of Capital assets [Line Items]		
Depreciation	7,109	7,089
Balance	27,593	34,701
Oil storage facilities [Member]		
Disclosure of Capital assets [Line Items]		
Depreciation	2,738	2,633
Balance	15,231	16,803
Vehicles and equipment [Member]		
Disclosure of Capital assets [Line Items]		
Depreciation	3,608	3,209
Balance	$ 8,035	$ 10,327

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Capital assets - Recovery Amounts (Details)		3 Months Ended			
	Dec. 31, 2020 $ / bbl $ / $	Sep. 30, 2020 $ / bbl $ / MMBTU € / MMBTU $ / $	Jun. 30, 2020 $ / bbl $ / MMBTU € / MMBTU $ / $	Mar. 31, 2020 $ / bbl $ / MMBTU € / MMBTU $ / $	Dec. 31, 2019 € / MMBTU
2020					
Disclosure of Capital assets [Line Items]					
Exchange rate | $ / $		0.75	0.74	0.72	
2020 | Brent Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts		44.00	43.50	34.00	
2020 | WTI Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts		42.00	41.00	30.00	
2020 | NBP					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | € / MMBTU		3.87	2.75	3.33	5.58
2020 | AECO Spot Gas					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | $ / MMBTU		3.00	2.10	1.95	
2021					
Disclosure of Capital assets [Line Items]					
Exchange rate | $ / $	0.78	0.75	0.74	0.73	
2021 | Brent Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts	50.75	46.75	48.00	45.50	
2021 | WTI Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts		44.00	44.00	41.00	
2021 | NBP					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | € / MMBTU		4.03	4.25	4.25	5.51
2021 | AECO Spot Gas					
Disclosure of Capital assets [Line Items]					

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Benchmark price forecasts used to calculate the recoverable amounts | $ / MMBTU		2.90	2.35	2.25	
2022					
Disclosure of Capital assets [Line Items]					
Exchange rate | $ / $	0.77	0.75	0.75	0.74	
2022 | Brent Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts	55.00	51.00	51.50	52.50	
2022 | WTI Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts		47.50	47.50	47.50	
2022 | NBP					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | € / MMBTU		4.41	4.75	5.00	5.54
2022 | AECO Spot Gas					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | $ / MMBTU		2.70	2.40	2.35	
2023					
Disclosure of Capital assets [Line Items]					
Exchange rate | $ / $	0.76	0.75	0.75	0.74	
2023 | Brent Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts	58.50	56.50	56.50	57.50	
2023 | WTI Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts		52.50	52.50	52.50	
2023 | NBP					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | € / MMBTU		4.58	5.25	5.50	5.65
2023 | AECO Spot Gas					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | $ / MMBTU		2.60	2.45	2.45	
2024					
Disclosure of Capital assets [Line Items]					
Exchange rate | $ / $	0.76	0.75	0.75	0.75	
2024 | Brent Crude					
Disclosure of Capital assets [Line Items]					

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Benchmark price forecasts used to calculate the recoverable amounts	61.79	60.00	60.00	62.50	
2024 | WTI Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts		56.00	56.00	57.50	
2024 | NBP					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | € / MMBTU		4.79	5.75	6.00	5.77
2024 | AECO Spot Gas					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | $ / MMBTU		2.60	2.55	2.55	
2025					
Disclosure of Capital assets [Line Items]					
Exchange rate | $ / $	0.76	0.75	0.75	0.75	
2025 | Brent Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts	62.95	62.95	62.95	62.95	
2025 | WTI Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts		58.95	58.95	58.95	
2025 | NBP					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | € / MMBTU		5.00	6.00	6.25	5.88
2025 | AECO Spot Gas					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | $ / MMBTU		2.65	2.65	2.65	
2026					
Disclosure of Capital assets [Line Items]					
Exchange rate | $ / $	0.76	0.75	0.75	0.75	
2026 | Brent Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts	64.13	64.13	64.13	64.13	
2026 | WTI Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts		60.13	60.13	60.13	
2026 | NBP					

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Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | € / MMBTU		5.21	6.25	6.50	6.00
2026 | AECO Spot Gas					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | $ / MMBTU		2.70	2.70	2.70	
2027					
Disclosure of Capital assets [Line Items]					
Exchange rate | $ / $	0.76	0.75	0.75	0.75	
2027 | Brent Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts	65.33	65.33	65.33	65.33	
2027 | WTI Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts		61.33	61.33	61.33	
2027 | NBP					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | € / MMBTU		5.42	6.50	6.75	6.12
2027 | AECO Spot Gas					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | $ / MMBTU		2.76	2.76	2.76	
2028					
Disclosure of Capital assets [Line Items]					
Exchange rate | $ / $	0.76	0.75	0.75	0.75	
2028 | Brent Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts	66.56	66.56	66.56	66.56	
2028 | WTI Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts		62.56	62.56	62.56	
2028 | NBP					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | € / MMBTU		5.63	6.75	7.00	6.24
2028 | AECO Spot Gas					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | $ / MMBTU		2.81	2.81	2.81	

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2029					
Disclosure of Capital assets [Line Items]					
Exchange rate | $ / $	0.76	0.75	0.75	0.75	
2029 | Brent Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts	67.81	67.81	67.81	67.81	
2029 | WTI Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts		63.81	63.81	63.81	
2029 | NBP					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | € / MMBTU		5.83	7.00	7.25	6.37
2029 | AECO Spot Gas					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts | $ / MMBTU		2.87	2.87	2.87	
2030 and beyond					
Disclosure of Capital assets [Line Items]					
Exchange rate | $ / $	0.76				
Commodity price forecast inflation rate percentage		2.00%	2.00%	2.00%	2.00%
2030 and beyond | Brent Crude					
Disclosure of Capital assets [Line Items]					
Benchmark price forecasts used to calculate the recoverable amounts	69.17				
2031 and beyond					
Disclosure of Capital assets [Line Items]					
Commodity price forecast inflation rate percentage	2.00%				

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Capital assets - Impairment tests and sensitivity impacts (Details) - CAD ($)	3 Months Ended					12 Months Ended	
	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Disclosure of Capital assets [Line Items]							
Impairment loss	$ 0					$ 1,682,344,000	$ 46,056,000
Percentage of increase in discount rate					1.00%		
Percentage of decrease in pricing					5.00%		
Operating Segments [Member]							
Disclosure of Capital assets [Line Items]							
Impairment loss			$ 69,713,000	$ 1,564,854,000			
1% increase discount rate	5,582,000		14,003,000	137,673,000			
5% decrease pricing	24,797,000		37,496,000	272,278,000			
Operating Segments [Member] | Australia							
Disclosure of Capital assets [Line Items]							
Impairment loss			33,475,000	55,583,000			
1% increase discount rate			3,435,000	3,227,000			
5% decrease pricing			15,470,000	13,582,000			
Operating Segments [Member] | Saskatchewan							
Disclosure of Capital assets [Line Items]							
Impairment loss				815,909,000			
1% increase discount rate				70,737,000			
5% decrease pricing				141,015,000			
Operating Segments [Member] | Drayton Valley Oil							
Disclosure of Capital assets [Line Items]							
Impairment loss				364,879,000			
1% increase discount rate				13,204,000			
5% decrease pricing				23,582,000			
Operating Segments [Member] | Aquitaine Basin							
Disclosure of Capital assets [Line Items]							
5% decrease pricing	12,556,000						
Operating Segments [Member] | Neocomian							

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Disclosure of Capital assets [Line Items]					
Impairment loss		$ 47,777,000		22,758,000	
1% increase discount rate	5,582,000	5,184,000		8,576,000	
5% decrease pricing	$ 12,241,000	$ 13,235,000		13,609,000	
Operating Segments [Member] | Germany					
Disclosure of Capital assets [Line Items]					
Impairment loss			10,177,000	39,738,000	
1% increase discount rate			1,370,000	3,545,000	
5% decrease pricing			2,818,000	7,084,000	
Operating Segments [Member] | Ireland					
Disclosure of Capital assets [Line Items]					
Impairment loss			26,061,000	119,634,000	$ 46,055,000
1% increase discount rate			9,198,000	10,333,000	14,749,000
5% decrease pricing			$ 19,208,000	20,793,000	$ 28,598,000
Operating Segments [Member] | United States					
Disclosure of Capital assets [Line Items]					
Impairment loss				146,353,000	
1% increase discount rate				28,051,000	
5% decrease pricing				$ 52,613,000	

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Capital assets - Additional Information (Details) - CAD ($) $ in Thousands	3 Months Ended				12 Months Ended	
	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Capital assets						
Discount rate applied to cash flow projections	11.50%	11.50%	11.50%	9.00%	9.50%	9.00%
Impairment	$ 35,400	$ 53,100	$ 1,200,000	$ 34,600	$ 1,682,344	$ 46,056
Income tax recovery	$ 12,400	$ 16,600	$ 400,000	$ 11,500		

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Exploration and evaluation assets - Reconciliation of Change in Carrying Amount (Details) - CAD ($) $ in Thousands	12 Months Ended Dec. 31, 2020	Dec. 31, 2019
Disclosure Of Exploration And Evaluation Assets [Line Items]		
Beginning balance	$ 5,015,620	
Ending balance	3,107,104	$ 5,015,620
Property, plant and equipment	3,107,104	5,015,620
Exploration and evaluation assets [member]		
Disclosure Of Exploration And Evaluation Assets [Line Items]		
Beginning balance	286,149	303,295
Acquisitions	1,380	
Additions	14,721	36,487
Changes in asset retirement obligations	(500)	36
Transfers to capital assets		(27,918)
Depreciation	(54,838)	(18,689)
Foreign exchange	7,182	(7,062)
Ending balance	254,094	286,149
Property, plant and equipment	254,094	286,149
Exploration and evaluation assets [member] | Gross carrying amount [member]		
Disclosure Of Exploration And Evaluation Assets [Line Items]		
Beginning balance	371,632	
Ending balance	395,615	371,632
Property, plant and equipment	395,615	371,632
Exploration and evaluation assets [member] | Accumulated depletion, depreciation, and impairment [member]		
Disclosure Of Exploration And Evaluation Assets [Line Items]		
Beginning balance	(85,483)	
Ending balance	(141,521)	(85,483)
Property, plant and equipment	$ (141,521)	$ (85,483)

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Asset retirement obligations - Reconciliation of Change in Carrying Amount (Details) - CAD ($) $ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Asset retirement obligations		
Beginning balance	$ 618,201	$ 650,164
Additional obligations recognized	1,484	7,595
Changes in estimated abandonment timing and costs	74,235	39,722
Obligations settled	(14,278)	(19,442)
Accretion	35,318	32,667
Changes in discount rates	(276,673)	(57,635)
Foreign exchange	29,450	(34,870)
Ending balance	$ 467,737	$ 618,201

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Asset retirement obligations - Risk Free Rates (Details) - Provision for decommissioning, restoration and rehabilitation costs [member]	Dec. 31, 2020	Dec. 31, 2019
Canada		
Disclosure Of Asset Retirement Obligations [Line Items]		
Discount rate used in current measurement of fair value less costs of disposal	1.20%	1.70%
United States		
Disclosure Of Asset Retirement Obligations [Line Items]		
Discount rate used in current measurement of fair value less costs of disposal	1.60%	2.40%
France		
Disclosure Of Asset Retirement Obligations [Line Items]		
Discount rate used in current measurement of fair value less costs of disposal	0.30%	0.90%
Netherlands		
Disclosure Of Asset Retirement Obligations [Line Items]		
Discount rate used in current measurement of fair value less costs of disposal	(0.60%)	(0.10%)
Germany		
Disclosure Of Asset Retirement Obligations [Line Items]		
Discount rate used in current measurement of fair value less costs of disposal	(0.20%)	0.30%
Ireland		
Disclosure Of Asset Retirement Obligations [Line Items]		
Discount rate used in current measurement of fair value less costs of disposal	(0.10%)	0.60%
Australia		
Disclosure Of Asset Retirement Obligations [Line Items]		
Discount rate used in current measurement of fair value less costs of disposal	1.30%	1.60%

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Asset retirement obligations - Additional Information (Details) - CAD ($) $ in Millions	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Disclosure Of Asset Retirement Obligations [Line Items]		
Asset Retirement Obligations Based On Current Cost Estimates	$ 2,000.0	$ 1,800.0
Credit Risk Rate Used In Determining Other Provisions	9.50%	5.30%
Increase decrease in discount rate, asset retirement obligations	0.50%	
IncreaseDecreaseInAssetRetirementObligations	$ 26.8	
Scenario Forecasts [Member]		
Disclosure Of Asset Retirement Obligations [Line Items]		
IncreaseDecreaseInAssetRetirementObligations	37.7	
Two Thousand Twenty One And Two Thousand Eighty [Member]		
Disclosure Of Asset Retirement Obligations [Line Items]		
Asset retirement obligations based on a total undiscounted future liability	2,500.0	$ 2,600.0
Two Thousand Thirty And Two Thousand Fourty [Member]		
Disclosure Of Asset Retirement Obligations [Line Items]		
Asset retirement obligations based on a total undiscounted future liability	800.0	
Two Thousand Fourty Nine And Two Thousand Fifty Six [Member]		
Disclosure Of Asset Retirement Obligations [Line Items]		
Asset retirement obligations based on a total undiscounted future liability	$ 800.0	
Bottom of range [member]		
Disclosure Of Asset Retirement Obligations [Line Items]		
Inflation rates used in determining the cash flow estimates	0.20%	0.40%
Top of range [member]		
Disclosure Of Asset Retirement Obligations [Line Items]		
Inflation rates used in determining the cash flow estimates	2.90%	2.70%

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Derivative instruments - Changes in Fair Value (Details) - CAD ($) $ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Derivative instruments		
Fair value of contracts, beginning of year	$ (10,991)	$ 38,339
Reversal of opening contracts settled during the year	12,811	(62,735)
Realized gain on contracts settled during the year	109,093	84,219
Unrealized (loss) gain during the year on contracts outstanding at the end of the year	(113,766)	5,308
Net receipt from counterparties on contract settlements during the year	(109,093)	(84,219)
Unrealized loss on derivatives designated as cash flow hedges	(7,826)	(1,071)
Unrealized (loss) gain on derivatives designated as net investment hedges		9,168
Fair value of contracts, end of year	(119,772)	(10,991)
Current derivative asset	16,924	55,645
Current derivative liability	(130,919)	(62,405)
Non-current derivative asset	2,451	20,127
Non-current derivative liability	$ (8,228)	$ (24,358)

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Derivative instruments - Loss(Gain) (Details) - CAD ($) $ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Derivative instruments		
Realized gain on contracts settled during the year	$ (109,093)	$ (84,219)
Reversal of opening contracts settled during the year	(12,811)	62,735
Unrealized loss (gain) on contracts outstanding at the end of the year	113,766	(5,308)
Gain on derivative instruments	$ (8,138)	$ (26,792)

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Leases - Future Commitments (Details) - CAD ($) $ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Disclosure Of leases [Line Items]		
Total lease payments	$ 114,787	$ 140,063
Amounts representing interest	(15,381)	(23,309)
Present value of net lease payments	99,406	116,754
Current portion of lease obligations	(22,882)	(23,682)
Non-current portion of lease obligations	76,524	93,072
Less than 1 year		
Disclosure Of leases [Line Items]		
Total lease payments	27,927	29,217
1 - 3 years		
Disclosure Of leases [Line Items]		
Total lease payments	41,270	46,501
3 - 5 years		
Disclosure Of leases [Line Items]		
Total lease payments	31,412	38,177
After 5 years		
Disclosure Of leases [Line Items]		
Total lease payments	$ 14,178	$ 26,168

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Leases - Additional Information (Details) - CAD ($) $ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Leases		
Total cash outflow	$ 31,240	$ 33,276
Interest on lease liabilities	$ 6,192	$ 6,984

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Taxes - Reconciliation of Deferred Tax Asset and Liability (Details) - CAD ($) $ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Deferred Tax Assets [Member]		
Disclosure of income tax [Line Items]		
Deferred tax asset/liabilities	$ 484,497	$ 196,543
Deferred Tax Liabilities [Member]		
Disclosure of income tax [Line Items]		
Deferred tax asset/liabilities	264,272	336,309
Non-capital losses [Member] | Deferred Tax Assets [Member]		
Disclosure of income tax [Line Items]		
Deferred tax asset/liabilities	420,060	454,339
Non-capital losses [Member] | Deferred Tax Liabilities [Member]		
Disclosure of income tax [Line Items]		
Deferred tax asset/liabilities	(34,372)	(48,007)
Derivative contracts [Member] | Deferred Tax Assets [Member]		
Disclosure of income tax [Line Items]		
Deferred tax asset/liabilities	33,064	2,712
Capital assets [Member] | Deferred Tax Assets [Member]		
Disclosure of income tax [Line Items]		
Deferred tax asset/liabilities	443	(296,793)
Capital assets [Member] | Deferred Tax Liabilities [Member]		
Disclosure of income tax [Line Items]		
Deferred tax asset/liabilities	112,818	262,669
Stock based compensation | Deferred Tax Assets [Member]		
Disclosure of income tax [Line Items]		
Deferred tax asset/liabilities	12,218	
Asset retirement obligations [Member] | Deferred Tax Assets [Member]		
Disclosure of income tax [Line Items]		
Deferred tax asset/liabilities	7,581	36,170
Asset retirement obligations [Member] | Deferred Tax Liabilities [Member]		
Disclosure of income tax [Line Items]		
Deferred tax asset/liabilities	184,144	123,257
Unrealized foreign exchange [Member] | Deferred Tax Assets [Member]		
Disclosure of income tax [Line Items]		
Deferred tax asset/liabilities	(3,635)	(3,034)
Other deferred tax liabilities [Member] | Deferred Tax Liabilities [Member]		
Disclosure of income tax [Line Items]		
Deferred tax asset/liabilities	1,682	(1,610)
Other deferred tax assets [Member] | Deferred Tax Assets [Member]		
Disclosure of income tax [Line Items]		
Deferred tax asset/liabilities	$ 14,766	$ 3,149

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Taxes - Reconciliation of Accounting Profit (Details) - CAD ($) $ in Thousands	1 Months Ended		12 Months Ended	
	Jan. 31, 2022	Jul. 31, 2020	Dec. 31, 2020	Dec. 31, 2019
Taxes				
Earnings before income taxes			$ (1,877,399)	$ 141,125
Canadian corporate tax rate (1)	8.00%	10.00%	25.31%	26.72%
Expected tax expense			$ (475,170)	$ 37,709
Petroleum resource rent tax rate (PRRT) differential (2)			(15,157)	17,455
Foreign tax rate differentials (2) (3)			(14,907)	5,543
Equity based compensation expense			2,445	3,733
Amended returns and changes to estimated tax pools and tax positions			(2,598)	(24,387)
Statutory rate changes and the estimated reversal rates on temporary differences (4)			33,770	9,543
Derecognition (recognition) of deferred tax assets			141,315	65,522
Adjustment for uncertain tax positions				3,659
Other non-deductible items			(29,670)	(10,451)
Provision for income taxes			$ (359,972)	$ 108,326

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Taxes - Additional Information (Details) € in Millions, $ in Millions	1 Months Ended			12 Months Ended		
	Dec. 31, 2022	Jan. 31, 2022	Jul. 31, 2020	Dec. 31, 2020 EUR (€)	Dec. 31, 2019 CAD ($)	Dec. 31, 2020 CAD ($)
Disclosure of income tax [Line Items]						
Applicable tax rate		8.00%	10.00%	25.31%	26.72%	
Unused tax losses for which no deferred tax asset recognised					$ 2,500.0	$ 2,900.0
Deductible temporary differences, unused tax losses and unused tax credits expired					65.5	141.3
Maximum sales limit to companies for applicability of progressive decrease of the french corporate income tax rate | €				€ 250		
Temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements for which deferred tax liabilities have not been recognised					500.0	500.0
Vermilions Canada Segment [Member]						
Disclosure of income tax [Line Items]						
Deductible temporary differences, unused tax losses and unused tax credits expired					$ 1,200.0	$ 1,300.0
France						
Disclosure of income tax [Line Items]						
Applicable tax rate				28.90%	32.00%	
Netherlands						
Disclosure of income tax [Line Items]						
Applicable tax rate				50.00%	50.00%	
Germany						
Disclosure of income tax [Line Items]						
Applicable tax rate				31.60%	31.80%	
Ireland						
Disclosure of income tax [Line Items]						
Applicable tax rate				25.00%	25.00%	
United States						
Disclosure of income tax [Line Items]						
Applicable tax rate				21.00%	21.00%	
Canada | Bottom of range [member]						
Disclosure of income tax [Line Items]						
Applicable tax rate				8.00%		
Canada | Top of range [member]						
Disclosure of income tax [Line Items]						
Applicable tax rate				10.00%		

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Corporate income tax [Member] | Australia		
Disclosure of income tax [Line Items]		
Applicable tax rate		30.00%
PRRT [Member] | Australia		
Disclosure of income tax [Line Items]		
Applicable tax rate		40.00%
FrenchCorporate Income tax [Member]		
Disclosure of income tax [Line Items]		
Applicable tax rate	32.00%	25.80%

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Long-term debt - Outstanding Amount (Details) - CAD ($) $ in Thousands	Dec. 31, 2020	Mar. 31, 2020	Dec. 31, 2019
Long-term debt			
Revolving credit facility	$ 1,555,215	$ 2,100,000	$ 1,539,225
Senior unsecured notes	378,633		385,440
Long-term debt	$ 1,933,848		$ 1,924,665

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Long-term debt - Change in Outstanding Amount (Details) - CAD ($) $ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Long-term debt		
Balance at January 1	$ 1,924,665	$ 1,796,207
Borrowings on the revolving credit facility	22,183	207,787
Amortization of transaction costs	833	4,379
Foreign exchange	(13,833)	(83,708)
Ending balance	$ 1,933,848	$ 1,924,665

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Long-term debt - Terms of Revolving Credit Facility (Details) - Revolving Credit Facilities [Member] - CAD ($) $ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Disclosure of Long-term Debt [Line Items]		
Total facility amount	$ 2,100,000	$ 2,100,000
Amount drawn	(1,555,215)	(1,539,225)
Letters of credit outstanding	(23,210)	(10,230)
Unutilized capacity	$ 521,575	$ 550,545

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Long-term debt - Financial Covenants (Details)	12 Months Ended	
	Dec. 31, 2020 item	Dec. 31, 2019 item
Disclosure of Long-term Debt [Line Items]		
Consolidated total debt to consolidated EBITDA	3.48	1.94
Consolidated total senior debt to consolidated EBITDA	2.82	1.56
Consolidated EBITDA to consolidated interest expense	8.12	13.46
Top of range [member]		
Disclosure of Long-term Debt [Line Items]		
Consolidated EBITDA to consolidated interest expense	2.5	
Bottom of range [member]		
Disclosure of Long-term Debt [Line Items]		
Consolidated total debt to consolidated EBITDA	4.0	
Consolidated total senior debt to consolidated EBITDA	3.5	

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Long-term debt - Maturity Analysis (Details)	12 Months Ended Dec. 31, 2020
Year Four [Member]	
Disclosure of Long-term Debt [Line Items]	
Redemption price Percentage of senior unsecured notes	102.813%
Year Five [Member]	
Disclosure of Long-term Debt [Line Items]	
Redemption price Percentage of senior unsecured notes	101.406%
Year Five and There after [Member]	
Disclosure of Long-term Debt [Line Items]	
Redemption price Percentage of senior unsecured notes	100.00%

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Long-term debt - Additional Information (Details) $ in Thousands, $ in Millions	3 Months Ended		12 Months Ended		
	Jun. 30, 2020 CAD ($)	Mar. 31, 2020 CAD ($)	Dec. 31, 2020 CAD ($)	Dec. 31, 2019 CAD ($)	Mar. 13, 2017 USD ($)
Disclosure of Long-term Debt [Line Items]					
Fair value of senior unsecured notes			$ 329,100		
Exchange value upon termination of contracts			42,300		
Amount received on exchange	$ 25,500	$ 16,800			
Revolving credit facility		$ 2,100,000	$ 1,555,215	$ 1,539,225	
Unsecured notes [Member]					
Disclosure of Long-term Debt [Line Items]					
Notional amount					$ 300.0
Borrowings, interest rate					5.625%
Borrowings Repayment Description Prior Maturity			March 15, 2025		

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Shareholders' capital - Reconciliation of Change in Balance (Details) - CAD ($) shares in Thousands, $ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Disclosure Of Shareholder's Capital [Line Items]		
Balance, beginning of year	$ 4,119,031	$ 4,008,828
Balance at January 1 (shares)	156,290	152,704
Shares issued for the Dividend Reinvestment Plan	$ 8,277	$ 34,937
Vesting of equity based awards (shares)	1,103	1,359
Share-settled dividends on vested equity based awards (shares)	297	258
Balance, end of year	$ 4,181,160	$ 4,119,031
Balance at December 31 (shares)	158,724	156,290
Equity based compensation [Member]		
Disclosure Of Shareholder's Capital [Line Items]		
Shares issued for equity based compensation (shares)	415	552
Dividend reinvestment plan [Member]		
Disclosure Of Shareholder's Capital [Line Items]		
Shares issued for the Dividend Reinvestment Plan (shares)	619	1,417
Issued capital [member]		
Disclosure Of Shareholder's Capital [Line Items]		
Vesting of equity based awards	$ 49,188	$ 51,108
Shares issued for equity based compensation	3,203	15,868
Share-settled dividends on vested equity based awards	$ 1,461	$ 8,290

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Shareholders' capital - Additional Information (Details) - CAD ($) $ / shares in Units, $ in Millions, shares in Billions	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Apr. 28, 2020
Shareholders' capital			
Dividends paid, ordinary shares	$ 90.1	$ 427.3	
Dividends paid, ordinary shares per share	$ 0.58	$ 2.76	
Reduction in stated capital			3.7

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Capital disclosures - Ratio of Net Debt to Fund Flows Operations (Details) $ in Thousands	Dec. 31, 2020 CAD ($)	Dec. 31, 2019 CAD ($)	Dec. 31, 2018 CAD ($)
Capital disclosures			
Long-term debt	$ 1,933,848	$ 1,924,665	$ 1,796,207
Current liabilities	433,128	416,210	
Current assets	(260,993)	(347,681)	
Net debt	$ 2,105,983	$ 1,993,194	
Ratio of net debt to fund flows from operations	4.19	2.20	

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Capital disclosures - Additional Information (Details)	Dec. 31, 2020	Dec. 31, 2019
Disclosure Of Capital Disclosures [Line Items]		
Ratio of net debt to funds from operations	4.19	2.20
Top of range [member]		
Disclosure Of Capital Disclosures [Line Items]		
Ratio of net debt to funds from operations	1.5	

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Equity based compensation - Awards Outstanding (Details) - Vermilion incentive plan [Member] - EquityInstruments EquityInstruments in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Disclosure Of Equity Based Compensation [Line Items]		
Opening balance	2,268	1,931
Granted	5,120	1,193
Vested	(650)	(688)
Forfeited	(494)	(168)
Closing balance	6,244	2,268

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Equity based compensation - Additional Information (Details) EquityInstruments in Thousands	12 Months Ended		
	Dec. 31, 2020 CAD ($) EquityInstruments	Dec. 31, 2019 CAD ($) EquityInstruments	Dec. 31, 2018 EquityInstruments
Disclosure Of Equity Based Compensation [Line Items]			
Expense from share-based payment transactions with employees	$ 42,906,000	$ 64,233,000	
Vermilion incentive plan [Member]			
Disclosure Of Equity Based Compensation [Line Items]			
Weighted average fair value at measurement date, other equity instruments granted	$ 5.92	$ 30.92	
Performance factor (ratio)	1.2	1.7	
Annual forfeiture rate share options granted	5.80%	5.20%	
Expense from share-based payment transactions with employees	$ 38,900,000	$ 46,600,000	
Number of other equity instruments outstanding in share-based payment arrangement | EquityInstruments	6,244	2,268	1,931
Deferred Share Units [Member]			
Disclosure Of Equity Based Compensation [Line Items]			
Weighted average fair value at measurement date, other equity instruments granted	$ 4.48		
Expense from share-based payment transactions with employees	$ 800,000		
Number of other equity instruments outstanding in share-based payment arrangement	252,910		

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Per share amounts - Determination of Basic and Diluted Earnings Per Share (Details) - CAD ($) $ / shares in Units, shares in Thousands, $ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Per share amounts		
Net (loss) earnings	$ (1,517,427)	$ 32,799
Basic weighted average shares outstanding ('000s)	157,908	154,736
Dilutive impact of equity based compensation ('000s)		1,359
Diluted weighted average shares outstanding ('000s)	157,908	156,095
Basic earnings per share	$ (9.61)	$ 0.21
Diluted earnings per share	$ (9.61)	$ 0.21

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Financial instruments - Fair Value and Amortized Cost (Details) - CAD ($) $ in Thousands	12 Months Ended Dec. 31, 2019	Dec. 31, 2020
Derivative liabilities [Member]		
Disclosure of detailed information about financial instruments [line items]		
Financial liabilities, FVTPL	$ (83,223)	$ (139,147)
Financial liabilities, FVTOCI	(3,540)	
Financial liabilities, Total	(86,763)	(139,147)
Dividends payable [Member]		
Disclosure of detailed information about financial instruments [line items]		
Financial liabilities, Amortized Cost	(35,947)	
Financial liabilities, Total	(35,947)	
Accounts payable and accrued liability [Member]		
Disclosure of detailed information about financial instruments [line items]		
Financial liabilities, Amortized Cost	(312,442)	(297,670)
Financial liabilities, Total	(312,442)	(297,670)
Lease Obligations [Member]		
Disclosure of detailed information about financial instruments [line items]		
Financial liabilities, Amortized Cost	(93,072)	(76,524)
Financial liabilities, Total	(93,072)	(76,524)
Long-term debts [Member]		
Disclosure of detailed information about financial instruments [line items]		
Financial liabilities, Amortized Cost	(1,924,665)	(1,933,848)
Financial liabilities, Total	(1,924,665)	(1,933,848)
Cash and cash equivalent [Member]		
Disclosure of detailed information about financial instruments [line items]		
Financial assets, FVTPL	29,028	6,904
Financial assets, Total	29,028	6,904
Derivative assets [Member]		
Disclosure of detailed information about financial instruments [line items]		
Financial assets, FVTPL	64,135	19,375
Financial assets, FVTOCI	11,637	
Financial assets, Total	75,772	19,375
Loans And Receivables [Member]		
Disclosure of detailed information about financial instruments [line items]		
Financial assets, Amortized Cost	211,409	196,077
Financial assets, Total	$ 211,409	$ 196,077

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Financial instruments - Increase (Decrease) to Net Earnings Before Tax (Details) - CAD ($) $ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Currency risk increase [Member] | Euro [Member]		
Disclosure of detailed information about financial instruments [line items]		
Increase or decrease to net earnings before tax due to change in fair value of financial instruments	$ (873)	$ (1,599)
Currency risk increase [Member] | US dollar [Member]		
Disclosure of detailed information about financial instruments [line items]		
Increase or decrease to net earnings before tax due to change in fair value of financial instruments	2,711	(5,594)
Currency risk decrease [Member] | Euro [Member]		
Disclosure of detailed information about financial instruments [line items]		
Increase or decrease to net earnings before tax due to change in fair value of financial instruments	873	1,599
Currency risk decrease [Member] | US dollar [Member]		
Disclosure of detailed information about financial instruments [line items]		
Increase or decrease to net earnings before tax due to change in fair value of financial instruments	(2,711)	5,594
Commodity price risk increase [Member] | Euro [Member]		
Disclosure of detailed information about financial instruments [line items]		
Increase or decrease to net earnings before tax due to change in fair value of financial instruments	(23,904)	(28,192)
Commodity price risk increase [Member] | US dollar [Member]		
Disclosure of detailed information about financial instruments [line items]		
Increase or decrease to net earnings before tax due to change in fair value of financial instruments	(11,783)	(44,106)
Commodity price risk decrease [Member] | Euro [Member]		
Disclosure of detailed information about financial instruments [line items]		
Increase or decrease to net earnings before tax due to change in fair value of financial instruments	24,088	22,670
Commodity price risk decrease [Member] | US dollar [Member]		
Disclosure of detailed information about financial instruments [line items]		
Increase or decrease to net earnings before tax due to change in fair value of financial instruments	7,207	47,777
$1.00 increase from initial share price of the equity swap		
Disclosure of detailed information about financial instruments [line items]		
Increase or decrease to net earnings before tax due to change in fair value of financial instruments	3,750	3,750
$1.00 decrease from initial share price of the equity swap | Euro [Member]		
Disclosure of detailed information about financial instruments [line items]		
Increase or decrease to net earnings before tax due to change in fair value of financial instruments	$ (3,750)	$ (3,750)

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Financial instruments - Undiscounted Non-derivative Financial Liabilities and Contractual Maturities (Details) - CAD ($) $ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Not later than one month [member]		
Disclosure of detailed information about financial instruments [line items]		
Non-derivative financial liabilities, undiscounted cash flows	$ 92,991	$ 134,502
Later than one month and not later than three months [member]		
Disclosure of detailed information about financial instruments [line items]		
Non-derivative financial liabilities, undiscounted cash flows	181,475	208,752
Later than three months and not later than one year [member]		
Disclosure of detailed information about financial instruments [line items]		
Non-derivative financial liabilities, undiscounted cash flows	23,204	5,136
Later than one year and not later than five years [member]		
Disclosure of detailed information about financial instruments [line items]		
Non-derivative financial liabilities, undiscounted cash flows	$ 2,006,530	$ 1,608,435

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Financial instruments - Additional Information (Details) - CAD ($) $ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Disclosure of detailed information about financial instruments [line items]		
Maximum exposure to credit risk	$ 215,500	$ 287,200
Percentage of trade and other current receivables	1.40%	3.60%
Long-term debts [Member]		
Disclosure of detailed information about financial instruments [line items]		
Fair value of long-term debt	$ 1,884,296	$ 1,905,588

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Related party disclosures - Compensation of Directors and Other Members (Details) $ in Thousands	12 Months Ended	
	Dec. 31, 2020 CAD ($) individual	Dec. 31, 2019 CAD ($) individual
Disclosure Of Related Party Disclosures [Line Items]		
Short-term benefits	$ 4,800	$ 8,084
Equity based compensation	13,169	16,296
Key management personnel compensation	$ 17,969	$ 24,380
Key management personnel [member]		
Disclosure Of Related Party Disclosures [Line Items]		
Number of individuals included in the above amounts | individual	18	19

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Related party disclosures - Additional Information (Details) - CAD ($) $ in Millions	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Related party disclosures		
Income from subleasing right-of-use assets	$ 0.2	$ 0.2

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Supplemental information - Changes in Non-cash Working Capital (Details) - CAD ($) $ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Supplemental information .		
Accounts receivable	$ 15,332	$ 48,913
Crude oil inventory	15,987	(1,638)
Prepaid expenses	(5,476)	(2,882)
Accounts payable and accrued liabilities	(14,772)	(137,209)
Income taxes payable	(877)	(31,994)
Foreign exchange	(6,251)	2,590
Changes in non-cash working capital	3,943	(122,220)
Changes in non-cash operating working capital	12,365	(65,148)
Changes in non-cash investing working capital	(8,422)	(57,072)
Changes in non-cash working capital	$ 3,943	$ (122,220)

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Supplemental information - Components of Cash and Cash Equivalents (Details) - CAD ($) $ in Thousands	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Supplemental information			
Cash on deposit with financial institutions	$ 6,777	$ 28,898	
Guaranteed investment certificates	127	130	
Cash and cash equivalents	$ 6,904	$ 29,028	$ 26,809

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Supplemental information - Wages and Benefits (Details) - CAD ($) $ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Disclosure Of Supplemental Information [Line Items]		
Short-term employee benefits expense	$ 130,965	$ 125,178
Operating expense [Member]		
Disclosure Of Supplemental Information [Line Items]		
Short-term employee benefits expense	70,414	77,868
General and administration expense [Member]		
Disclosure Of Supplemental Information [Line Items]		
Short-term employee benefits expense	$ 60,551	$ 47,310

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Supplemental information - Outstanding Risk Management Positions (Details) - 12 months ended Dec. 31, 2020	EUR (€) $ / Mcf $ / Mcf € / Mcf $ / MMBTU item $ / bbl	USD ($) $ / Mcf $ / Mcf € / Mcf $ / MMBTU item $ / bbl	CAD ($) $ / Mcf $ / Mcf € / Mcf $ / MMBTU item $ / bbl $ / shares
Crude oil dated brent Q1 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	1,000	1,000	1,000
Derivative, weighted average bought put | $ / bbl	47.50	47.50	47.50
Derivative, sold call volume	1,000	1,000	1,000
Derivative, weighted average sold call | $ / bbl	53.75	53.75	53.75
Derivative, sold put volume	1,000	1,000	1,000
Derivative, weighted average sold put | $ / bbl	40.00	40.00	40.00
Derivatives, sold swap volume	2,000	2,000	2,000
Derivative, weighted average sold swap price | $ / bbl	49.18	49.18	49.18
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / bbl	0.00	0.00	0.00
Crude oil dated brent Q2 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	0	0	0
Derivative, weighted average bought put | $ / bbl	0.00	0.00	0.00
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / bbl	0.00	0.00	0.00
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / bbl	0.00	0.00	0.00
Derivatives, sold swap volume	500	500	500
Derivative, weighted average sold swap price | $ / bbl	47.50	47.50	47.50
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / bbl	0.00	0.00	0.00
Crude oil west texas intermediate Q1 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	4,500	4,500	4,500
Derivative, weighted average bought put | $ / bbl	45.00	45.00	45.00
Derivative, sold call volume	4,500	4,500	4,500
Derivative, weighted average sold call | $ / bbl	51.26	51.26	51.26
Derivative, sold put volume	4,500	4,500	4,500
Derivative, weighted average sold put | $ / bbl	37.50	37.50	37.50
Derivatives, sold swap volume	4,300	4,300	4,300

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Derivative, weighted average sold swap price | $ / bbl	45.51	45.51	45.51
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / bbl	0.00	0.00	0.00
Crude oil west texas intermediate Q2 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	4,000	4,000	4,000
Derivative, weighted average bought put | $ / bbl	45.00	45.00	45.00
Derivative, sold call volume	4,000	4,000	4,000
Derivative, weighted average sold call | $ / bbl	53.50	53.50	53.50
Derivative, sold put volume	4,000	4,000	4,000
Derivative, weighted average sold put | $ / bbl	37.50	37.50	37.50
Derivatives, sold swap volume	2,150	2,150	2,150
Derivative, weighted average sold swap price | $ / bbl	45.54	45.54	45.54
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / bbl	0.00	0.00	0.00
North American Gas Aeco Q2 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	CAD	CAD	CAD
Derivative, bought put volume	0	0	0
Derivative, weighted average bought put | $ / Mcf	0.00	0.00	0.00
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / Mcf	0.00	0.00	0.00
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	9,478	9,478	9,478
Derivative, weighted average sold swap price | $ / Mcf	2.12	2.12	2.12
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / Mcf	0.00	0.00	0.00
North American Gas Aeco Q3 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	CAD	CAD	CAD
Derivative, bought put volume	0	0	0
Derivative, weighted average bought put | $ / Mcf	0	0	0
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / Mcf	0.00	0.00	0.00
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	9,478	9,478	9,478
Derivative, weighted average sold swap price | $ / Mcf	2.12	2.12	2.12
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / Mcf	0.00	0.00	0.00
North American Gas Aeco Q42021 [Member]			
Statement [Line Items]			

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Description of presentation currency	CAD	CAD	CAD
Derivative, bought put volume	0	0	0
Derivative, weighted average bought put | $ / Mcf	0	0	0
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / Mcf	0.00	0.00	0.00
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	3,194	3,194	3,194
Derivative, weighted average sold swap price | $ / Mcf	2.12	2.12	2.12
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / Mcf	0.00	0.00	0.00
North American Gas Aeco Basis Q1 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	0	0	0
Derivative, weighted average bought put | $ / Mcf	0.00	0.00	0.00
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / Mcf	0.00	0.00	0.00
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	30,000	30,000	30,000
Derivative, weighted average sold swap price | $ / Mcf	(1.11)	(1.11)	(1.11)
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / Mcf	0.00	0.00	0.00
North American Gas Aeco Basis Q2 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	0	0	0
Derivative, weighted average bought put | $ / Mcf	0.00	0.00	0.00
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / Mcf	0.00	0.00	0.00
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	45,000	45,000	45,000
Derivative, weighted average sold swap price | $ / Mcf	(1.08)	(1.08)	(1.08)
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / Mcf	0.00	0.00	0.00
North American Gas Aeco Basis Q3 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	0	0	0
Derivative, weighted average bought put | $ / Mcf	0.00	0.00	0.00
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / Mcf	0.00	0.00	0.00

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Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	45,000	45,000	45,000
Derivative, weighted average sold swap price | $ / Mcf	(1.08)	(1.08)	(1.08)
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / Mcf	0.00	0.00	0.00
North American Gas Aeco Basis Q4 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	0	0	0
Derivative, weighted average bought put | $ / Mcf	0.00	0.00	0.00
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / Mcf	0.00	0.00	0.00
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	35,054	35,054	35,054
Derivative, weighted average sold swap price | $ / Mcf	(1.09)	(1.09)	(1.09)
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / Mcf	0.00	0.00	0.00
North American Gas Aeco Basis Q1 2022 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	0	0	0
Derivative, weighted average bought put | $ / Mcf	0.00	0.00	0.00
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / Mcf	0.00	0.00	0.00
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	30,000	30,000	30,000
Derivative, weighted average sold swap price | $ / Mcf	(1.10)	(1.10)	(1.10)
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / Mcf	0.00	0.00	0.00
North American Gas Aeco Basis Q2 2022 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	0	0	0
Derivative, weighted average bought put | $ / Mcf	0.00	0.00	0.00
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / Mcf	0.00	0.00	0.00
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	35,000	35,000	35,000
Derivative, weighted average sold swap price | $ / Mcf	(1.09)	(1.09)	(1.09)
Derivative, bought swap volume	0	0	0

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Derivative, weighted average bought swap price | $ / Mcf	0.00	0.00	0.00
North American Gas Aeco Basis Q3 2022 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	0	0	0
Derivative, weighted average bought put | $ / Mcf	0.00	0.00	0.00
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / Mcf	0.00	0.00	0.00
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	35,000	35,000	35,000
Derivative, weighted average sold swap price | $ / Mcf	(1.09)	(1.09)	(1.09)
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / Mcf	0.00	0.00	0.00
North American Gas Aeco Basis Q4 2022 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	0	0	0
Derivative, weighted average bought put | $ / Mcf	0.00	0.00	0.00
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / Mcf	0.00	0.00	0.00
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	11,793	11,793	11,793
Derivative, weighted average sold swap price | $ / Mcf	(1.09)	(1.09)	(1.09)
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / Mcf	0.00	0.00	0.00
North American Gas Nymex Hh Q1 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	15,000	15,000	15,000
Derivative, weighted average bought put | $ / Mcf	2.73	2.73	2.73
Derivative, sold call volume	15,000	15,000	15,000
Derivative, weighted average sold call | $ / Mcf	2.90	2.90	2.90
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	33,500	33,500	33,500
Derivative, weighted average sold swap price | $ / Mcf	2.86	2.86	2.86
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / Mcf	0.00	0.00	0.00
North American Gas Nymex Hh Q2 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	10,000	10,000	10,000

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Derivative, weighted average bought put | $ / Mcf	2.65	2.65	2.65
Derivative, sold call volume	10,000	10,000	10,000
Derivative, weighted average sold call | $ / Mcf	2.77	2.77	2.77
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	28,500	28,500	28,500
Derivative, weighted average sold swap price | $ / Mcf	2.83	2.83	2.83
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / Mcf	0.00	0.00	0.00
North American Gas Nymex Hh Q3 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	10,000	10,000	10,000
Derivative, weighted average bought put | $ / Mcf	2.65	2.65	2.65
Derivative, sold call volume	10,000	10,000	10,000
Derivative, weighted average sold call | $ / Mcf	2.77	2.77	2.77
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	28,500	28,500	28,500
Derivative, weighted average sold swap price | $ / Mcf	2.83	2.83	2.83
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / Mcf	0.00	0.00	0.00
North American Gas Nymex Hh Q4 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	10,000	10,000	10,000
Derivative, weighted average bought put | $ / Mcf	2.65	2.65	2.65
Derivative, sold call volume	10,000	10,000	10,000
Derivative, weighted average sold call | $ / Mcf	2.77	2.77	2.77
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	21,870	21,870	21,870
Derivative, weighted average sold swap price | $ / Mcf	2.78	2.78	2.78
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / Mcf	0.00	0.00	0.00
Ventura Basis (Ventura less NYMEX Henry Hub) Q1 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	0	0	0
Derivative, weighted average bought put | $ / Mcf	0.00	0.00	0.00
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / Mcf	0.00	0.00	0.00
Derivative, sold put volume	0	0	0

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Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	0	0	0
Derivative, weighted average sold swap price | $ / Mcf	0.00	0.00	0.00
Derivative, bought swap volume	10,000	10,000	10,000
Derivative, weighted average bought swap price | $ / Mcf	0.04	0.04	0.04
Ventura Basis (Ventura less NYMEX Henry Hub) Q2 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	0	0	0
Derivative, weighted average bought put | $ / Mcf	0.00	0.00	0.00
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / Mcf	0.00	0.00	0.00
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	0	0	0
Derivative, weighted average sold swap price | $ / Mcf	0.00	0.00	0.00
Derivative, bought swap volume	10,000	10,000	10,000
Derivative, weighted average bought swap price | $ / Mcf	0.04	0.04	0.04
Ventura Basis (Ventura less NYMEX Henry Hub) Q3 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	0	0	0
Derivative, weighted average bought put | $ / Mcf	0.00	0.00	0.00
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / Mcf	0.00	0.00	0.00
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	0	0	0
Derivative, weighted average sold swap price | $ / Mcf	0.00	0.00	0.00
Derivative, bought swap volume	10,000	10,000	10,000
Derivative, weighted average bought swap price | $ / Mcf	0.04	0.04	0.04
Ventura Basis (Ventura less NYMEX Henry Hub) Q4 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	0	0	0
Derivative, weighted average bought put | $ / Mcf	0.00	0.00	0.00
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / Mcf	0.00	0.00	0.00
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	0	0	0

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Derivative, weighted average sold swap price | $ / Mcf	0.00	0.00	0.00
Derivative, bought swap volume	3,370	3,370	3,370
Derivative, weighted average bought swap price | $ / Mcf	0.04	0.04	0.04
SoCal Border Q1 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume	0	0	0
Derivative, weighted average bought put | $ / MMBTU	0.00	0.00	0.00
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / Mcf	0.00	0.00	0.00
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / Mcf	0.00	0.00	0.00
Derivatives, sold swap volume	5,000	5,000	5,000
Derivative, weighted average sold swap price | $ / Mcf	3.40	3.40	3.40
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / Mcf	0.00	0.00	0.00
Conway Propane Q1 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	USD	USD	USD
Derivative, bought put volume | $ / MMBTU	0	0	0
Derivative, weighted average bought put | $ / MMBTU	0.00	0.00	0.00
Derivative, sold call volume	0	0	0
Derivative, weighted average sold call | $ / MMBTU	0.00	0.00	0.00
Derivative, sold put volume	0	0	0
Derivative, weighted average sold put | $ / MMBTU	0.00	0.00	0.00
Derivatives, sold swap volume	500	500	500
Derivative, weighted average sold swap price | $ / Mcf	56.00	56.00	56.00
Derivative, bought swap volume	0	0	0
Derivative, weighted average bought swap price | $ / MMBTU	0.00	0.00	0.00
European Gas Nbp Q1 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	EUR	EUR	EUR
Derivative, bought put volume	58,962	58,962	58,962
Derivative, weighted average bought put | € / Mcf	5.37	5.37	5.37
Derivative, sold call volume	61,419	61,419	61,419
Derivative, weighted average sold call | € / Mcf	5.45	5.45	5.45
Derivative, sold put volume	58,962	58,962	58,962
Derivative, weighted average sold put | € / Mcf	3.88	3.88	3.88
Derivatives, sold swap volume	2,457	2,457	2,457
Derivative, weighted average sold swap price | € / Mcf	4.69	4.69	4.69
European Gas Nbp Q2 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	EUR	EUR	EUR
Derivative, bought put volume	49,135	49,135	49,135

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Derivative, weighted average bought put | € / Mcf	5.37	5.37	5.37
Derivative, sold call volume	49,135	49,135	49,135
Derivative, weighted average sold call | € / Mcf	5.43	5.43	5.43
Derivative, sold put volume	49,135	49,135	49,135
Derivative, weighted average sold put | € / Mcf	3.87	3.87	3.87
Derivatives, sold swap volume	2,457	2,457	2,457
Derivative, weighted average sold swap price | € / Mcf	4.69	4.69	4.69
European Gas Nbp Q3 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	EUR	EUR	EUR
Derivative, bought put volume	49,135	49,135	49,135
Derivative, weighted average bought put | € / Mcf	5.37	5.37	5.37
Derivative, sold call volume	49,135	49,135	49,135
Derivative, weighted average sold call | € / Mcf	5.42	5.42	5.42
Derivative, sold put volume	49,135	49,135	49,135
Derivative, weighted average sold put | € / Mcf	3.87	3.87	3.87
Derivatives, sold swap volume	2,457	2,457	2,457
Derivative, weighted average sold swap price | € / Mcf	4.69	4.69	4.69
European Gas Nbp Q4 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	EUR	EUR	EUR
Derivative, bought put volume	58,962	58,962	58,962
Derivative, weighted average bought put | € / Mcf	5.37	5.37	5.37
Derivative, sold call volume	58,962	58,962	58,962
Derivative, weighted average sold call | € / Mcf	5.36	5.36	5.36
Derivative, sold put volume	58,962	58,962	58,962
Derivative, weighted average sold put | € / Mcf	3.88	3.88	3.88
Derivatives, sold swap volume	2,457	2,457	2,457
Derivative, weighted average sold swap price | € / Mcf	4.69	4.69	4.69
European Gas Nbp Q1 2022 [Member]			
Statement [Line Items]			
Description of presentation currency	EUR	EUR	EUR
Derivative, bought put volume	34,394	34,394	34,394
Derivative, weighted average bought put | € / Mcf	5.18	5.18	5.18
Derivative, sold call volume	34,394	34,394	34,394
Derivative, weighted average sold call | € / Mcf	5.88	5.88	5.88
Derivative, sold put volume	34,394	34,394	34,394
Derivative, weighted average sold put | € / Mcf	3.63	3.63	3.63
Derivatives, sold swap volume	2,457	2,457	2,457
Derivative, weighted average sold swap price | € / Mcf	4.69	4.69	4.69
European Gas Nbp Q2 2022 [Member]			
Statement [Line Items]			
Description of presentation currency	EUR	EUR	EUR
Derivative, bought put volume	27,024	27,024	27,024

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Derivative, weighted average bought put | € / Mcf	5.07	5.07	5.07
Derivative, sold call volume	27,024	27,024	27,024
Derivative, weighted average sold call | € / Mcf	5.64	5.64	5.64
Derivative, sold put volume	27,024	27,024	27,024
Derivative, weighted average sold put | € / Mcf	3.50	3.50	3.50
Derivatives, sold swap volume	2,457	2,457	2,457
Derivative, weighted average sold swap price | € / Mcf	4.69	4.69	4.69
European Gas Nbp Q3 2022 [Member]			
Statement [Line Items]			
Description of presentation currency	EUR	EUR	EUR
Derivative, bought put volume	14,740	14,740	14,740
Derivative, weighted average bought put | € / Mcf	4.86	4.86	4.86
Derivative, sold call volume	14,740	14,740	14,740
Derivative, weighted average sold call | € / Mcf	5.42	5.42	5.42
Derivative, sold put volume	14,740	14,740	14,740
Derivative, weighted average sold put | € / Mcf	3.42	3.42	3.42
Derivatives, sold swap volume	2,457	2,457	2,457
Derivative, weighted average sold swap price | € / Mcf	4.69	4.69	4.69
European Gas Nbp Q4 2022 [Member]			
Statement [Line Items]			
Description of presentation currency	EUR	EUR	EUR
Derivative, bought put volume	14,740	14,740	14,740
Derivative, weighted average bought put | € / Mcf	4.86	4.86	4.86
Derivative, sold call volume	14,740	14,740	14,740
Derivative, weighted average sold call | € / Mcf	5.41	5.41	5.41
Derivative, sold put volume	14,740	14,740	14,740
Derivative, weighted average sold put | € / Mcf	3.42	3.42	3.42
Derivatives, sold swap volume	2,457	2,457	2,457
Derivative, weighted average sold swap price | € / Mcf	4.69	4.69	4.69
European Gas Nbp Q1 2023 [Member]			
Statement [Line Items]			
Description of presentation currency	EUR	EUR	EUR
Derivative, bought put volume	7,370	7,370	7,370
Derivative, weighted average bought put | € / Mcf	4.74	4.74	4.74
Derivative, sold call volume	7,370	7,370	7,370
Derivative, weighted average sold call | € / Mcf	4.96	4.96	4.96
Derivative, sold put volume	7,370	7,370	7,370
Derivative, weighted average sold put | € / Mcf	3.32	3.32	3.32
European Gas Ttf Q2 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	EUR	EUR	EUR
Derivative, bought put volume	2,457	2,457	2,457
Derivative, weighted average bought put | € / Mcf	4.25	4.25	4.25
Derivative, sold call volume	2,457	2,457	2,457

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Derivative, weighted average sold call | € / Mcf	3.93	3.93	3.93
Derivative, sold put volume	2,457	2,457	2,457
Derivative, weighted average sold put | € / Mcf	2.93	2.93	2.93
European Gas Ttf Q3 2021 [Member]			
Statement [Line Items]			
Description of presentation currency	EUR	EUR	EUR
Derivative, bought put volume	2,457	2,457	2,457
Derivative, weighted average bought put | € / Mcf	4.25	4.25	4.25
Derivative, sold call volume	2,457	2,457	2,457
Derivative, weighted average sold call | € / Mcf	3.92	3.92	3.92
Derivative, sold put volume	2,457	2,457	2,457
Derivative, weighted average sold put | € / Mcf	2.93	2.93	2.93
European Gas Ttf Q1 2022 [Member]			
Statement [Line Items]			
Description of presentation currency	EUR	EUR	EUR
Derivative, bought put volume	2,457	2,457	2,457
Derivative, weighted average bought put | € / Mcf	4.84	4.84	4.84
Derivative, sold call volume	2,457	2,457	2,457
Derivative, weighted average sold call | € / Mcf	5.64	5.64	5.64
Derivative, sold put volume	2,457	2,457	2,457
Derivative, weighted average sold put | € / Mcf	3.52	3.52	3.52
European Gas Ttf Q2 2022 [Member]			
Statement [Line Items]			
Description of presentation currency	EUR	EUR	EUR
Derivative, bought put volume	2,457	2,457	2,457
Derivative, weighted average bought put | € / Mcf	4.84	4.84	4.84
Derivative, sold call volume	2,457	2,457	2,457
Derivative, weighted average sold call | € / Mcf	5.64	5.64	5.64
Derivative, sold put volume	2,457	2,457	2,457
Derivative, weighted average sold put | € / Mcf	3.52	3.52	3.52
European Gas Ttf Q3 2022 [Member]			
Statement [Line Items]			
Description of presentation currency	EUR	EUR	EUR
Derivative, bought put volume	2,457	2,457	2,457
Derivative, weighted average bought put | € / Mcf	4.84	4.84	4.84
Derivative, sold call volume	2,457	2,457	2,457
Derivative, weighted average sold call | € / Mcf	5.64	5.64	5.64
Derivative, sold put volume	2,457	2,457	2,457
Derivative, weighted average sold put | € / Mcf	3.52	3.52	3.52
European Gas Ttf Q4 2022 [Member]			
Statement [Line Items]			
Description of presentation currency	EUR	EUR	EUR
Derivative, bought put volume	2,457	2,457	2,457
Derivative, weighted average bought put | € / Mcf	4.84	4.84	4.84

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Derivative, sold call volume	2,457	2,457	2,457
Derivative, weighted average sold call | € / Mcf	5.64	5.64	5.64
Derivative, sold put volume	2,457	2,457	2,457
Derivative, weighted average sold put | € / Mcf	3.52	3.52	3.52
European Gas Ttf Q1 2023 [Member]			
Statement [Line Items]			
Description of presentation currency	EUR	EUR	EUR
Derivative, bought put volume	2,457	2,457	2,457
Derivative, weighted average bought put | € / Mcf	4.84	4.84	4.84
Derivative, sold call volume	2,457	2,457	2,457
Derivative, weighted average sold call | € / Mcf	5.64	5.64	5.64
Derivative, sold put volume	2,457	2,457	2,457
Derivative, weighted average sold put | € / Mcf	3.52	3.52	3.52
Swap Contract One [Member] | European Gas cross currency interest rate [Member]			
Statement [Line Items]			
Derivative interest maturity period	Jan 2021	Jan 2021	Jan 2021
Proceeds from sales or maturity of financial instruments, classified as investing activities | $		$ 1,200,342,790	
Purchase of financial instruments, classified as investing activities | €	€ 1,570,298,550		
Canadian Dollar Offered Rate	1.3082%	1.3082%	1.3082%
Swap Contract One [Member] | VET Equity Swaps [Member]			
Statement [Line Items]			
Derivative interest maturity period	Jan 2020 - Sep 2021	Jan 2020 - Sep 2021	Jan 2020 - Sep 2021
Initial Share Price | $ / shares			$ 20.9788
Share Volume | $			$ 2,250,000
Swap Contract Two [Member] | VET Equity Swaps [Member]			
Statement [Line Items]			
Derivative interest maturity period	Jan 2020 - Oct 2021	Jan 2020 - Oct 2021	Jan 2020 - Oct 2021
Initial Share Price | $ / shares			$ 22.4587
Share Volume | $			$ 1,500,000

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Supplemental information - Sold option instruments (Details)	12 Months Ended Dec. 31, 2020 $ / Mcf € / Mcf item $ / bbl
Crude Oil Dated Brent Period if Option Exercised One [Member]	
Statement [Line Items]	
Derivative, contract period	Apr 2021 - Mar 2022
Description of presentation currency	USD
Option Expiration Date	Mar. 31, 2021
Derivatives, sold swap volume	500
Derivative, weighted average sold swap price | $ / bbl	52.00
European Gas Nbp Period if Option Exercised One [Member]	
Statement [Line Items]	
Derivative, contract period	Jan 2022 - Dec 2022
Description of presentation currency	EUR
Option Expiration Date	Jun. 30, 2021
Derivatives, sold swap volume	2,457
Derivative, weighted average sold swap price | € / Mcf	5.13
North American Gas Nymex Period if Option Exercised One [Member]	
Statement [Line Items]	
Derivative, contract period	Apr 2021 - Oct 2021
Description of presentation currency	USD
Option Expiration Date	Mar. 24, 2021
Derivatives, sold swap volume	10,000
Derivative, weighted average sold swap price | $ / Mcf	2.90

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